IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum (the ''offering memorandum'') and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached offering memorandum. In accessing the attached offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached offering memorandum or make an investment decision with respect to the securities, you must: (i) be a ''qualified institutional buyer'' (within the meaning of Rule 144A under the Securities Act of 1933, as amended (the ''Securities Act'')); or (ii) be non-U.S. persons (within the meaning of Regulation S under the Securities Act) outside the United States. You have been sent the attached offering memorandum on the basis that you have confirmed to each of the initial purchasers set forth in the attached offering memorandum (collectively, the ''Initial Purchasers''), being the sender or senders of the attached, that: (A) you and any customers you represent are either (i) ''qualified institutional buyers'' or (ii) not a U.S. person and the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any state of the United States and the District of Columbia; ''possessions'' include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands; and (B) you consent to delivery by electronic transmission.

The materials relating to the offering contemplated by the attached offering memorandum do not constitute, and may not be used in connection with, an offer or a solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the issuer in such jurisdiction.

Under no circumstances shall the attached offering memorandum constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The attached offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Initial Purchasers nor any person who controls any Initial Purchasers nor the Issuer or any of the Guarantors nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person, accepts any liability or responsibility whatsoever in respect of any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are reminded that the attached offering memorandum has been delivered to you on the basis that you are a person into whose possession the attached offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorized to deliver this offering memorandum to any other person. You may not transmit the attached offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers.

Restrictions: Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Recipients of the attached offering memorandum who intend to subscribe for or purchase securities are reminded that any subscription or purchase may only be made on the basis of the information contained in the attached offering memorandum. Any securities to be issued will not be registered under the Securities Act and may not be offered or sold in the United States unless registered under the Securities Act or pursuant to an exemption from such registration.

This communication is directed solely at persons who (i) are outside the United Kingdom; (ii) are investment professionals, as such term is defined in Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the ''Financial Promotion Order''); (iii) are persons falling within Article 49(2)(a) to (d) of the Financial Promotion Order; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, or ''FSMA'') in connection with the issue or sale of any Notes may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as ''relevant persons''). The attached offering memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the attached offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on the attached offering memorandum or any of its contents.

OFFERING MEMORANDUM | **NOT FOR GENERAL DISTRIBUTION IN THE UNITED STATES**

Vougeot Bidco p.l.c.
to acquire
Vue Entertainment International Limited

£300,000,000 7.875% Senior Secured Notes due 2020
€290,000,000 Senior Secured Floating Rate Notes due 2020

Vougeot Bidco p.l.c. (the ''Issuer''), a public limited company newly organized under the laws of England and Wales, is offering (the ''Offering'') £300,000,000 aggregate principal amount of its 7.875% Senior Secured Notes due 2020 (the ''Fixed Rate Notes'') and €290,000,000 aggregate principal amount of its Senior Secured Floating Rate Notes due 2020 (the ''Floating Rate Notes''), as part of the financing of the proposed acquisition of majority equity ownership of Vue Entertainment International Limited (the ''Vue Acquisition'') indirectly by certain clients of Alberta Investment Management Corporation (''AIMCo'') and by OMERS Administration Corporation (''OMERS''). The Fixed Rate Notes and the Floating Rate Notes are collectively referred to herein as the ''Notes'' unless the context otherwise requires.

The Issuer will pay interest on the Fixed Rate Notes semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2014. The Fixed Rate Notes will mature on July 15, 2020. The Floating Rate Notes will bear interest at a per annum rate equal to three-month EURIBOR plus 5.25% per year, reset quarterly. The Issuer will pay interest on the Floating Rate Notes quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on October 15, 2013. The Floating Rate Notes will mature on July 15, 2020.

The Issuer may redeem the Fixed Rate Notes in whole or in part at any time on or after July 15, 2016 at the redemption prices specified herein. Prior to July 15, 2016, the Issuer will be entitled to redeem all or part of the Fixed Rate Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts (as defined herein), if any, plus the applicable ''make-whole'' premium. Prior to July 15, 2016, the Issuer may redeem up to 35% of the aggregate principal amount of the Fixed Rate Notes with the net proceeds from certain equity offerings at the redemption price specified herein. The Issuer may redeem the Floating Rate Notes in whole or in part at any time on or after July 15, 2014 at the redemption price specified herein. Prior to July 15, 2014, the Issuer will be entitled to redeem all or part of the Floating Rate Notes at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, plus the applicable ''make-whole'' premium. Additionally, the Issuer may redeem all, but not less than all, of the Notes upon the occurrence of certain changes in applicable tax law. Upon the occurrence of certain events constituting a change of control, the Issuer may be required to make an offer to repurchase all of the Notes at a redemption price equal to 101% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any.

The Notes will be senior obligations of the Issuer and will, upon release of the proceeds of the offering of the Notes from the Escrow Accounts (as defined below), following the Vue Acquisition Completion Date, be guaranteed (the ''Guarantees'') on a senior secured basis by the Initial Vue Guarantors (as defined herein), following the Structure Event (as defined herein), by the CinemaxX Guarantors (as defined herein) and following the Multikino Acquisition Completion Date (as defined below), by the Multikino Guarantors (as defined herein).

After the Vue Acquisition Completion Date (as defined below), the Notes and the Guarantees will be secured by first-ranking security interests granted on an equal and ratable first-priority basis over the Vue Collateral (as defined herein), the CinemaxX Collateral after the Structure Event (as defined herein) and, after the Multikino Acquisition Completion Date (as defined herein) if such date occurs after the Vue Acquisition Completion Date, otherwise the Vue Acquisition Completion Date), will be secured by first-ranking security interests granted on an equal and ratable first-priority basis over the Multikino Collateral (as defined herein). The Vue Collateral and the Multikino Collateral together comprise the Collateral (as defined herein) that also secures the Revolving Credit Facility (as defined herein). In the event of an enforcement of the Collateral, the holders of the Notes will receive proceeds from the Collateral only after the lenders under the Revolving Credit Facility have been repaid in full. See ''*The Offering—Collateral*'' and ''*Description of the Notes—Collateral*.''

Pending the completion of the Vue Acquisition, the Issuer will direct the Initial Purchasers (as defined herein) to deposit the gross proceeds from the Offering into segregated escrow accounts (the ''Escrow Accounts''). The Escrow Accounts will be controlled by, and pledged on a first-ranking basis in favor of, the Trustee (as defined herein), on behalf of the holders of the Notes, pursuant to the escrow agreement (the ''Escrow Agreement''). The release of the escrow proceeds will be subject to the satisfaction of certain conditions. The Escrow Agreement will provide that £499.4 million (or the equivalent) of the proceeds of the Notes will be released upon the completion of the Vue Acquisition (the date of such release, the ''Vue Acquisition Completion Date'') in order to fund such acquisition and £50.0 million (or the equivalent) of the proceeds will be released upon the Multikino Acquisition Completion Date, if such date occurs after the Vue Acquisition Completion Date, otherwise the Vue Acquisition Completion Date. If the Vue Acquisition is not completed on or prior to September 30, 2013 (the ''Escrow Longstop Date''), then all of the Notes will be subject to a special mandatory redemption. If the Multikino Acquisition is not completed on or prior to (i) the Escrow Longstop Date, if the Vue Acquisition Completion Date has not yet occurred, or (ii) if the Vue Acquisition Completion Date has occurred, December 1, 2013 (the ''Extended Escrow Longstop Date''), then £50.0 million (or the equivalent) (or such lesser or greater amount as left in escrow following release in respect of the Vue Acquisition) aggregate principal amount of the Notes will be subject to a special mandatory redemption. In each case, the special mandatory redemption price will be equal to 100% of the aggregate issue price of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date (as defined herein) to the date of the relevant special mandatory redemption. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*.''

There is currently no public market for the Notes. Application has been made to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes for trading on the Global Exchange Market, which is the exchange regulated market of the Irish Stock Exchange. The Global Exchange Market is not a regulated market for the purposes of Directive 2004/39/EC. This offering memorandum constitutes the Listing Particulars in respect of the admission of the Notes to the Official List and to trading on the Global Exchange Market of the Irish Stock Exchange and has been approved by the Irish Stock Exchange. There can be no assurance that the Notes will be listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market thereof.

See ''*Risk Factors*'' beginning on page 34 of this offering memorandum before making any investment decision.

Price for the Fixed Rate Notes: 100.000% plus accrued interest, if any, from the issue date.
Price for the Floating Rate Notes: 99.500% plus accrued interest, if any, from the issue date.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the ''U.S. Securities Act''), or the laws of any other jurisdiction and may not be offered or sold within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S of the U.S. Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act . In the United States, the offering of the Notes is being made only to ''qualified institutional buyers'' (''QIBs'') (as defined in Rule 144A under the U.S. Securities Act) in compliance with Rule 144A under the U.S. Securities Act (''Rule 144A'') and outside the United States in offshore transactions (as defined in Regulation S under the U.S. Securities Act (''Regulation S'')) in reliance on Regulation S. You are hereby notified that the Initial Purchasers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A. See ''*Notice to Prospective Investors*'' and ''*Transfer Restrictions*'' for additional information about eligible offerees and transfer restrictions.

The Fixed Rate Notes will be issued in registered form in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof. The Floating Rate Notes will be issued in registered form in minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof. The Notes will be represented on issue by one or more global notes and the Initial Purchasers expect to deliver the Notes in book-entry form through Euroclear Bank SA/NV (''Euroclear'') and Clearstream Banking, *société anonyme* (''Clearstream'') on or about July 18, 2013. Interests in each global note will be exchangeable for the relevant definitive notes only in certain limited circumstances. See ''*Book-Entry, Delivery and Form*.''

Joint Global Coordinators and Joint Bookrunners

Goldman Sachs International | **Morgan Stanley**

Bookrunner

Lloyds Bank

The date of this offering memorandum is July 11, 2013.


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IMPORTANT INFORMATION

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. No action has been, or will be, taken to permit a public offering in any jurisdiction where action would be required for that purpose. Accordingly, the Notes may not be offered or sold, directly or indirectly, and this offering memorandum may not be distributed, in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. Neither we nor any of Goldman Sachs International, Morgan Stanley & Co. International plc and Lloyds TSB Bank plc (the ''Initial Purchasers'') are responsible for your compliance with these legal requirements. See also ''*—Notice to Prospective Investors*,'' ''*—Notice to Certain European Investors*'' and ''*Plan of Distribution*.''

You should base your decision to invest in the Notes solely on information contained in this offering memorandum. Neither we nor the Initial Purchasers have authorized anyone to provide you with different information. In addition, neither we nor the Initial Purchasers nor any of our or their respective representatives are providing you with any legal, business, tax or other advice in this offering memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

This offering memorandum contains summaries believed to be accurate with respect to certain documents, but reference should be made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference. Copies of certain of the documents referred to herein will be made available to prospective investors upon request to us.

The Issuer and Guarantors accept responsibility for the information contained in the Listing Particulars and, having taken all reasonable care to ensure that such is the case, the information contained in the Listing Particulars is, to the best of the Issuer's and Guarantors' knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information.

The Initial Purchasers, the Trustee and any other agents acting with respect to the Notes accept no responsibility for and make no representation or warranty, express or implied, as to the accuracy or completeness of the information set out in this offering memorandum and nothing contained in this offering memorandum is, or should be relied upon as, a promise or representation by the Initial Purchasers, the Trustee, or any other agents acting with respect to the Notes as to the past or the future. By receiving this offering memorandum, you acknowledge that you have not relied on the Initial Purchasers or their respective directors, affiliates, agents or advisors in connection with your investigation of the accuracy of this information or your decision whether to invest in the Notes.

By purchasing the Notes, you will be deemed to have acknowledged that you have reviewed this offering memorandum and have had an opportunity to request, and have received all additional information that you need from us. No person is authorized in connection with any offering made by this offering memorandum to give any information or to make any representation not contained in this offering memorandum or any pricing term sheet or supplement and, if given or made, any other information or representation must not be relied upon as having been authorized by us or the Initial Purchasers.

The information contained in this offering memorandum is as of the date hereof. Neither the delivery of this offering memorandum at any time after the date of publication nor any subsequent commitment to purchase the Notes shall, under any circumstances, create an implication that there has been no change in the information set out in this offering memorandum or in our business since the date of this offering memorandum.

This offering memorandum is a confidential document that we are providing only to prospective purchasers of the Notes. The Issuer and the Guarantors have prepared this offering memorandum solely for use in connection with the offer of the Notes and the Guarantees to qualified institutional buyers under Rule 144A and to non-U.S. persons (within the meaning of Regulation S) outside the United States. You should read this offering memorandum before making a decision whether to purchase any Notes. You agree that you will hold the information contained in this offering memorandum and the transactions contemplated hereby in confidence. You must not use this offering memorandum for any other purpose, make copies of any part of this offering memorandum or give a copy of it to any other person; or disclose any information in this offering memorandum or distribute this offering memorandum to any other person, other than persons retained to advise you in connection with the purchase of the Notes.

By accepting delivery of this offering memorandum, you agree to the foregoing restrictions and agree not to use any information herein for any purpose other than considering an investment in the Notes. This offering memorandum may only be used for the purpose for which it was published.

The information contained under ''*Exchange Rate Information*'' includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarizing the information concerning exchange rate information, we accept no further responsibility in respect of such information. The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled ''*Book-Entry, Delivery and Form*,'' is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream.

We will not, nor will any of our agents, have responsibility for the performance of the respective obligations of Euroclear and Clearstream or their respective participants under the rules and procedures governing their operations, nor will we or our agents have any responsibility or liability for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to these book-entry interests. Investors wishing to use these clearing systems are advised to confirm the continued applicability of their rules, regulations and procedures.

Neither the U.S. Securities and Exchange Commission (the ''SEC''), any state securities commission nor any non-U.S. securities authority has approved or disapproved of these securities or determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offense.

The Issuer intends to list the Notes on the Official List of the Irish Stock Exchange for trading on the Global Exchange Market, and will submit this offering memorandum to the Irish Stock Exchange in connection with the listing application. The Issuer may also be required to update the information in this offering memorandum to reflect changes in our business, financial condition or results of operations and prospects. We cannot guarantee that our application for the Notes to be listed on the Official List and to be admitted to trading on the Global Exchange Market of the Irish Stock Exchange will be approved as of the settlement date for the Notes or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing.

The Issuer is offering the Notes and the Guarantors are issuing the Guarantees, in reliance on an exemption from registration under the U.S. Securities Act for an offer and sale of securities that do not involve a public offering. The Notes are subject to restrictions on transferability and resale, which are described under ''*Plan of Distribution*'' and ''*Transfer Restrictions*.'' By possessing this offering memorandum or purchasing any Note, you will be deemed to have represented and agreed to all of the provisions contained in that section of this offering memorandum. You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time.

We reserve the right to withdraw this offering of the Notes at any time. We are making this Offering subject to the terms described in this offering memorandum and the purchase agreement relating to the Notes to be dated the date of this offering memorandum (the ''Purchase Agreement''). We and the Initial Purchasers may reject any offer to purchase the Notes in whole or in part and to allot to any prospective purchaser less than the amount of the Notes sought by it. The Initial Purchasers and certain of their respective related entities may acquire, for their own accounts, a portion of the Notes.

Tax Considerations

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the consequences of purchasing, holding and disposing of the Notes, including, without limitation, the application of U.S. federal tax laws to their particular situations, as well as any consequences to them under the laws of any other taxing jurisdiction, and the consequences of purchasing the Notes at a price other than the initial issue price. See ''*Certain Tax Considerations.*''

STABILIZATION

IN CONNECTION WITH THIS OFFERING GOLDMAN SACHS INTERNATIONAL (THE "STABILIZATION MANAGER") (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZATION MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE CAN BE NO ASSURANCES THAT THE STABILIZATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZATION MANAGER) WILL UNDERTAKE ANY SUCH STABILIZATION ACTION. SUCH STABILIZATION ACTION, IF COMMENCED, MAY BEGIN ON OR AFTER THE DATE OF ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES AND MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 CALENDAR DAYS AFTER THE ISSUE DATE AND 60 CALENDAR DAYS AFTER THE DATE OF ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER ALLOTMENT MUST BE CONDUCTED BY THE STABILIZATION MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILIZATION MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO PROSPECTIVE INVESTORS

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act.

The Offering of the Notes is being made only to "qualified institutional buyers" (as defined in Rule 144A under the U.S. Securities Act) and to non-U.S. persons (within the meaning of Regulation S) outside the United States in offshore transactions (as defined in Regulation S) in reliance on Regulation S. Prospective purchasers that are qualified institutional buyers are hereby notified that the Initial Purchasers of the Notes may be relying on an exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

NOTICE TO CERTAIN EUROPEAN INVESTORS

European Economic Area ("EEA")

In relation to each member state of the EEA that has implemented the Prospectus Directive (as defined below) (each, a "Relevant Member State"), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, it has not made and will not make an offer of Notes which are the subject of the Offering contemplated by this offering memorandum to the public in that Relevant Member State other than: (a) to any legal entity that is a "qualified investor" as defined in the Prospectus Directive, (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than "qualified investors" as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Initial Purchaser or Initial Purchasers nominated by us for any such offer, or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of the

Notes shall require the publication by us or any Initial Purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive or a supplement to a prospectus pursuant to Article 16 of the Prospective Directive other than in reliance on Article 3(2)(b).

For the purposes of this provision, the expression ''offer of Notes to the public'' in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, the expression ''Prospectus Directive'' means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measures in the Relevant Member State and the expression ''2010 PD Amending Directive'' means Directive 2010/73/EU.

Each subscriber for or purchaser of the Notes in the Offering located within a member state of the EEA will be deemed to have represented, acknowledged and agreed that it is a ''qualified investor'' within the meaning of Article 2(1)(e) of the Prospectus Directive. We, the Initial Purchasers and their affiliates and others will rely upon the trust and accuracy of the foregoing representation, acknowledgement and agreement. Notwithstanding the above, a person who is not a ''qualified investor'' and who has notified the Initial Purchasers of such fact in writing may, with the consent of the Initial Purchasers, be permitted to subscribe for or purchase the Notes in the Offering.

United Kingdom

The issue and distribution of this offering memorandum is restricted by law. This offering memorandum is not being distributed by, nor has it been approved for the purposes of Section 21 of the FSMA by, a person authorized under the FSMA. This offering memorandum is directed solely at persons who: (i) are investment professionals, as such term is defined in Article 19(5) of the Financial Promotion Order, (ii) are persons falling within Article 49(2)(a) to 49(2)(d) (''high net worth companies, unincorporated associations, etc.'') of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (all such persons together being referred to as ''relevant persons''). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering memorandum relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this offering memorandum or any of its contents. No part of this offering memorandum should be published, reproduced, distributed or otherwise made available in whole or in part to any person who is not a relevant person without our prior written consent. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

Germany

The Notes may not be offered and sold to the public, except in accordance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the Commission Regulation (EC) No. 809/2004 of April 29, 2004 (as amended) or any other laws applicable in Germany governing the issue, offering and sale of securities. This offering memorandum has not been and will not be submitted to, nor has it been nor will it be approved by, the *Bundesanstalt für Finanzdienstleistungsaufsicht*, the German Financial Services Supervisory Authority. The Notes must not be distributed within Germany by way of a public offer, public advertisement or in any similar manner, and this offering memorandum and any other document relating to the Notes, as well as information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of Notes to the public in Germany. Consequently, in Germany, the Notes will only be available to, and this offering memorandum and any other offering material in relation to the Notes are directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the Securities Prospectus Act. This offering memorandum and other offering materials relating to the offer of Notes are strictly confidential and may not be distributed to any person or entity other than the recipients hereof. Any resale of the Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws.

Ireland

No action may be taken with respect to the Notes in Ireland otherwise than in conformity with the provisions of (a) the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3), including, without limitation, Regulations 7 and 152 thereof or any codes of conduct used in connection therewith and the provisions of the Investor Compensation Act 1998, (b) the Companies Acts 1963 to 2012 (as amended), the Central Bank Acts 1942 to 2012 (as amended) and any codes of conduct rules made under Section 117(1) of the Central Bank Act 1989, (c) the Prospectus (Directive 2003/71/EC) Regulations 2005 (as amended) and any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank of Ireland, and (d) the Market Abuse (Directive 2003/6/EC) Regulations 2005 (as amended) and any rules issued under Section 34 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005, by the Central Bank of Ireland.

Jersey

No person shall, without the consent of the Jersey Financial Services Commission, circulate in Jersey any offer for subscription, sale or exchange of the Notes.

Poland

The Notes may not be offered or sold in or into Poland except under circumstances that do not constitute a public offering or distribution of securities under Polish laws and regulations. This offering memorandum has not been and will be not approved by *Komisja Nadzoru Finansowego*, the Polish Financial Supervision Authority. The Notes have not been and will not be registered with *Komisja Nadzoru Finansowego*, the Polish Financial Supervision Authority.

FORWARD-LOOKING STATEMENTS

This offering memorandum 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, and should be evaluated as such. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this offering memorandum, including, without limitation, those regarding our intentions, beliefs or current expectations concerning, among other things, our future financial condition and performance, results of operations and liquidity (including for the 26 weeks ended May 30, 2013 as described in the section entitled ''*Summary—Current Trading*''); 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 forward-looking statements are contained throughout this offering memorandum, including the sections entitled ''*Summary*,'' ''*Risk Factors*,'' ''*Capitalization*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*'' and ''*Business*.'' We base these forward-looking statements or projections on our current expectations, plans and assumptions that we have made in light of our experience in the industry, as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances and at such time. As you read and consider this offering memorandum, you should understand that these statements are not guarantees of performance or results. The forward-looking statements and projections are subject to and involve risks, uncertainties and assumptions and you should not place undue reliance on these forward-looking statements or projections. Although we believe that these forward-looking statements and projections are based on reasonable assumptions at the time they are made, you should be aware that 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. Factors that may materially affect such forward-looking statements and projections include:

- dependence on film production, film licensing, film release windows and film distributors;
- competition with other cinema operators, alternative film delivery methods and other forms of entertainment;
- the inability to integrate effectively and realize the benefits of current or potential future acquisitions;
- the inability to realize the benefits of new cinema builds;
- our level of indebtedness and capital structure and the terms of the Notes and our other financing arrangements and inability to obtain additional financing for acquisitions or expansion;
- our dependence on our senior management team and key personnel;
- costs and risks associated with the industry-wide conversion to digital-based media;
- unexpected fluctuations in our results of operations as a result of timing and quality of film releases, variations in weather conditions and other factors;
- failure to adapt to future technological innovations;
- the inability to generate anticipated levels of screen advertising or concessions turnover or turnover from alternative content or ancillary sources;
- the inability to realize the benefits from our turnover enhancement and cost reduction strategies;
- impairment losses;
- our ability to generate sufficient cash to service our debt, to control and finance our capital expenditures and operations;
- instances of illness, product recalls, epidemics or terrorist attacks;
- work stoppages and other labor disruptions;
- the competitive and regulatory environment in which we operate;
- liabilities related to environmental laws or litigation;

- increasing rents or unprofitable cinemas;
- change in or termination of industry-wide promotions;
- failure of information technology on which we rely;
- disruption of the relationships with our key suppliers;
- fluctuations in exchange rates;
- general political, social and economic conditions;
- factors affecting our leverage and our ability to service debt;
- the effect of operating and financial restrictions in our debt instruments; and
- other factors discussed under ''*Risk Factors*.''

The list above is not exhaustive and there are other factors that may cause our actual results to differ materially from the forward-looking statements contained in this offering memorandum. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. 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 offering memorandum.

We disclose important factors that could cause our actual results to differ materially from our expectations in ''*Summary*,'' ''*Risk Factors*,'' ''*Capitalization*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*'' and ''*Business*.'' Other sections of this offering memorandum describe additional factors that could adversely affect our business, financial condition or results of operations. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, it means to include effects upon business, financial and other conditions, results of operations and ability to make payments on the Notes.

We assume no obligation to update the forward-looking statements contained in this offering memorandum to reflect actual results, changes in assumptions or changes in factors affecting these statements.

CERTAIN DEFINITIONS

Unless indicated otherwise in this offering memorandum or the context requires otherwise:

''Acquired Businesses'' refers to Apollo and CinemaxX.

''AIMCo'' refers to Alberta Investment Management Corporation.

''AIMCo Entities'' refers, collectively, to PE12PX (Artist) Ltd. and PE12GV (Artist) Ltd.

''Apollo'' refers to Apollo Cinemas Limited.

''Bidco'' refers to Vougeot Bidco p.l.c., a public limited company under the laws of England and Wales.

''Bridge Loan'' refers to the £34.1 million loan that Midco will lend to the Issuer pursuant to the Bridge Loan Agreement. See ''*Certain Relationships and Related Party Transactions—Bridge Loan*.''

''Bridge Loan Agreement'' refers to the shareholder loan agreement pursuant to which Midco will lend the Bridge Loan to the Issuer entered into on or about the Vue Acquisition Completion Date.

''Bridge Loan Notes'' refers to the £34.1 million 11% fixed rate unsecured loan notes issued by Finco to the AIMCo Entities and OMERS. See ''*Certain Relationships and Related Party Transactions—Bridge Loan*.''

''C$'' refers to the lawful currency of Canada.

''CinemaxX'' refers to CinemaxX Aktiengesellschaft and its subsidiaries.

''CinemaxX Guarantors'' refers to CinemaxX AG, CinemaxX Cinema Gmbh & Co. KG, CinemaxX Entertainment Gmbh & Co. KG and CinemaxX Movietainment Gmbh.

''Collateral'' refers, collectively, to the CinemaxX Collateral, Multikino Collateral and the Vue Collateral.

''Doughty Hanson'' refers to Doughty Hanson & Co Manager Limited.

''Escrow Accounts'' refers to the segregated bank accounts into which the Issuer will direct the Initial Purchasers to deposit the proceeds from the Offering. The Escrow Accounts will be controlled by, and the proceeds therein pledged on a first-ranking basis in favor of, the Trustee on behalf of the holders of the Notes pursuant to the Escrow Agreement.

''Escrow Agent'' refers to The Bank of New York Mellon, London Branch.

''Escrow Agreement'' refers to the agreement to be dated as of the Issue Date among, *inter alios*, the Issuer, the Trustee and the Escrow Agent.

''Escrow Longstop Date'' refers to September 30, 2013, which is the date on which all of the proceeds deposited into the Escrow Accounts, in addition to any accrued and unpaid interest and Additional Amounts, if any, will be returned to the holders of the Notes if the Vue Acquisition is not completed and certain other conditions are not satisfied by such date.

''Escrowed Property'' refers to the initial funds deposited in the Escrow Accounts, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Accounts (less any property and/or funds paid in accordance with the Escrow Agreement).

''Extended Escrow Longstop Date'' refers to December 1, 2013, the date on which, £50.0 million (or the equivalent) aggregate principal amount of the Notes, in addition to any accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the date of the special mandatory redemption, will be returned to holders of the Notes if the Multikino Acquisition is not completed and certain other conditions are not satisfied by such date.

''EUR,'' ''euros'' or ''€'' refer to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

''Executive Managers'' refers to James Timothy Richards, Alan McNair and Stephen Knibbs.

''Existing Bank Facility'' refers to senior facilities agreement dated November 7, 2010 between, among others, Vue Holdings (UK) Limited and Lloyds TSB Bank plc (as amended and restated on November 24, 2010, December 9, 2010, January 20, 2011 and December 14, 2012).

''FFA'' refers to the German Federal Film Board.

''Financing'' refers to the financing of the Vue Acquisition and the Multikino Acquisition as described under ''*Summary—The Transactions—The Financing.*''

''Finco'' refers to Vougeot Finco Limited, a private limited company under the laws of England and Wales.

''Fixed Rate Notes'' refers to the £300,000,000 Senior Secured Notes due 2020.

''Floating Rate Notes'' refers to the €290,000,000 Senior Secured Floating Rate Notes due 2020.

''GBP,'' ''pounds sterling'' or ''£'' refer to the lawful currency of the United Kingdom.

''German Company Conversion'' refers to the conversion of CinemaxX into a limited liability company incorporated under the laws of Germany (*Gesellschaft mit beschränkter Haftung*, ''GmbH'') being registered in the competent commercial register (*Handelsregister*).

''Guarantors'' refers to the Initial Vue Guarantors, the CinemaxX Guarantors and the Multikino Guarantors, each as guarantors of the Notes.

''Guarantees'' collectively refers to guarantees to be issued by the Guarantors on a senior secured basis guaranteeing the Notes.

''Holdco'' refers to Vougeot Holdco Limited, a private limited company incorporated under the laws of Jersey.

''IAS 34'' refers to International Accounting Standards 34, ''Interim Financial Reporting'', as adopted by the European Union.

''IFRS'' refers to International Financial Reporting Standards as adopted by the European Union.

''Indenture'' refers to the indenture to be dated the Issue Date between, among others, the Issuer, the Trustee and the Security Agent for the Notes, and to be acceded to by the Guarantors following the Issue Date.

''Initial Purchasers'' refers to Goldman Sachs International, Morgan Stanley & Co. International plc and Lloyds TSB Bank plc.

''Initial Vue Guarantors'' refers to Vue Entertainment International Limited, Vue Holdings (Jersey) Limited, Vue Holdings (UK) Limited, Vue Entertainment Investment Limited, Vue Entertainment Holdings Limited, Vue Entertainment Holdings (UK) Limited, Treganna Bidco Limited, Apollo Cinemas Limited, Shake UK Newco Limited, A3 Cinema Limited, Aurora Holdings Limited, Aurora Cinema (Ireland) Limited, Aurora Cinema Limited, Ster Century (UK) Limited, Vue Entertainment Limited, Vue Beteiligungs GmbH, Vue Entertainment (UK) Limited, Vue Properties Limited, Vue Cinemas Limited and Vue Cinemas (UK) Limited.

''Intercreditor Agreement'' refers to the intercreditor agreement to be entered into on or around the Issue Date between, among others, us and certain of our other subsidiaries, the RCF Facility Agent on behalf of the lenders under the Revolving Credit Facility, the Trustee on behalf of the Noteholders and certain direct or indirect shareholders of the Issuer.

''Issue Date'' refers to the date on which the Notes offered hereby are issued.

''Issuer'' refers to Bidco.

''Issuer Loan'' refers to the loan of up to £433 million that Midco will extend to the Issuer pursuant to shareholder loan agreements entered into on or about the Vue Acquisition Completion Date. See ''*Certain Relationships and Related Party Transactions—Issuer Loan*.''

''Issuer Share Subscription Amount'' refers to the equity contribution by Midco to the Issuer of approximately £4.7 million.

''Loan Notes'' refers to the 11% fixed rate unsecured loan notes of up to £433 million issued by Finco to OMERS, the AIMCo Entities, certain of the Executive Managers (and their close relatives) and certain senior management of Vue. See ''*Certain Relationships and Related Party Transactions—Issuer Loan*.''

''Midco'' refers to Vougeot Midco Limited, a private limited company under the laws of England and Wales.

''Multikino'' refers to Multikino S.A. and its subsidiaries ''multiplex'' refers to a cinema with five or more screens.

''Multikino Acquisition'' refers to the acquisition of the entire share capital of Multikino S.A. by Eudialyte Company sp. z o.o., an entity indirectly owned by Vue Holdings (Jersey) Limited as described in ''*Summary—The Transactions*.''

''Multikino Acquisition Agreement'' refers to the preliminary sale and purchase agreement dated as of May 10, 2013, among, Multikino Holding B.V., International Trading and Investments Holdings S.A. Luxembourg, AP Portico Slask S.A R.L., Apollo Real Estate Investment Fund III, L.P., Eudialyte Company sp. z o.o. and Vue Holdings (Jersey) Limited.

''Multikino Acquisition Completion Date'' refers to the date on which the Multikino Acquisition is completed, certain other escrow conditions are satisfied and £50 million (or the equivalent) portion of the proceeds from the Offering to be used to finance the Multikino Acquisition is released from the Escrow Accounts.

''Multikino Guarantors'' refers to Multikino S.A. and Eudialyte Company sp. z o.o. as guarantors of the Notes.

''Notes'' refers to the Fixed Rate Notes and the Floating Rate Notes.

''Offering'' refers to the offering of the Notes pursuant to this offering memorandum.

''OMERS'' refers to OMERS Administration Corporation, a non-share capital corporation continued pursuant to the *Ontario Municipal Employees Retirement System Act, 2006*, which is the administrator of the OMERS pension plans and trustee of the OMERS pension plans funds.

''OMERS Entities'' refers, collectively, to OPE Vougeot Investment Limited and OPE Vougeot Holdings Limited.

''OPE'' refers to OMERS Private Equity Inc., which is the entity responsible for identifying and managing the private equity investments of OMERS.

''OPE U.K.'' refers to OMERS Private Equity U.K. Limited.

''PLN,'' ''złoty'' or ''zł'' refer to the lawful currency of the Republic of Poland.

''Principal Shareholders'' refers to, following the Vue Acquisition, the OMERS Entities, the AIMCo Entities, the Executive Managers (and their close relatives) and certain of Vue's senior management.

''RCF Facility Agent'' refers to Lloyds TSB Bank plc.

''Recharge Deed'' refers to the recharge deed entered into by the Issuer with OPE and AIMCo pursuant to which OPE and AIMCo shall recharge to the Issuer and the Issuer shall pay to OPE and AIMCo an amount equal to all the costs and expenses which they have incurred or will incur or have paid in respect of purchasing services from third party advisors in connection with the Vue Acquisition.

''Restricted Cash'' refers to the euro equivalent of £34.1 million of cash in CinemaxX that is considered restricted at the Vue Acquisition Completion Date due to the timing of certain legal procedures relating to the Squeeze Out and the German Company Conversion.

''Revolving Credit Facility'' refers to the revolving credit facility made available pursuant to the Revolving Credit Facility Agreement.

''Revolving Credit Facility Agreement'' refers to the super senior revolving facility agreement dated on or about the Issue Date among the Issuer, as borrower, and certain financial institutions, as described in ''*Description of Certain Financing Arrangements—Revolving Credit Facility*.''

''SEC'' refers to the United States Securities and Exchange Commission.

''Security Agent'' refers to Lloyds TSB Bank plc, as security agent under the Intercreditor Agreement and the Security Documents;

''Security Documents'' refers to the security and other documents and agreements that provide for Security Interests over the Collateral for the benefit of the holders of the Notes, as described in more detail under ''*Description of the Notes—Collateral*.''

''Security Interests'' refers to the security interests in the Collateral.

''Squeeze Out'' refers to the acquisition of the ordinary shares of CinemaxX from the minority shareholders.

''Subscription and Shareholders' Agreement'' refers to the subscription and shareholders' agreement entered into by, among others, the AIMCo Entities, the OMERS Entities, OMERS, the Executive Managers and certain of Vue's senior management, which provides for, among other things, the governance of Holdco and the terms on which the parties to the Subscription and Shareholders' Agreement will subscribe for ordinary shares in Holdco and the Loan Notes.

''Transactions'' refers, collectively, to the Vue Acquisition, the Multikino Acquisition, the Financing, the entering into the Security Documents and the Intercreditor Agreements and the other transactions contemplated thereby, including the repayment of existing indebtedness and payment of fees and expenses.

''Trustee'' refers to The Bank of New York Mellon, London Branch.

''U.K. GAAP'' refers to the accounting standards in the United Kingdom.

''U.S. Exchange Act'' refers to the United States Securities Exchange Act of 1934, as amended.

''U.S. Securities Act'' refers to the United States Securities Act of 1933, as amended.

''United Kingdom'' or ''U.K.'' refers to the United Kingdom of Great Britain and Northern Ireland.

''United States'' or the ''U.S.'' refers to the United States of America.

''USD,'' ''U.S. dollar'' or ''$'' refer to the lawful currency of the United States.

''Vougeot Entities'' refers, collectively, to Holdco, Finco, Midco and Bidco, which are limited liability companies incorporated in Jersey and England, as the case may be, in connection with the Vue Acquisition.

''Vue,'' the ''Company,'' the ''Group,'' ''we,'' ''us'' and ''our'' refer to the Issuer, its subsidiaries and other entities after taking into account the Transactions, unless the context otherwise requires or such other meaning is clear from context. When discussing future or pro forma results of operations, such terms are generally used to refer to the business of the Issuer and its consolidated subsidiaries.

''Vue Acquisition'' refers to the acquisition of the entire share capital of Vue Entertainment International Limited, indirectly by the AIMCo Entities, by the OMERS Entities and certain co-investors as described in ''*Summary—The Transactions.*''

''Vue Acquisition Agreement'' refers to the sale and purchase agreement dated as of June 9, 2013 between, Bidco and Holdco as purchasers, DH P Alpha S.à r.l, the Executive Managers and certain other senior management, as sellers, and Vue Entertainment International Limited for the acquisition of the entire issued share capital of Vue Entertainment International Limited by Bidco and Holdco.

''Vue Acquisition Completion Date'' refers to the date on which the Vue Acquisition is completed, certain other escrow conditions are satisfied and £499.4 million (or the equivalent) of the proceeds from the Offering to be used to finance the Vue Acquisition is released from the Escrow Accounts.

''Warner Village Intercreditor Agreement'' refers to the intercreditor agreement to be entered into on or prior to the Issue Date by and among, *inter alios*, Time Warner Entertainment Limited, VC Eye Pty Limited (formerly known as ''Village Cinemas International Pty Limited''), the Issuer, and to be acceded to by certain of the Guarantors.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

The Issuer was formed as a private limited company under the laws of England and Wales on May 2, 2013, and was reregistered as a public limited company under the laws of England and Wales on July 1, 2013. The Issuer is a holding company formed for the purposes of the Vue Acquisition. Consequently, no historical financial information relating to the Issuer is available other than an opening balance sheet as at June 28, 2013 as set out in this offering memorandum. The Issuer has not engaged in any activities other than those related to its formation and the Transactions. After completion of the Vue Acquisition, the Issuer's only material assets and liabilities will be its interest in all of the issued and outstanding shares of Vue Entertainment International Limited and its outstanding indebtedness incurred in connection therewith. Going forward, our financials will be consolidated at the level of the Issuer as required by the Indenture.

The consolidated financial information in this offering memorandum, unless otherwise stated, has been derived or extracted from:

- the unaudited interim condensed consolidated financial statements of Vue Entertainment International Limited as of and for the 18 week periods ended April 4, 2013 and March 29, 2012, prepared in accordance with best practice as derived from IAS 34;
- the audited consolidated financial statements of Vue Entertainment International Limited as of and for the 53 week period ended November 29, 2012, prepared in accordance with U.K. GAAP;
- the audited consolidated financial statements of Vue Entertainment International Limited as of November 24, 2011 and for the 56 week period from its incorporation on October 26, 2010 to November 24, 2011, which reflects the trading results for the 49 week period from December 21, 2010 (the date upon which it indirectly acquired 100% of the ordinary shares of Vue Entertainment Investment Limited) to November 24, 2011, prepared in accordance with U.K. GAAP; and
- the audited consolidated financial statements of Vue Entertainment Investment Limited as of and for the 52 week period ended November 25, 2010, prepared in accordance with U.K. GAAP

(together, the ''Consolidated Financial Statements'')

Such Consolidated Financial Statements are included in this offering memorandum.

The audited consolidated financial statements referred to above have been extracted from our signed statutory annual report and financial statements for 2010, 2011 and 2012, respectively, although page references have been modified solely for the convenience of the reader. Furthermore, such financial statements contain cross-references to other parts of such statutory annual reports and financial statements; however, such cross-referenced material is not part of, and is not incorporated by reference into this offering memorandum and should be disregarded for the purpose of this offering memorandum.

The unaudited interim condensed consolidated financial statements of Vue Entertainment International Limited as of and for the 18 week periods ended April 4, 2013 and March 29, 2012 presented in this offering memorandum have been prepared solely for use in this offering memorandum. Going forward, we intend to prepare and report our interim financial statements on the basis of four 13 week quarterly periods for a 52 week financial year period and on the basis of three 13 week quarterly periods and one 14 week quarterly period for a 53 week financial year. The 14 week quarterly period will always be the fourth quarter.

The consolidated financial information of Vue Entertainment International Limited presented for the 53 weeks ended April 4, 2013 is derived by adding the unaudited interim condensed consolidated profit and loss account of Vue Entertainment International Limited for the 18 week period ended April 4, 2013 and the consolidated profit and loss account of Vue Entertainment International Limited for the 53 week period ended November 29, 2012, and subtracting the unaudited interim condensed consolidated profit and loss account of Vue Entertainment International Limited for the 18 week period ended March 29, 2012. The financial information for the 53 week period ended April 4, 2013 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

The Consolidated Financial Statements in this offering memorandum are presented in pounds sterling and have been prepared in accordance with U.K. GAAP which differs in certain significant respects from IFRS. In making an investment decision, investors must rely upon their own examination of us, the terms of the Offering and the financial information provided herein. Potential investors should consult their own professional advisors for an understanding of the differences between U.K. GAAP and IFRS.

Certain Factors Affecting the Comparability of our Consolidated Financial Statements

Certain factors affect the comparability of our Consolidated Financial Statements in this offering memorandum, including:

- the annual financial statements of Vue Entertainment International Limited are generally prepared for either a 52 or a 53 week period ending on a Thursday within one week of November 30, resulting in financial years which have either 52 or 53 weeks;
- our consolidated financial statements as of November 24, 2011 and for the period from incorporation on October 26, 2010 to November 24, 2011, include the trading results of Vue Entertainment Investment Limited from December 21, 2010 which is the date Vue Entertainment International Limited acquired 100% of the ordinary shares of Vue Entertainment Investment Limited. As a result, the consolidated financial statements of Vue Entertainment International Limited for the period ended November 24, 2011 included in this offering memorandum refer to the 56 weeks from October 26, 2010 but include trading results for only 49 weeks;
- we have recently undertaken acquisitions in both our U.K. and Continental Europe segments, as presented in greater detail in ''*Management's Discussion and Analysis of Financial Condition and Results of Operations—Factors Affecting Comparability*.'' As a result, the unaudited interim condensed consolidated financial statements of Vue Entertainment International Limited as of and for the 18 week period ended April 4, 2013 and the consolidated financial statements of Vue Entertainment International Limited as of and for the 53 week period ended November 29, 2012, each include (a) the results of operations and financial position of Apollo in the United Kingdom from the closing date of the acquisition, May 10, 2012 and (b) the results of operations and financial position of CinemaxX in Germany from the closing date of the acquisition, August 7, 2012; and
- assuming the completion of the Multikino Acquisition (see ''*The Transactions—The Multikino Acquisition*''), our consolidated results for the current financial year 2013 will reflect a full year of consolidated results of the Acquired Businesses and the partial results of Multikino from the date of its acquisition, and will therefore be impacted by the revenues and expenses of the Acquired Businesses and Multikino.

Financial Information of CinemaxX and Multikino

In addition to our Consolidated Financial Statements, this offering memorandum presents consolidated financial information of CinemaxX and consolidated financial information of Multikino; which have been derived or extracted from:

- the audited consolidated financial statements of CinemaxX as of and for the year ended December 31, 2012, prepared in accordance with IFRS;
- the audited consolidated financial statements of CinemaxX as of and for the year ended December 31, 2011, prepared in accordance with IFRS;
- the unaudited special purpose interim condensed consolidated financial statements of Multikino for the three month period ended March 31, 2013, prepared in accordance with IAS 34; and
- the audited special purpose consolidated financial statements of Multikino for the twelve month period ended December 31, 2012 prepared in accordance with IFRS.

The consolidated financial information of CinemaxX in this offering memorandum is presented in euros. The consolidated financial information of Multikino in this offering memorandum is presented in złoty.

Pro Forma Financial Information

This offering memorandum also includes unaudited pro forma combined financial information of the Issuer. The unaudited pro forma combined financial information has been derived from the Consolidated Financial Statements, the consolidated financial statements of Multikino, the pre-acquisition consolidated financial information of CinemaxX for the period April 1, 2012 to July 31, 2012, adjusted to give effect to (i) IFRS to U.K. GAAP differences, (ii) the Vue Acquisition, (iii) the Multikino Acquisition, (iv) the Financing, and the application of the proceeds therefrom; and are prepared in accordance with the basis of preparation as described in the notes to the unaudited pro forma combined financial information. For purposes of this unaudited pro forma combined financial information, the Transactions are deemed to have occurred on April 4, 2013.

The assumptions underlying the above pro forma adjustments are described in the notes presented in ''*Unaudited Pro Forma Combined Financial Information*,'' which should be read in conjunction with the unaudited pro forma combined financial information. Both the Vue Acquisition and Multikino Acquisition will be accounted for by using the acquisition method of accounting, which requires determination of the fair values of identifiable assets and liabilities as of the closing date of each acquisition, and allocation of the purchase price based on such fair values. As of the date of this offering memorandum, in respect of the Vue Acquisition and the Multikino Acquisition, we have not performed the valuation studies necessary to estimate the fair values of the identifiable assets acquired and liabilities assumed and the related allocation of the purchase price. The purchase price allocation in respect of the Vue Acquisition and the Multikino Acquisition may result in significant adjustments to the historical values of property, plant and equipment and intangible assets and other assets, liabilities and provisions, resulting in a significant increase in depreciation and amortization expense. Refer to ''*Unaudited Pro Forma Combined Financial Information*,'' Note 1(e) to the unaudited pro forma combined income statement and Note 2(b) to the unaudited pro forma combined balance sheet for a further discussion of the purchase price allocation and its impact on our financial position and results.

The unaudited pro forma combined financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe to be reasonable. Neither the assumptions underlying the pro forma adjustments nor the resulting unaudited pro forma combined financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited pro forma combined financial information is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Transactions been completed on the dates indicated and do not purport to indicate our future consolidated results of operations or financial position. The actual results may differ significantly from those reflected in the unaudited pro forma combined financial information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the unaudited pro forma combined financial information.

The unaudited pro forma combined financial information should be read in conjunction with the information contained in ''*Selected Historical Financial Information*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*,'' the Consolidated Financial Statements, the consolidated financial statements of Multikino, and the consolidated financial statements of CinemaxX appearing elsewhere in this offering memorandum.

Other Financial Measures

We have presented certain information in this offering memorandum that are non-U.K. GAAP and non-IFRS measures. As used in this offering memorandum, this information includes ''EBITDA,'' ''Adjusted EBITDA,'' ''Adjusted EBITDA Margin,'' ''pro forma EBITDA,'' ''pro forma Adjusted EBITDA,'' ''EBITDAR'' and ''Adjusted EBITDAR.''

Our management believes that EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, pro forma EBITDA, pro forma Adjusted EBITDA, EBITDAR and Adjusted EBITDAR are meaningful for investors because they provide an analysis of our operating results, profitability and ability to service debt and because EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, pro forma EBITDA, pro forma Adjusted EBITDA, EBITDAR and Adjusted EBITDAR are used by our chief operating decision makers to assess our operating results, establish operational and strategic targets and make business decisions. In addition, we believe that EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, pro forma EBITDA, pro forma Adjusted EBITDA, EBITDAR and Adjusted EBITDAR are measures commonly used by investors and other interested parties in our industry. Although we are presenting these measures to enhance the understanding of our historical operating performance, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, pro forma EBITDA, pro forma Adjusted EBITDA, EBITDAR and Adjusted EBITDAR or any other non-U.K. GAAP or non-IFRS financial measures should not be considered alternatives to operating profit as an indicator of our operating performance, or alternatives to cash flows from operating activities as measures of our liquidity. EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, pro forma EBITDA, pro forma Adjusted EBITDA, EBITDAR and Adjusted EBITDAR have limitations as analytical tools, and you should not consider them in isolation. Some of these limitations are:

- they do not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, our working capital needs;
- they do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments, on our debts;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often need to be replaced in the future and EBITDA, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR do not reflect any cash requirements that would be required for such replacements;
- some of the exceptional items that we eliminate in calculating EBITDA, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR reflect cash payments that were made, or will in the future be made; and
- the fact that other companies in our industry may calculate EBITDA, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR differently than we do, which limits their usefulness as comparative measures.

EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, pro forma EBITDA, pro forma Adjusted EBITDA, EBITDAR and Adjusted EBITDAR are unaudited and are not measures of financial performance under U.K. GAAP or IFRS. Our computation of EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, pro forma EBITDA, pro forma Adjusted EBITDA, EBITDAR and Adjusted EBITDAR and other non-U.K. GAAP financial measures may not be comparable to similarly titled measures of other companies. In evaluating Adjusted EBITDA, EBITDAR and Adjusted EBITDAR, we encourage you to evaluate each and the reasons we consider it appropriate as a method of supplemental analysis. You should be aware that as an analytical tool, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR are subject to all of the limitations applicable to EBITDA. EBITDA, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR are not audited. EBITDA, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR should be viewed as measures of operating performance that are a supplement to, and not a substitute for U.K. GAAP or IFRS measures of income or cash flows, and may not be directly comparable to similarly titled measures of our competitors.

EBITDA as used in this offering memorandum is not calculated in the same manner as ''Consolidated EBITDA'' is calculated pursuant to the Indenture governing the Notes as described under ''*Description of the Notes*'' or for purposes of any of our other indebtedness.

Non-Financial Operating Data

Certain key performance indicators and other non-financial operating data included in this offering memorandum are derived from management estimates, are not part of our financial statements or financial accounting records, and have not been audited or otherwise reviewed by outside auditors, consultants or experts. Our use or computation of these terms may not be comparable to the use or computation of similarly titled measures reported by other companies. Any or all of these terms should not be considered in isolation or as an alternative measure of performance under U.K. GAAP or IFRS.

Rounding

Certain figures contained in this offering memorandum, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or row of a table contained in this offering memorandum may not conform exactly to the total figure given for that column or row.

Currency

Unless otherwise indicated, financial information relating to Vue is presented in pounds sterling.

All references in this offering memorandum to: (i) ''£,'' ''pounds sterling'' or ''GBP'' are to the lawful currency of the United Kingdom, (ii) ''€,'' ''euro'' or ''EUR'' are to the currency introduced at the start of the third stage of the EMU, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the EU; (iii) ''$,'' ''U.S. dollars'' or ''USD'' are to the lawful currency of the United States of America, and (iv) ''zł,'' ''złoty'' or ''PLN'' refer to the lawful currency of the Republic of Poland.

TRADEMARKS AND TRADE NAMES

We own or have rights to certain trademarks, trade names or service marks that we use in conjunction with the operation of our businesses. Each trademark, trade name or service mark of any other company appearing in this offering memorandum belongs to its holder. Some of the trademarks we own or have the right to use include Vue, Vue Xtreme and CinemaxX. Solely for convenience, the trademarks, trade names and copyrights referred to in this offering memorandum are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to these trademarks, trade names and service marks.

MARKET AND INDUSTRY DATA

Information included in this offering memorandum relating to markets and other industry data pertaining to our business consists of information from data reports compiled by professional third-party organizations and analysts, data from external sources, our knowledge of the industries in which we operate and our own calculations based on such information. In some cases, there is no readily available external information to validate industry-related analyses and estimates, thus requiring us to rely on internally developed estimates. While we have compiled, extracted and reproduced industry data from external sources, including third party, industry or general publications, such as Dodona Research, Rentrak/EDI, The Cinema Exhibitor's Association, Media Salles, the British Film Institute and the German Federal Film Board and other public information, we have not independently verified the data. We cannot assure you of the accuracy and completeness of, or take any responsibility for, and we have not independently verified such data. Notwithstanding this, we confirm that this market and industry data has been accurately reproduced and that as far as we are aware and are able to ascertain from information published by the external sources referred to above, no facts have been omitted which would render the reproduced information inaccurate or misleading. We accept responsibility for the accurate reproduction of information from the sources listed in this paragraph.

Similarly, while we believe our internal estimates to be reasonable, they have not been verified by any independent sources, and we cannot assure you as to their accuracy. In certain instances, we have provided certain third-party data, such as market share for the United Kingdom, Germany and Poland, that may not be comparable across the different markets in which we operate, as convention dictates varying metrics for measurement across these markets. For example, data on market share by GBOR is not collected in Poland, and therefore we are unable to present this information for that market.

EXCHANGE RATE INFORMATION

The following tables set forth, for the periods indicated, the period end, period average, high and low Bloomberg Composite Rates expressed in U.S. dollars per £1.00, euros per £1.00 and złoty per £1.00. The Bloomberg Composite Rate is a ''best market'' calculation, in which, at any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications and the ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The rates below may differ from the actual rates used in the preparation of our consolidated financial statements and other financial information appearing in this offering memorandum. The average rate for a year means the average of the Bloomberg Composite Rates on the last day of each month during a year. The average rate for a month, or for a partial month, means the average of the daily Bloomberg Composite Rate during that month, or partial month, as the case may be.

The Bloomberg Composite Rate of pounds sterling on July 10, 2013 was $1.491, €1.162 and PLN 5.006 per £1.00.

	Period End	Average	High	Low
	U.S. dollars per £1.00			
Year				
2008	1.458	1.852	2.030	1.441
2009	1.615	1.567	1.702	1.370
2010	1.559	1.546	1.638	1.432
2011	1.551	1.604	1.669	1.539
2012	1.616	1.585	1.628	1.530
Month				
January 2013	1.587	1.597	1.625	1.569
February 2013	1.518	1.547	1.579	1.514
March 2013	1.520	1.508	1.522	1.490
April 2013	1.554	1.531	1.554	1.512
May 2013	1.517	1.529	1.558	1.505
June 2013	1.519	1.550	1.569	1.519
July 2013 (through July 10)	1.494	1.505	1.527	1.486

	Period End	Average	High	Low
	euros per £1.00			
Year				
2008	1.044	1.257	1.361	1.021
2009	1.127	1.123	1.185	1.041
2010	1.167	1.166	1.236	1.096
2011	1.201	1.153	1.204	1.107
2012	1.226	1.233	1.286	1.179
Month				
January 2013	1.168	1.201	1.233	1.164
February 2013	1.161	1.159	1.183	1.146
March 2013	1.185	1.164	1.185	1.146
April 2013	1.181	1.176	1.189	1.165
May 2013	1.170	1.178	1.189	1.167
June 2013	1.168	1.174	1.179	1.168
July 2013 (through July 10)	1.162	1.165	1.174	1.162

	Period End	Average	High	Low
		PLN per £1.00		
Year				
2008	4.333	4.414	4.913	4.038
2009	4.627	4.857	5.553	4.336
2010	4.614	4.658	5.119	4.257
2011	5.342	4.751	5.424	4.365
2012	4.981	5.157	5.501	4.876
Month				
January 2013	4.903	4.968	5.062	4.884
February 2013	4.815	4.831	4.911	4.762
March 2013	4.956	4.840	4.956	4.739
April 2013	4.912	4.863	4.951	4.788
May 2013	5.002	4.924	5.002	4.879
June 2013	5.057	5.032	5.113	4.961
July 2013 (through July 10)	5.044	5.030	5.062	4.989

The rates in each of the foregoing tables may differ from the actual rates used in the preparation of the consolidated financial statements and other financial information appearing in this offering memorandum. We have provided these exchange rates solely for the convenience of potential investors. The rates should not be construed as a representation that pounds sterling amounts could have been, or could be, converted into U.S. dollars, euros or złoty at the rates set forth herein or at any other rate.

SUMMARY

This summary highlights select information from this offering memorandum. It is not complete and does not contain all of the information that you should consider before investing in the Notes. You should read this offering memorandum carefully in its entirety, including the sections entitled ''Risk Factors,'' ''Management's Discussion and Analysis of Financial Condition and Results of Operations,'' and ''Business,'' as well as our audited consolidated financial statements and unaudited interim financial statements and the notes thereto included elsewhere in this offering memorandum and any other documents referred to herein.

Overview

We believe we are Europe's second largest cinema operator by number of screens with operations predominantly in the United Kingdom and Germany. We have grown our portfolio through a combination of new cinema developments and acquisitions of cinemas in the United Kingdom and internationally. We currently operate 115 cinemas with 1,072 screens located across six countries. In addition, we have recently entered into an agreement to acquire Multikino, the second-largest cinema operator in Poland by number of screens. After the completion of the Multikino Acquisition, we will operate 145 cinemas with 1,318 screens located across nine countries.

We believe our cinema portfolio in the United Kingdom represents the newest, most modern chain of cinemas in the country. In the United Kingdom, 98% of our cinemas are multiplexes, 94% have stadium seating and all are fully digital. We also recently completed the acquisition of Apollo in the United Kingdom to strengthen our position in the United Kingdom and to take advantage of certain economies of scale. After disposing of five cinemas with 27 screens, the Apollo acquisition added nine cinemas with 56 screens to our portfolio, all of which have stadium seating and are fully digital, modern multiplexes. In the United Kingdom, all of our cinemas use Sony Digital Cinema 4K digital projection technology, which provides eight times the resolution of 2K digital projectors. We have a broad reach in the United Kingdom and we estimate that over 60% of the population lives within a 30-minute drive of a Vue cinema. According to Rentrak/EDI, our gross box office revenue (''GBOR'') market share in the United Kingdom was approximately 24% for the year ended December 31, 2012. We operate six of the top 20 grossing box office cinemas in the United Kingdom, with a strong presence in the key London and West End markets, including our Westfield London site which was the highest grossing box office cinema in the United Kingdom for the 53 weeks ended April 4, 2013.

We have leveraged our strong operational knowledge and experience with successful integrations of acquisitions, primarily in the United Kingdom, to enter new European markets through selective strategic acquisitions of leading cinema operators. These European markets are generally more fragmented and less developed than the United Kingdom and we believe they offer opportunities for consolidation and growth. In August 2012, we established our presence in Germany and Denmark through the acquisition of CinemaxX, Germany's second largest cinema operator by number of screens. Our cinemas in Germany are typically situated in premium city center locations within the 20 largest German cities where population densities are highest. We believe that all of our German cinemas offer state-of-the-art facilities and, after completion of our digital rollout program by the end of July 2013, all of our cinemas in Germany will have 4K digital projection technology. We also are seeking to expand into Poland, Latvia and Lithuania through the acquisition of Poland's second largest cinema operator by number of screens, Multikino. Approximately 97% of Multikino's cinemas are multiplexes and all are fully digital. In addition, we operate a 14-screen cinema in Dublin, Ireland, a 9-screen cinema in Faro, Portugal and a 16-screen cinema in Taipei, Taiwan, each of which is a multiplex cinema and has stadium seating.

On a pro forma basis, assuming the CinemaxX Acquisition and Multikino Acquisition had occurred on April 5, 2012, our revenue and Adjusted EBITDA for the 53 weeks ended April 4, 2013 would have been £588.0 million and £110.3 million, respectively. In addition, we would have had approximately 67.1 million admissions to our cinemas. See ''*Unaudited Pro Forma Combined Financial Information*.''

Our Competitive Strengths

We believe the following competitive strengths position us strongly in our markets:

A Leading Market Position in Highly Attractive European Markets

We believe we are Europe's second largest cinema operator by number of screens. Upon completion of the Multikino Acquisition, we will operate in nine countries and will be the only major cinema operator with a market leading presence in both Western and Eastern Europe, which we believe positions us to take advantage of the stability of markets in Western Europe while also offering the ability to capitalize on growing markets in Eastern Europe. The majority of our cinemas are located in the United Kingdom and Germany, which are the largest and third largest cinema markets in Europe by GBOR, respectively. We are one of the top three cinema operators in the United Kingdom by GBOR and one of the top two cinema operators in Germany as measured by number of screens. According to Dodona Research, in the United Kingdom, total market GBOR grew from approximately £944 million in 2009 to approximately £1,099 million in 2012 and in Germany total market GBOR grew from approximately €976 million in 2009 to approximately €963 million in 2012. In Poland, Multikino is the second largest cinema operator as measured by number of screens. In Poland, total GBOR grew from approximately PLN 681 million in 2009 to approximately PLN 711 million in 2012 according to Dodona Research. We believe these markets should continue to grow and provide opportunities for increasing our revenue.

Our operations in multiple attractive European markets provide us with certain economies of scale and the benefits of operating leverage across markets. We believe our multi-territory presence across select attractive markets mitigates film revenue fluctuations and improves our negotiating position with our key commercial counterparties, including film distributors, concessions suppliers, landlords, technology providers and advertisers who we believe consider us a valuable and important partner. We believe that our established relationships have enabled us to secure commercially attractive contract terms with leading international suppliers. For example, we recently extended our relationship with Sony Digital Cinema outside of the United Kingdom to Germany and Denmark, where they will be providing their 4K digital technology to our CinemaxX cinemas. We believe we are now Sony Digital Cinema's largest customer outside of the United States. We believe the available choices, flexibility and caliber of our commercial partners enhance our consumer offering, brand image and positioning.

Conveniently Located, High Quality Venues and Modern, State-of-the-Art Cinema Facilities

We believe our cinemas are well-located to maximize potential admissions. For example, we estimate that over 60% of the population in the United Kingdom lives within a 30-minute drive of a Vue cinema. We also have cinemas in the United Kingdom that are situated in flagship commercial locations with high foot fall, such as Westfield London, Westfield Stratford City and Leicester Square. In Germany, our cinemas are typically situated in premium city center locations within the 20 largest German cities where population densities are highest.

We believe that we operate one of the most modern and technologically advanced cinema portfolios in Europe. In the United Kingdom, 98% of our cinemas are multiplexes, which allows for greater film flexibility in terms of time, format and selection and provides certain cost efficiencies as employee staffing per screen in multiplexes is typically lower as compared with non-multiplex cinemas. In the United Kingdom, 94% of our screens have stadium seating, which provides unobstructed views of the screen, and all of our cinemas are fully digital, which provides consistent presentation quality to customers and greater flexibility in terms of content for cinema operators. Across the Group, following the completion of the Multikino Acquisition, 97% of our cinemas will be multiplexes and 94% of our cinemas will have stadium seating. In addition, we believe that the average age of our cinemas in the United Kingdom is lower than that of our primary competitors. In Germany, we have continued to invest in refurbishment in recent years and plan to complete the process of upgrading all of our German cinemas to 4K digital projection technology by the end of July 2013. In the United Kingdom, we also have developed a proprietary super-sized screen format, Vue Xtreme, which allows us to show large-screen content without paying royalties and licensing fees for alternative branded large-screen technology.

Proven Operational Excellence

We apply a rigorous and analytical approach to our cinema operations where we focus on revenue enhancement and cost optimization. For example, we constantly review our ticket pricing structure and believe we have been able to increase our box office revenue in our cinemas in the United Kingdom through recent changes to our pricing strategy, such as the introduction of ''peak'' and ''off-peak'' pricing and the introduction of our ''Super Saver Tuesday'' offer. Our pricing strategy also entails increasing pricing flexibility by cinema location based on variables including time of day, day of the week and type of customer for each film, resulting in ticket price increases in certain circumstances and in increased use of discounts in others. We aim to maximize revenue by offering premium propositions, such as VIP seating in the United Kingdom or differentiated costs by seating location in Germany, for customer segments that value these elements while selectively using discounts, such as ''Kids AM'' to drive admissions volume. These strategies have positively impacted our average ticket price. We also analyze film scheduling in order to deliver the ''right'' film, on the ''right'' screen at the ''right'' time in order to achieve optimal attendance. Film scheduling changes have been systematically tested and have driven increases in our admissions and box office revenue while decreasing variable staff costs as compared to a control group of our cinemas.

We also improved our cost structure by applying best practices across our cinemas. For example, we have applied a disciplined approach to our cost components by employing competitive tendering processes, for both capital expenditures and for supply costs. We also seek to manage our staff costs in order to match, to the extent possible, staffing levels with admissions levels. We also renegotiate our lease costs where possible and have invested in energy savings initiatives to reduce electricity and other utility costs across our cinemas. We have also optimized costs by leveraging our pan-European platform to establish strong relationships with key suppliers such as Sony Digital Cinema.

Additionally, for the 53 weeks ended November 29, 2012, our capital expenditures (net of landlord contributions) were £21.7 million, which includes CinemaxX and Apollo following their acquisitions, but excludes Multikino. We expect capital expenditures in 2013 and 2014 to be less than £40 million per annum (net of landlord contributions, including the full-year effect of CinemaxX and Apollo and including Multikino). We believe that a significant portion of our capital expenditure investments is discretionary.

Track Record of Profitable Growth

We have grown our cinema portfolio through a combination of organic growth and acquisitions across geographies. Since November 2005, we have developed 17 new cinemas with 165 screens in the United Kingdom. We believe we have been able to maximize operating results in terms of total admissions, average ticket price, concession spend per person and return on investment by strategically selecting the ''right'' place, building the ''right'' size and paying the ''right'' rent for our new builds. For example, our new cinemas range from Vue Stratford City in London, which is a 17-screen, 63,500 square-foot, state-of-the-art multiplex as part of an approximately £1.5 billion commercial development project for the 2012 London Olympics, to Vue Halifax, which is a 9-screen, 27,100 square-foot cinema located within an approximately £55 million mixed use development project in Halifax town center. As a result of this rigorous approach to capital expenditure, since 2006, we have progressively reduced the average number of years to pay back our initial investment in new cinema developments.

We believe we have grown our GBOR market share in the United Kingdom faster than our primary competitors over the last five years. Further, we believe that in the United Kingdom as a result of the quality of our cinemas and our focus on efficient utilization of our screens and the timing and placement of films, we have on average over the last five years earned higher GBOR per screen than our primary competitors.

We believe we have extensive experience and a successful track record of value accretive acquisitions. These acquisitions have allowed us to consolidate in our existing markets and expand into new markets in Europe that are attractive because they remain fragmented and have significant growth potential. We believe our selective and disciplined approach has resulted in tangible operating performance gains for our acquisitions. Target acquisitions need to demonstrate clear financial and strategic logic in terms of payback targets and investment hurdles, and a potential for operational improvement and accelerated growth. The table below summarizes our acquisitions since 2003.

Name	Location	Date	No. of cinemas	No. of screens
Warner Village Cinemas	United Kingdom	May 2003	36	353
Cinemark	United Kingdom	April 2004	2	17
Independent Operator (Accrington)	United Kingdom	August 2004	1	4
Independent Operator (Oxford)	United Kingdom	April 2005	1	9
Ster Century	United Kingdom and Ireland	May 2005	7	86
Village Roadshow	United Kingdom	June 2006	5	35
Hoyts (Wood Green)	United Kingdom	December 2009	1	6
Apollo	United Kingdom	May 2012	14	83
CinemaxX(1)	Germany and Denmark	August 2012	34	292
Multikino	Poland, Lithuania and Latvia	Pending	30	246

(1) Includes one cinema with 10 screens in Raschplatz, Germany, which CinemaxX previously managed and was acquired as of January 1, 2013.

Attractive Business Model with Strong Revenue and Cash Generation Capabilities

We believe our business model is attractive with strong revenue and cash generation capabilities due to our critical position in the film distribution chain and the film industry's historic resilience. Cinema operators are an integral component of revenue generation for film distributors. According to the British Film Institute 2012 Statistical Yearbook, approximately 26% of a film's total revenue in the United Kingdom is earned in cinemas. According to the Cinema Exhibitors' Association, in the United Kingdom, the amount of time a film is exclusively licensed for cinematic display prior to licensing for other distribution channels has generally stabilized over the last five years leading to a more stable and predictable revenue stream. Furthermore, a successful cinema release supports a film's revenue generation in channels after its initial theatrical release, such as DVD, Blu-ray, pay-per-view and cable.

We believe attending the cinema remains one of the most popular and affordable out-of-home entertainment options for consumers. The market has been relatively resilient even during economic downturns. For example, based on GDP data from the IMF and GBOR data from the Cinema Exhibitors' Association and the Germany Federal Film Board, as real GDP decreased in the United Kingdom and Germany, respectively, between 2007 and 2009, GBOR increased over the same period in both these markets. We believe our conveniently located, state-of-the art cinemas, as well as our strong market positions in the United Kingdom and Germany, have enabled us to maintain stable and consistent cash flows. In addition, we offer premium propositions to customers, such as VIP seating, 3D and our super-sized screen format, Vue Xtreme, to generate revenue, while selectively using discounts to drive admissions volume. As a result, our average admissions levels and average ticket prices have remained relatively stable, including during the most recent economic downturn.

We believe our attractive business model has resulted in strong revenue and cash flow generation. We also have a history of delevering. After both the management buyout backed by Bank of Scotland Integrated Finance in 2006 and our acquisition in 2010 by Doughty Hanson, we maintained strong cash flow generation and were able to successfully delever our capital structure.

Experienced Founder-led Senior Management Supported by Committed Shareholders

We were founded by our CEO, Tim Richards, in 1998 who was joined by our deputy CEO and CFO, Alan McNair, in 1999 and our COO, Steve Knibbs, in 2003. This senior management team has over 80 years of combined experience in the film industry and has grown the Company from six cinemas at the end of 2002 to 145 cinemas, upon the completion of the Multikino Acquisition. This team has also successfully integrated over 23 newly developed sites and 130 acquired sites since the founding of the Company. Our senior management remains significantly invested in the company and has reinvested at each stage of ownership change. We also expect to derive further benefit from the experience and financial support of OMERS and AIMCo, two of the largest and most experienced institutional investors in Canada, who both have extensive operational experience in Europe and North America.

Our Strategy

Continue to Focus on Operational Discipline and Excellence Across our Cinema Portfolio

We have emphasized data-driven analytical rigor throughout our organization, and intend to continue to do so, in order to make sound, evidence-based, informed decisions at all levels. We believe this has been a key strength in the past and we plan to continue to extend these best-practices to our acquired cinemas in Germany, Denmark, and upon completion of the Multikino Acquisition, Poland, Latvia and Lithuania.

We will continue to focus on our operational strengths where historically we have been successful. For example, in 2012, in order to improve film scheduling, we analyzed and identified key drivers and conducted controlled scheduling trials at 24 cinemas in the United Kingdom for nine weeks. As a result, we were able to implement strategic changes that increased admissions and revenue at these cinemas while decreasing variable staff costs. We then rolled out these strategies throughout our United Kingdom cinemas and plan to do the same across our cinema portfolio to deliver the ''right'' film, on the ''right'' screen, at the ''right'' time. We believe this approach to film scheduling should allow us to continue to increase film revenue across all of our operations. We also intend to continue to focus on improving our pricing strategy by increasing pricing flexibility to provide greater options for our customers and to expand upon certain premium propositions, such as adding VIP seating in Germany.

We also intend to continue to apply a disciplined approach to all of our cost components. We have controlled our costs through a combination of competitive tendering processes, for both capital expenditures and for supply costs, which we intend to apply across our entire cinema portfolio. We also plan to continue our flexible staffing strategy to adjust employee-related costs in response to variations in admissions levels and to continue to invest in energy savings initiatives to reduce electricity and other utility costs across our cinemas. We also plan to renegotiate lease terms to reduce rental costs where possible. We believe we can continue to apply these costs strategies across our historical cinema portfolio and implement these practices across our acquired cinemas. We also intend to continue to incentivize certain managers and staff with bonuses based on profitability.

Pursue Growth Opportunities

We are focused on cash flow maximization and enhancing our industry leadership. We plan to pursue growth opportunities from our existing cinemas by attracting new customers and maximizing revenue from existing customers, opening new cinemas in the near term, as well as continue to evaluate and pursue selective acquisitions.

We seek to provide a wide range of customer propositions from value offers to premium offers in order to both attract new customers and maximize revenue from existing customers. We plan to continue to deliver an innovative cinema experience, with packaged, branded and tailored offerings supported by high quality standards that drive and protect revenue streams. For example, in the United Kingdom, we have ''Kids AM'' for children as well as ''Over 18s Screenings'' for adults. We also intend to screen film and alternative content to improve utilization generally in periods of low film demand and to provide unique content offerings for customers, such as opera, concerts, ballet and sporting events at premium pricing levels.

We believe a key component in customer choice is cinema location and our new cinema openings are tailored for their specific catchment requirements. For example, we seek to develop cinemas in areas with complementary services, such as in retail malls with restaurants and other leisure activities or in areas with access to car parks. We actively monitor new cinema developments and maintain a shortlist of potential locations. We intend to continue to apply rigorous analytics of local catchment population, propensity to visit the cinema, income levels and local competition to ensure each cinema's configuration closely matches market capacity of the catchment area. We also believe that our experiences managing landmark cinemas, such as Westfield London, Westfield Stratford City and Leicester Square, and our experience in lease negotiation and capital expenditure control should enable us to minimize development costs to achieve superior payback periods on new cinemas.

We will continue to seek value-enhancing growth based on disciplined and sustainable strategies, including the careful evaluation, selection and pursuit of strategic opportunities throughout Europe. As with our acquisitions in the United Kingdom and Germany, we may seek to acquire cinema operators in Europe or elsewhere where we believe we can realize attractive returns on investment and generate significant free cash flow. We believe that certain markets in Europe remain fragmented and with our proven track record of identifying and integrating acquisitions successfully, we are well-placed to take advantage of strategic opportunities.

Provide an Exceptional Cinema Experience Delivered by Friendly and Helpful Cinema Staff

We aim to be the first choice for cinema entertainment in our markets. We seek to continue to differentiate our cinema experience by expanding and improving our customer propositions. In addition to location and price, we believe that customers also choose cinemas based on the quality of the cinema experience. We are focused on creating a consistent brand image, synonymous with a state-of-the-art cinematic experience. We are also focusing on customer satisfaction in terms of ease of booking tickets, premium viewing options and offering a wide range of concessions.

As the film industry produces franchise blockbusters that take advantage of premium formats such as 3D, we believe we can gain customers with our modern, state-of-the-art stadium-seated cinemas with digital technology such as Sony Digital Cinema 4K, which differentiates our cinema offering from less modern cinemas. We plan to continue to provide 3D formats and Vue Xtreme, which has super-sized screens and enhanced sound systems, as well as completing our digital investment with Sony Digital Cinema to provide 4K technology to our customers in Germany and Denmark.

We also plan to continue our emphasis on customer choice in terms of pricing, film selection and amenities. For example, we intend to continue offering in the United Kingdom and across our cinema portfolio both premium pricing options such as VIP seating where customers can enjoy larger, more luxurious seating in prime locations in the auditorium, as well as customer discount propositions such as ''Kids AM'' and ''Super Saver Tuesday'' in the United Kingdom. In addition, we intend to continue to offer customer propositions like internet booking and mobile applications that allow customers greater flexibility and ease in purchasing their tickets.

We plan to continue to emphasize customer satisfaction and focus on training and motivating our employees to provide an exceptional cinema experience. For example, we have cinema incentive plans that reward employees based on cinema profitability and customer service standards. We also provide our cinema employees with a modular training program that covers all aspects of running a cinema, including cinema management. Additionally, in order to gain critical customer insight, we employ a number of internal and external sources that provide detailed pictures of customer behavior, trends and attitudes. Listening to customers and understanding their behavior is core to our ability to deliver successful new offers, enhance existing offers and to better predict demand in the future. We actively track customer service metrics to check we are delivering high quality service to our customers with our friendly and helpful staff. We intend to extend these customer-focused training and tracking initiatives to our newly acquired cinemas.

History

We were founded by our CEO, Tim Richards, in 1998. Tim's business partner, current deputy CEO and CFO, Alan McNair joined him in 1999. Both had extensive prior senior management experience in the industry in the United Kingdom and internationally. The company was set up as Spean Bridge International Cinemas (''SBC'') with the support of Boston Ventures, a venture capital fund, and by the end of 2002, had opened four cinemas in the United Kingdom, one in Portugal and one in Taiwan.

In 2003, SBC acquired Warner Village Cinema's U.K. circuit, which comprised 36 cinemas with 353 screens. Funds for the acquisition were provided by the existing investor and new investors. Following this acquisition, SBC changed its name to Vue Entertainment and became the operator of the second largest cinema chain by number of screens in the United Kingdom. The combined 400-screen state-of-the-art stadium seating multiplex cinema portfolio including the flagship Leicester Square cinema was fully rebranded as ''Vue'' within six months. The Vue portfolio continued to grow both organically and through a series of acquisitions including the acquisition of Ster Century in 2005, which at the time operated the highest grossing cinema in the United Kingdom and Ireland at the Liffey Valley Shopping Centre in Dublin.

In 2006, we completed a management buyout backed by Bank of Scotland Integrated Finance and simultaneously acquired the five cinemas we had been managing under contract for Village Roadshow. Between 2006 and the end of 2010, we developed an additional 14 cinemas in the United Kingdom, adding 133 screens to the portfolio and acquired Hoyts' 6-screen Wood Green cinema, bringing our portfolio to 70 cinemas and 679 screens.

Between 2010 to 2011, we achieved several significant milestones including opening two market-leading cinemas in London, our 14-screen cinema at Vue Westfield London in 2010 and our 17-screen cinema at Vue Westfield Stratford City in 2011, which were the number one and five cinemas, respectively, in the United Kingdom for the 53 weeks ended April 4, 2013, as measured by GBOR. During that time, we were acquired by Doughty Hanson at the end of 2010. In 2012, we completed the acquisition of Apollo in the United Kingdom and CinemaxX in Germany and Denmark. Apollo added nine cinemas and 56 screens in the United Kingdom after disposal of five cinemas with 27 screens, further strengthening our position in the United Kingdom. CinemaxX represents our first significant international acquisition, adding 34 cinemas located in Germany and Denmark to our portfolio. More recently, we have entered into an agreement to acquire Multikino in Poland, which will make us the only cinema operator with a market-leading presence across both Western and Eastern Europe.

Current Trading

For the 18 weeks ended April 4, 2013, we generated revenue of £186.5 million, EBITDA of £33.7 million and had total admissions of 19.6 million. Although our full results for the 26 weeks ended May 30, 2013 have not yet been completed, based on our management accounts for the 26 weeks ended May 30, 2013, we expect to report revenue of approximately £263 million and EBITDA of approximately £48 million (excluding Multikino). In addition, we estimate our total admissions for the 26 weeks ended May 30, 2013 were 27.5 million (excluding Multikino). These results reflect a relatively slow period in April across the industry, primarily as a result of a weaker film slate as compared to earlier in the year, followed by stronger performance in May driven principally by recent releases such as *Iron Man 3, Star Trek Into Darkness* and *Fast & Furious 6*. We generally have experienced stronger performance in the second half of our financial year.

The above preliminary estimates are based on our management accounts which are principally prepared in accordance with U.K. GAAP, and are not intended to be a comprehensive statement of our financial or operational results for the 26 weeks ended May 30, 2013. These preliminary estimates were prepared based on a number of assumptions and judgments and, as a result, reflect a certain level of uncertainty and are subject to revision. Our actual results for the 26 weeks ended May 30, 2013 may vary from these preliminary estimates, and such variations could be material. See ''*Forward-Looking Statements*'' and ''*Risk Factors*'' in this offering memorandum for a discussion of various factors which could affect our future performance and results of operations.

Principal Shareholders

Following the Vue Acquisition, the Issuer will hold all the shares of Vue Entertainment International Limited. The Issuer is wholly owned indirectly by Holdco, which, following the Vue Acquisition, will be wholly-owned by the AIMCo Entities, the OMERS Entities, the Executive Managers (and their close relatives) and certain of Vue's senior management. For more information, see ''*Principal Shareholders*.''

OMERS

OMERS administers one of the largest pension funds in Canada with over C$60 billion in net assets as at December 31, 2012 and offices in Toronto, New York and London. It invests in several asset classes including private equity, infrastructure, real estate, public equity and fixed income. OMERS has been investing in private equity since 1987, with 10.1% of its assets (approximately C$6.2 billion) currently allocated to private equity investments. OPE, the private equity investment manager of OMERS, invests in mid- to large-sized North American and European companies on behalf of OMERS. OPE, together with OPE U.K. and OMERS Private Equity U.S.A. Inc., comprises more than 35 investment professionals with extensive investing experience. Industries of focus include industrial and consumer products, retail, transportation, technology, financial services and manufacturing. OPE has invested directly in 25 companies since 2006. It has a long-term investment horizon without the need for fund raising or liquidity constraints. OPE prefers to partner with proven management teams and invest in companies that are market leaders, with solid business fundamentals and opportunities to grow, either organically and/or by acquisition. OPE aims to ensure that the management teams of its investment companies are aligned with its interests through meaningful management ownership.

AIMCo

AIMCo is one of the largest public sector asset managers in Canada, with approximately C$70 billion in assets under management as at March 31, 2013. AIMCo manages capital for Alberta public sector pension plans, Alberta Government endowment funds and the Province of Alberta. AIMCo manages investments across a wide variety of asset classes, including public equities, fixed income, real estate, timberlands, infrastructure and private equity. AIMCo currently has approximately C$2.5 billion allocated to fund and direct investments within its growing private equity program. AIMCo's private equity focus is on mid- and large-cap companies in North America and Europe across a range of industries including consumer products and retail, financial services, industrial products, healthcare and business services. AIMCo private equity has a long-term investment outlook with access to capital and no fund raising requirements that can restrict traditional private equity funds. AIMCo looks to invest in market-leading businesses with attractive growth prospects and exceptional management teams.

AIMCo has made investments across a number of sectors and geographies, including investments in North America, South America, Europe, and Australia. AIMCo is a crown corporation wholly owned by Her Majesty the Queen in right of Alberta, which is the legal personification of the Province of Alberta, Canada. AIMCo was incorporated under the Alberta Investment Management Corporation Act (Alberta) in 2008 for the purpose of managing investments on behalf its clients. AIMCo has over 300 employees located at its head office in Edmonton, Alberta and a satellite office located in Toronto, Ontario.

The Transactions

The Vue Acquisition

On June 9, 2013, the Issuer and Holdco entered into the Vue Acquisition Agreement to acquire the entire issued share capital of Vue Entertainment International Limited, the preference shares of Vue Holdings (Jersey) Limited and the loan notes issued by Vue Holdings (Jersey) Limited from DH P S.á r.l, the Executive Managers and certain other senior management, among others. The completion of the Vue Acquisition is subject to satisfaction of certain conditions, including antitrust approval by the European Commission. We submitted our official notification to the European Commission on June 21, 2013. If the regulatory approval by the European Commission is not received by September 30, 2013, unless amended, the Vue Acquisition Agreement will terminate. See ''*Risk Factors—Risks Relating to the Transactions—The Vue Acquisition and the Multikino Acquisition are subject to significant uncertainties and there is a risk that the conditions to the escrow will not be satisfied and we will be required to redeem all or certain of the Notes, which means that you may not obtain the return you expect on the Notes.''*

The Multikino Acquisition

On May 10, 2013, Eudialyte Company sp. z o.o., an entity indirectly owned by Vue Holdings (Jersey) Limited, entered into the Multikino Acquisition Agreement to acquire the entire issued share capital of Multikino S.A. from Multikino Holding B.V. and AP Portico Slask S.A.R.L. The completion of the Multikino Acquisition is subject to satisfaction of certain conditions, including regulatory approval by the President of the Polish Competition Authority. An application to the competent antitrust authority in Poland was submitted on May 16, 2013. If the regulatory approval by the relevant antitrust authority is not received by December 1, 2013, unless amended, the Multikino Acquisition Agreement will terminate. See ''*Risk Factors—Risks Relating to the Notes and the Guarantees—If the conditions to the escrow are not satisfied, the Issuer will be required to redeem a portion or all of the Notes, which means that you may not obtain the return you expect on the Notes*.''

The Financing

The equity consideration for the Vue Acquisition is £210 million and is subject to certain adjustments specified in the Vue Acquisition Agreement. The equity consideration for the Multikino Acquisition is €48.0 million (£40.8 million, translated into pounds sterling at an exchange rate of €1.1779 per £1.00 as at April 4, 2013). If the Multikino Acquisition completes prior to the Vue Acquisition, the Multikino Acquisition will be funded by Doughty Hanson (the ''DH Multikino Bridge Amount'') and upon completion of the Vue Acquisition, a sum equivalent to the DH Multikino Bridge Amount will be paid by the Issuer to Doughty Hanson pursuant to the terms of the Vue Acquisition Agreement. It is expected that the Vue Acquisition and the Multikino Acquisition will be financed through:

- the Issuer Share Subscription Amount;

- the Issuer Loan;
- the Bridge Loan;
- the proceeds of the Offering; and
- depending on the timing of the Vue Acquisition Completion Date, drawings under the Revolving Credit Facility.

The proceeds from the financing described above will be used to:

- fund the consideration payable for the entire issued share capital of Vue Entertainment International Limited;
- fund the consideration payable for the entire issued share capital of Multikino S.A.;
- fund the consideration payable for all the preference shares of Vue Holdings (Jersey) Limited;
- fund the consideration payable for all the loan notes issued by Vue Holdings (Jersey) Limited;
- repay the remaining outstanding amounts of the shareholder bridge loan as at the Vue Acquisition Completion Date;
- repay the remaining outstanding amounts of the Existing Bank Facility as at the Vue Acquisition Completion Date;
- repay the remaining outstanding amounts of the existing working capital facility as at the Vue Acquisition Completion Date;
- repay certain indebtedness of Multikino as at the Multikino Acquisition Completion Date; and
- pay certain fees and expenses in connection with certain of the Transactions, including estimated fees and expenses to be incurred in connection with the Offering.

Release of proceeds from escrow

Pending the completion of the Vue Acquisition, the gross proceeds of the Offering will be deposited into the Escrow Accounts in the name of the Issuer but controlled by, and pledged on a first-ranking basis in favor of the Trustee on behalf of the holders of the Notes, pursuant to the Escrow Agreement. The release of the escrow proceeds will be subject to the satisfaction of certain conditions. The Escrow Agreement will provide that £499.4 million (or the equivalent) of the proceeds of the Notes will be released upon the Vue Acquisition Completion Date in order to fund such acquisition and £50.0 million (or the equivalent) of the proceeds will be released upon the Multikino Acquisition Completion Date, if such date occurs after the completion of the Vue Acquisition, otherwise the Vue Acquisition Completion Date. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*.'' The completion of both acquisitions is subject to certain conditions, including regulatory approvals. If the Vue Acquisition is not completed on or prior to the Escrow Longstop Date, or upon the occurrence of certain other events, then all of the Notes will be subject to a special mandatory redemption. If the Multikino Acquisition is not completed on or prior to (i) the Escrow Longstop Date, if the Vue Acquisition Completion Date has not yet occurred, or (ii) if the Vue Acquisition Completion Date has occurred, the Extended Escrow Longstop Date, or upon the occurrence of certain other events, then £50.0 million (or the equivalent) (or such lesser or greater amount as left in escrow following release in respect of the Vue Acquisition) aggregate principal amount of the Notes will be subject to a special mandatory redemption. The special mandatory redemption will be at a price equal to 100% of the issue price of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the date of the special mandatory redemption. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*.''

We refer to the Vue Acquisition, the Multikino Acquisition, the Financing, the entering into the Revolving Credit Facility Agreement, the entering into the Security Documents and the Intercreditor Agreement and the other transactions contemplated thereby, including the repayment of existing indebtedness and payment of fees and expenses, together, as the ''Transactions.'' See ''*Use of Proceeds*,'' ''*Capitalization*'' and ''*Description of the Notes*.''

Sources and Uses

We expect the gross proceeds from the Offering will be £549.4 million. The gross proceeds will be deposited into the Escrow Accounts in the name of the Issuer but will be controlled by, and pledged on a first-ranking basis in favor of, the Trustee on behalf of the holders of the Notes, pursuant to the Escrow Agreement. The release of the escrow proceeds will be subject to the satisfaction of certain conditions. The Escrow Agreement will provide that £499.4 million (or the equivalent) of the proceeds of the Notes will be released upon the Vue Acquisition Completion Date and £50.0 million (or the equivalent) of such proceeds of the Notes will be released upon the Multikino Acquisition Completion Date, if such date occurs after the Vue Acquisition Completion Date, otherwise the Vue Acquisition Completion Date. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*.''

The expected estimated sources and uses of the funds necessary to complete the Transactions are shown in the below table as if they had occurred as at April 4, 2013. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimate of existing cash in the business, our estimates of the cost of repaying the existing indebtedness described below, differences from our estimates of fees and expenses and the ultimate timing of the Vue Acquisition Completion Date and the Multikino Acquisition Completion Date.

Sources of funds	**(£ in thousands)**	**Uses of funds**	**(£ in thousands)**
Notes offered hereby		Vue Acquisition purchase price(6)	210,000
Fixed Rate Notes(1)(11)	300,000	Repayment of Existing Bank Facility(7)	386,125
Floating Rate Notes(1)(11)	249,410	Repayment of drawings under existing working capital facility(7)	15,019
	549,410	Acquisition of Vue existing preference shares(7)	10,700
Drawings under the Revolving Credit Facility(2)	—	Repayment of Vue existing shareholder loan notes(7)	275,352
Cash at bank and in hand	15,856	Repayment of Vue existing shareholder bridge loan(7)	26,445
Shareholder Instruments:			
Issuer Share Subscription Amount(3)	4,718	Multikino Acquisition purchase price(8)(11)(12)	40,750
Issuer Loan(4)(11)	433,000	Repayment of existing Multikino indebtedness(9)(11)(12)	37,693
Bridge Loan(5)	34,100	Estimated transaction fees and expenses(10)(11)	35,000
Total sources	**1,037,084**	**Total uses**	**1,037,084**

(1) In the event that the Vue Acquisition Completion Date does not take place on or prior to the Escrow Longstop Date, or if certain other events occur or fail to occur, all of the Notes will be subject to a special mandatory redemption. In the event that the Multikino Acquisition Completion Date does not take place on or prior to (i) the Escrow Longstop Date, if the Vue Acquisition Completion Date has not yet occurred, or (ii) if the Vue Acquisition Completion Date has occurred, the Extended Escrow Longstop Date, then £50.0 million (or the equivalent) (or such lesser or greater amount as left in escrow following release in respect of the Vue Acquisition) aggregate principal amount of the Notes will be subject to a special mandatory redemption. In each case, the special mandatory redemption price will be equal to 100% of the aggregate issue price of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the date of the special mandatory redemption. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*.'' The Floating Rate Notes have been translated into pounds sterling at an exchange rate of €1.15693 per £1.00 based on the Bloomberg rate on July 10, 2013. The Floating Rate Notes are stated net of an original issue discount of 0.5%.

(2) Represents the Revolving Credit Facility that the Issuer will enter into on or about the Issue Date in the amount of £50.0 million. Depending on the timing of the Vue Acquisition Completion Date, the Issuer may draw on the Revolving Credit Facility up to approximately £15.0 million for working capital purposes and may continue to utilize the Revolving Credit Facility going forward. See ''*Description of Certain Financing Arrangements—Revolving Credit Facility*.''

(3) Represents the equity of approximately £4.7 million contributed to the Issuer by Midco by way of share subscription, the proceeds for which will have been advanced to Midco from Finco through an intercompany loan and/or share subscription. The proceeds that Finco will provide to Midco will have been advanced to Finco by way of share subscription by Holdco and/or an intercompany loan from Holdco and/or the issuance of the Loan Notes.

(4) Represents the loan of up to £433 million extended to the Issuer by Midco, pursuant to shareholder loan agreements between the Issuer and Midco, on or prior to the Vue Acquisition Completion Date. See ''*Certain Relationships and Related Party Transactions—Issuer Loan*.''

(5) Represents the loan of £34.1 million extended to the Issuer by Midco, pursuant to a shareholder loan agreement between the Issuer and Midco, on or prior to the Vue Acquisition Completion Date, the proceeds of which will have been advanced to Midco from Finco through an intercompany loan and/or share subscription. The proceeds that Finco will provide to Midco will have been advanced to Finco pursuant to the issuance of the Bridge Loan Notes. See ''*Certain Relationships and Related Party Transactions—Bridge Loan*.''

(6) Represents the equity consideration as set out in the Vue Acquisition Agreement. See ''*The Transactions—The Financing.*''

(7) Represents, as at April 4, 2013, amounts drawn on our existing working capital facility and the Existing Bank Facility, as well as amounts owed to existing shareholders in the form of preference shares, subordinated loan notes and the shareholder bridge loan, including accrued interest to April 4, 2013.

(8) Represents the equity consideration of €48.0 million as set out in the Multikino Acquisition Agreement, translated into pounds sterling at an exchange rate of €1.1779 per £1.00. See ''*The Transactions—The Financing*.''

(9) Represents a portion of Multikino's existing indebtedness including bond, capital leases and bank borrowings together with accrued interest to and other redemption costs as at March 31, 2013, translated into pounds sterling at an exchange rate of PLN 4.9529 per £1.00.

(10) Represents the estimated transaction fees and expenses, including fees and commissions, financing fees, advisory fees and other transaction costs and professional fees including fees and expenses of £15.7 million relating to the Vue Acquisition, £1.8 million relating to the Multikino Acquisition and £17.5 million relating to the issue of the Notes and the Revolving Credit Facility.

(11) In the event that the Multikino Acquisition is not completed, an aggregate principal amount of the Notes equal to £50.0 million (or the equivalent) (or such lesser or greater amount as left in escrow following release in respect of the Vue Acquisition) will be subject to a special mandatory redemption, and based on the estimated sources and uses of funds as at April 4, 2013, the Issuer Loan would be reduced by £28.4 million and the estimated transaction fees and expenses would be reduced by £2.7 million. The Multikino Acquisition purchase price of £40.8 million and the repayment of the existing Multikino indebtedness of £37.7 million would not be incurred.

(12) In the event that the Multikino Acquisition is completed prior to the Issue Date and prior to the Vue Acquisition Completion Date, the Multikino Acquisition purchase price will be funded by a loan from Doughty Hanson and upon completion of the Vue Acquisition, a sum equivalent to that loan will be paid by the Issuer to Doughty Hanson pursuant to the terms of the Vue Acquisition Agreement. Based on the anticipated sources and uses of funds as at April 4, 2013, the loan from Doughty Hanson would represent the Multikino Acquisition price of £40.8 million together with the repayment of the existing Multikino indebtedness of £37.7 million as shown in the table above.

The Issuer

The Issuer was formed as a private limited company under the laws of England and Wales on May 2, 2013 and was reregistered as a public limited company organized under the laws of England and Wales on July 1, 2013, with a company number 08514872, and was formed to facilitate the Vue Acquisition. The Issuer is wholly owned indirectly by Holdco which, following the Vue Acquisition, will be wholly-owned by the AIMCo Entities, the OMERS Entities, the Executive Managers (and their close relatives) and certain of Vue's senior management. The directors of the Issuer are Simon Jones, Mark Redman, Peter Teti and Robert Mah and may be contacted at the registered office of the Issuer. The Issuer's registered office is located at 6 New Street Square, New Fetter Lane, London EC4A 3BF, telephone number +44 (0)207 822 8300.

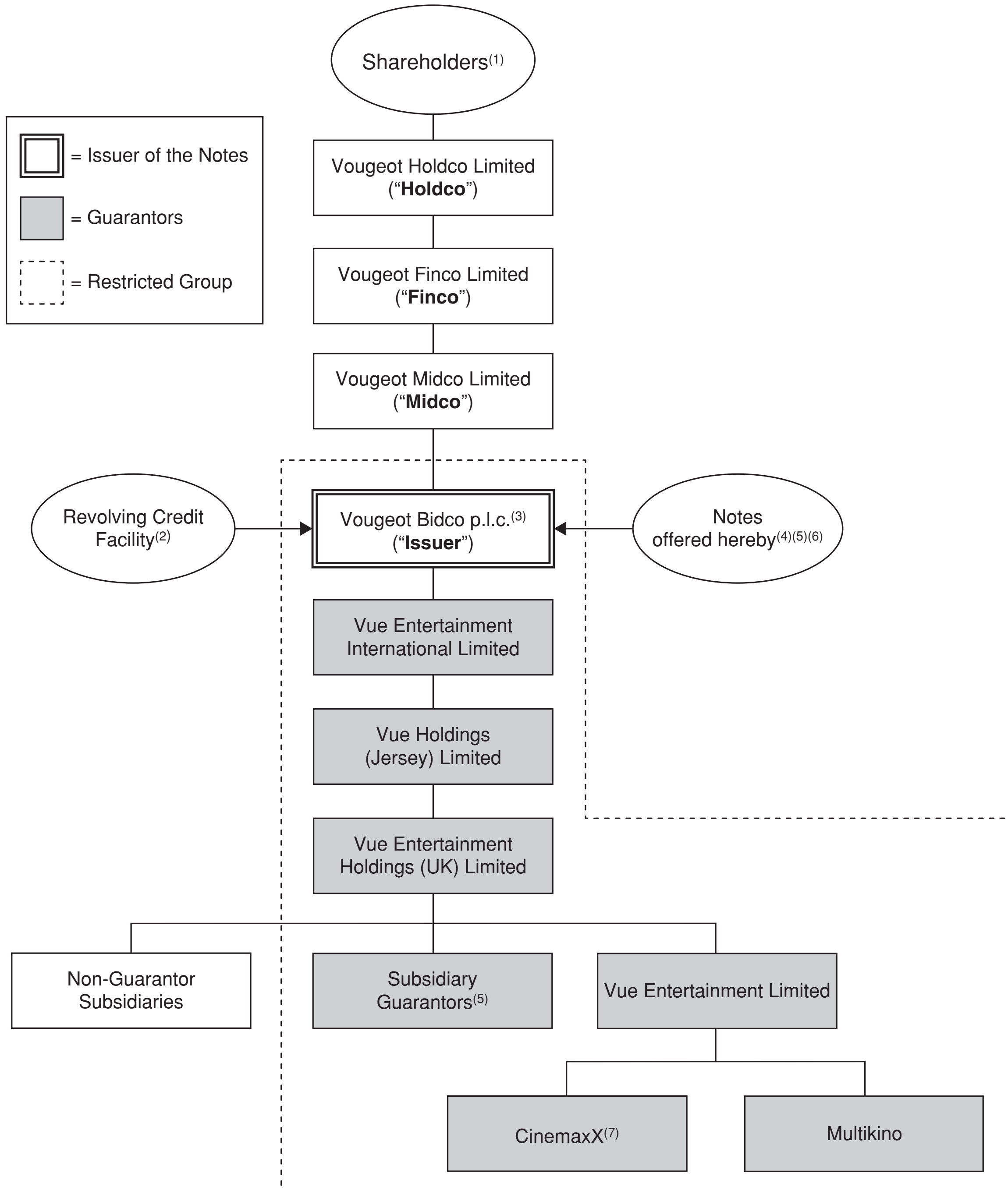
Risk Factors

You should carefully consider the information under ''*Risk Factors*'' and all other information in this offering memorandum before making an investment decision.

SUMMARY CORPORATE AND FINANCING STRUCTURE

The following diagram gives a simplified overview of our corporate and financial structure and principal outstanding financing arrangements after giving effect to the Transactions.

All entities shown below are 100% wholly-owned unless otherwise indicated. The diagram does not include all of our subsidiaries, or all of their debt obligations. For a summary of debt obligations identified in this diagram, please refer to the sections entitled ''Description of Certain Financing Arrangements,'' ''Certain Relationships and Related Party Transactions'' and ''Description of the Notes.''



(1) Upon completion of the Vue Acquisition, the OMERS Entities and the AIMCo Entities are expected to hold 37.12% and 37.12% of Holdco's ordinary share capital, respectively, and Executive Managers (and their close relatives) and certain members of Vue's senior management are expected to hold an aggregate of 21.64% of the total ordinary share capital of Holdco. The remaining 4.12% of Holdco's ordinary share capital is expected to be placed in an employee benefit trust. See ''*Principal Shareholders*'' and ''*Certain Relationships and Related Party Transactions*.''

(2) We expect to enter into the Revolving Credit Facility on or about the Issue Date, which will provide for up to £50.0 million of senior secured credit borrowings. Depending upon the ultimate timing of the Vue Acquisition Completion Date, the Issuer

may draw on the Revolving Credit Facility up to approximately £15.0 million for working capital purposes and may continue to utilize the Revolving Credit Facility going forward. The Revolving Credit Facility will be secured by first-ranking security interests over the Collateral, which also secures the Notes and the Guarantees. Pursuant to the terms of the Intercreditor Agreement, the Revolving Credit Facility and certain hedging obligations will be entitled to be repaid from the proceeds from enforcement in respect of the Collateral before any proceeds will be applied to repay obligations under the Notes. See ''*Description of Certain Financing Arrangements—Revolving Credit Facility*.''

(3) Prior to the completion of the Vue Acquisition and the Multikino Acquisition, the Issuer will not control Vue or Multikino, and Vue and Multikino will not be subject to the covenants described in the section entitled ''*Description of the Notes*.'' See ''*Risk Factors—Risks Relating to the Transaction—The Issuer does not currently control Vue and its subsidiaries or Multikino and will not control Vue and its subsidiaries or Multikino until completion of the Vue Acquisition and the Multikino Acquisition, respectively*.''

(4) Upon the initial issuance of the Notes, the Notes will solely be senior obligations of the Issuer and will not be obligations of any Guarantor. No later than the earlier of (a) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (b) two business days following the Vue Acquisition Completion Date (or 15 business days for Aurora Cinema (Ireland) Limited), the Initial Vue Guarantors will accede to the Indenture and will guarantee the Notes. In addition, no later than the earlier of (a) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (b) 30 business days following the later of (x) the Vue Acquisition Completion Date and (y) the Multikino Acquisition Completion Date, the Multikino Guarantors will accede to the Indenture and will guarantee the Notes.

The Initial Vue Guarantors would have represented 69.7% of Vue's consolidated turnover and 66.6% of Vue's EBITDA for the 53 week period ended April 4, 2013, on a U.K. GAAP basis. The CinemaxX Guarantors for the period following their acquisition, would have represented 21.6% of Vue's consolidated turnover and 23.8% of Vue's EBITDA for the 53 week period ended April 4, 2013. In aggregate, the Initial Vue Guarantors and the CinemaxX Guarantors would have represented 91.3% of Vue's consolidated turnover and 90.4% of Vue's EBITDA for the 53 week period ended April 4, 2013. Such percentages exclude the pre-acquisition results of CinemaxX. The Multikino Guarantors would have represented 83.6% of Multikino's consolidated revenue and 93.6% of Multikino's EBITDA for the twelve month period ended March 31, 2013 on an IFRS basis.

(5) The Guarantees will be subject to certain limitations under applicable law, as described under ''*Risk Factors—Risks Relating to the Notes and the Guarantees—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*.''

(6) From the Issue Date to the Vue Acquisition Completion Date and the Multikino Acquisition Completion Date (if such date occurs after the Vue Acquisition, otherwise the Vue Acquisition Completion Date), the Notes will be secured by first-ranking security interests granted on an equal and ratable first-priority basis over the Escrowed Property deposited into the Escrow Accounts. Prior to or on the Vue Acquisition Completion Date, the Notes will be secured by first-ranking security interests granted on an equal and ratable first-priority basis over the Vue Closing Collateral. No later than the earlier of (a) the date on which the Revolving Credit Facility is secured by such Liens over the Post-Closing Vue Collateral and (b) two business days following the Vue Acquisition Completion Date (or 15 Business Days for Liens granted by Aurora Cinema (Ireland) Limited), the Notes will be secured by first-ranking security interests granted on an equal and ratable first-priority basis over the Post-Closing Vue Collateral. No later than the earlier of (a) the date on which the Revolving Credit Facility is secured by such Liens over the Multikino Collateral and (b) 30 business days following the later of (x) the Vue Acquisition Completion Date and (y) the Multikino Acquisition Completion Date, the Notes will be secured by first-ranking security interests granted on an equal and ratable first-priority basis over the Multikino Collateral. See ''*Description of the Notes*'' for further information. The Collateral that secures the Notes and the Guarantees will also secure the Revolving Credit Facility on a *pari passu* basis.

(7) As at the Vue Acquisition Completion Date, CinemaxX will not grant security interests in the Collateral or issue Guarantees. Pursuant to the Indenture, no later than the earlier of (a) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (b) 20 business days of the occurrence of a Structure Event (as defined in the Revolving Credit Facility Agreement), the CinemaxX Guarantors will grant Security Interests in the assets of CinemaxX and issue Guarantees. As an *Aktiengesellschaft*, a stock corporation under German law, CinemaxX is currently restricted in its ability to grant security interests in the Collateral and issue Guarantees. Before CinemaxX grants Security Interests in the assets of CinemaxX and its subsidiaries and issues Guarantees, it must be converted into a *Gesellschaft mit beschränkter Haftung*, a German limited company. This conversion is subject to registration within the commercial register. The conversion process normally takes up to three months to complete; however, this conversion can only be initiated once the remaining ordinary shares have been acquired from the minority shareholders. See ''*Risk Factors—Risks Relating to the Transactions—The Squeeze Out could take longer than anticipated, which would delay the granting of Security Interests in the assets of CinemaxX and its subsidiaries as well as delay the issuance of the Guarantees by the CinemaxX Guarantors*.''

THE OFFERING

The following is a brief description of the principal terms of the Offering. It is not intended to be complete and certain of the terms and conditions described below are subject to important exceptions. You should carefully review the "Description of the Notes" and "Description of Certain Financing Arrangements—Intercreditor Agreement" sections of this offering memorandum for more detailed descriptions of the terms and conditions of the Notes and the Intercreditor Agreement.

Issuer	Vougeot Bidco p.l.c.
Notes Offered	
Fixed Rate Notes	£300,000,000 aggregate principal amount 7.875% Fixed Rate Notes due 2020 (the "Fixed Rate Notes").
Floating Rate Notes	€290,000,000 aggregate principal amount of Floating Rate Notes due 2020 (the "Floating Rate Notes" and, together with the Fixed Rate Notes, the "Notes").
Issue Date	July 18, 2013.
Issue Price	
Fixed Rate Notes	100.000% plus accrued interest, if any, from the Issue Date.
Floating Rate Notes	99.500% plus accrued interest, if any, from the Issue Date.
Maturity Date	The Maturity Date for the Notes is July 15, 2020.
Interest Rate and Payment Dates	
Fixed Rate Notes	7.875% per annum, payable semi-annually in arrears on February 1 and August 1 of each year, commencing on February 1, 2014. Interest will accrue from the Issue Date and will be payable in cash.
Floating Rate Notes	Three-month EURIBOR plus 5.25% per year, reset on the Determination Date (as defined under "*Description of the Notes*") payable quarterly in arrears on each of January 15, April 15, July 15 and October 15, commencing on October 15, 2013. Interest will accrue from the Issue Date and will be payable in cash.
Denominations	
Fixed Rate Notes	Minimum denomination of £100,000 and integral multiples of £1,000 in excess thereof.
Floating Rate Notes	Minimum denomination of €100,000 and integral multiples of €1,000 in excess thereof.
Ranking of the Notes	The Notes will: • be general obligations of the Company; • rank *pari passu* in right of payment with all existing and future obligations of the Company that are not subordinated in right of payment to the Notes, including its obligations under the Revolving Credit Facility; • rank senior in right of payment to all existing and future Indebtedness of the Company that is subordinated in right of payment to the Notes; • be effectively subordinated to any existing and future obligations of the Company that are secured by property or assets that do not secure the Notes or that secure the Revolving Credit Facility and certain hedging obligations

on a priority basis, to the extent of the value of the property and assets securing such obligations; and

- be structurally subordinated to any existing and future obligations of the Company's Subsidiaries that are not Guarantors.

The Notes will be subject to the terms of the Intercreditor Agreement, including, subject to certain exceptions, payment blockage, standstill and turnover provisions. In addition, the Issuer's obligations in respect of the Notes may be released in certain circumstances. See ''*Description of Certain Financing Arrangements—Intercreditor Agreement*'' and ''*Description of the Notes—Collateral*.''

Guarantees . . . . The Issuer's obligations under the Notes will not be guaranteed initially. No later than the earlier of (a) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (b) two business days following the Vue Acquisition Completion Date (or 15 business days for Aurora Cinema (Ireland) Limited), the Initial Vue Guarantors will accede to the Indenture and will guarantee the Notes. In addition, no later than the earlier of (a) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (b) 30 business days following the later of (x) the Vue Acquisition Completion Date and (y) the Multikino Acquisition Completion Date, the Multikino Guarantors will accede to the Indenture and will guarantee the Notes.

As at the Vue Acquisition Completion Date, CinemaxX will not grant security interests in the Collateral or issue Guarantees. Pursuant to the Indenture, within 20 business days of the occurrence of a Structure Event (as defined in the Revolving Credit Facility Agreement), the CinemaxX Guarantors will grant Security Interests in the assets of CinemaxX and issue Guarantees. As an *Aktiengesellschaft*, a stock corporation under German law, CinemaxX is currently restricted in its ability to grant security interests in the Collateral and issue Guarantees. Before CinemaxX grants security interests in the assets of CinemaxX and its subsidiaries and issues Guarantees, it must be converted into a *Gesellschaft mit beschränkter Haftung*, a German limited company. This conversion is subject to registration within the commercial register. The conversion process normally takes up to three months to complete; however, this conversion can only be initiated once the remaining ordinary shares have been acquired from the minority shareholders. See ''*Risk Factors—Risks Relating to the Notes and the Guarantees—The Squeeze Out could take longer than anticipated, which would delay the granting of Security Interests in the assets of CinemaxX and its subsidiaries as well as delay the issuance of the Guarantees by the CinemaxX Guarantors*.''

The validity and enforceability of the Guarantees and the liability of each Guarantor will be subject to the limitations described in ''*Risk Factors—Risks Relating to the Notes and the Guarantees—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability*'' and ''*Limitations on Validity and Enforceability of* *the Guarantees and the Collateral and Certain Insolvency Law Considerations.*''

Ranking of the Guarantees . . . . . . The Guarantees of each relevant Guarantor will:

- be a general obligation of that Guarantor;
- rank *pari passu* in right of payment with all existing and future obligations of such Guarantor that are not subordinated in right of payment to such Guarantee, including its obligations under the Revolving Credit Facility;
- rank senior in right of payment to all existing and future Indebtedness of such Guarantor that is subordinated in right of payment to such Guarantee; and
- be effectively subordinated to any existing and future obligations of the relevant Guarantor that are secured by property or assets that do not secure such Guarantees, to the extent of the value of the property and assets securing such obligations.

The Guarantees will be subject to the terms of the Intercreditor Agreement and certain restrictions on enforcement of Collateral, including a 30-day consultation period with lenders under the Revolving Credit Facility Agreement. See ''*Description of Certain Financing Arrangements—Intercreditor Agreement*.''

The Guarantees will be subject to release under certain circumstances, including an automatic release of the Guarantee of any Guarantor to the extent such Subsidiary is sold by the Security Agent pursuant to an enforcement action. See ''*Description of the Notes—The Guarantees—Release of the Guarantees*.''

Collateral . . . . On the Issue Date and prior to the Vue Acquisition Completion Date and the Multikino Acquisition Completion Date (if such date occurs after the completion of the Vue Acquisition, otherwise the Vue Acquisition Completion Date), the Notes will be secured by a first-ranking security interest granted on an equal and ratable first-priority basis over the Escrowed Property deposited into the Escrow Accounts controlled by, and pledged in favor of the Trustee on behalf of the holders of the Notes, pursuant to the Escrow Agreement.

Prior to or on the Vue Acquisition Completion Date, the Notes and the Guarantees will be secured by first-ranking Liens over the following Collateral:

- the shares of the Issuer granted by Vougeot Midco Limited;
- certain receivables in respect of intercompany loans advanced by Vougeot Midco Limited to the Issuer;
- certain bank accounts of the Issuer;
- the shares of Vue Entertainment International Limited; and
- assignment of rights in relation to the Vue Acquisition Agreement,

together, the ''Vue Closing Collateral.''

No later than the earlier of (a) the date on which the Revolving Credit Facility is secured by such Liens over the below Collateral and (b) two business days following the Vue Acquisition Completion Date (or 15 business days for liens granted by Aurora Cinema (Ireland) Limited), the Notes and the Guarantees will be secured, subject to the terms of the Intercreditor Agreement, by first-ranking security interests over:

- the shares of the Initial Vue Guarantors;
- the shares in certain Restricted Subsidiaries that are not Initial Vue Guarantors;
- certain bank accounts of the Initial Vue Guarantors;
- certain fixed and current assets of certain of the Initial Vue Guarantors;
- material real property of certain of the Initial Vue Guarantors;
- receivables in respect of certain the Initial Vue Guarantors (including in certain cases, assignments of rights under certain material contracts and certain insurance policies);
- certain intellectual property of certain of the Initial Vue Guarantors; and
- certain intercompany loans,

together, ''the Vue Post-Closing Collateral'' and together with the Vue Closing Collateral, the ''Vue Collateral.''

No later than the earlier of (a) the date on which the Revolving Credit Facility is secured by such Liens over the below Collateral and (b) 30 business days following the later of (x) the Vue Acquisition Completion Date and (y) the Multikino Acquisition Completion Date, the Notes and the Guarantees will be secured, subject to the terms of the Intercreditor Agreement, by first-ranking:

- registered pledge over certain of the assets and property rights of the Multikino Guarantors;
- registered and financial pledge over certain of the bank accounts of the Multikino Guarantors;
- registered and financial pledge over the shares of the Multikino Guarantors; and
- security interests over certain other material assets of certain of the Multikino Guarantors,

together, the ''Multikino Collateral.''

As at the Vue Acquisition Completion Date, CinemaxX will not grant security interests in the Collateral or issue Guarantees. Pursuant to the Indenture, within 20 business days of the occurrence of a Structure Event (as defined in the Revolving Credit Facility Agreement), the CinemaxX Guarantors will grant security over certain material assets of CinemaxX and issue Guarantees. As an *Aktiengesellschaft*, a stock corporation under German law, CinemaxX is currently restricted in its ability to grant security interests in the Collateral and issue Guarantees. Before CinemaxX grants Security Interests in the assets of CinemaxX and its subsidiaries and issues

Guarantees, it must be converted into a *Gesellschaft mit beschränkter Haftung*, a German limited company. This conversion is subject to registration within the commercial register. The conversion process normally takes up to three months to complete; however, this conversion can only be initiated once the remaining ordinary shares have been acquired from the minority shareholders. See ''*Risk Factors—Risks Relating to the Notes and the Guarantees—The Squeeze Out could take longer than anticipated, which would delay the granting of Security Interests in the assets of CinemaxX and its subsidiaries as well as delay the issuance of the Guarantees by the CinemaxX Guarantors*.''

No later than the earlier of (a) the date on which the Revolving Credit Facility is secured by such Liens over the below Collateral and (b) 20 business days from the occurrence of a Structure Event, the Notes and the Guarantees will be secured, subject to the terms of the Intercreditor Agreement, by first-ranking:

- global assignment over certain of the receivables of the CinemaxX Guarantors;
- share pledges over the shares of the CinemaxX Guarantors;
- pledges over certain of the bank accounts of the CinemaxX Guarantors; and
- security interests over certain other material assets of certain of the CinemaxX Guarantors,

together, the ''CinemaxX Collateral.''

Pursuant to the Intercreditor Agreement, the lenders under the Revolving Credit Facility and certain hedge counterparties will be repaid with the proceeds from any enforcement of the Collateral in priority to the Notes. See ''*Description of Certain Financing Arrangements—Intercreditor Agreement.*''

Escrow of Proceeds; Special Mandatory Redemption . . . . The gross proceeds from the Offering will be deposited into the Escrow Accounts in the name of the Issuer but controlled by, and pledged in favor of the Trustee on behalf of the holders of the Notes, pursuant to the Escrow Agreement. The release of the escrow proceeds will be subject to the satisfaction of certain conditions. The Escrow Agreement will provide that £499.4 million (or the equivalent) of the proceeds of the Notes will be released upon the Vue Acquisition Completion Date in order to fund such acquisition and £50.0 million (or the equivalent) of the proceeds will be released upon the Multikino Acquisition Completion Date (if such date occurs after the date of completion of the Vue Acquisition, otherwise the Vue Acquisition Completion Date).

All of the Notes will be subject to a special mandatory redemption if (a) the Vue Acquisition Completion Date does not take place on or prior to the Escrow Longstop Date; (b) there occurs a repudiation by the Issuer of any of its obligations under the Escrow Agreement or the unenforceability of the Escrow Agreement against the Issuer for any reason; (c) in the reasonable judgment of the Issuer, the Vue Acquisition will not be completed by the Escrow Longstop Date; (d) any of the conditions set forth under the first paragraph of the caption "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption—Vue Acquisition Escrow Release*" become incapable of being satisfied on or prior to the Escrow Longstop Date; or (e) certain events of defaults arise as described under the caption "*Description of the Notes—Events of Default and Remedies*," in each case, on or prior to the Escrow Longstop Date.

In addition, £50.0 million (or the equivalent) (or such lesser or greater amount as left in escrow following release in respect of the Vue Acquisition as set forth above) aggregate principal amount of the Notes will be subject to a special mandatory redemption if (a) the Multikino Acquisition Completion Date does not take place on or prior to December 1, 2013 (the "Extended Escrow Longstop Date"); (b) there occurs a repudiation by the Issuer of any of its obligations under the Escrow Agreement or the unenforceability of the Escrow Agreement against the Issuer for any reason; (c) in the reasonable judgment of the Issuer, the Multikino Acquisition will not be completed by the Escrow Longstop Date or the Extended Escrow Longstop Date, as the case may be; (d) any of the conditions set forth under the first paragraph of the caption "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption—Multikino Acquisition Escrow Release*" become incapable of being satisfied on or prior to the Escrow Longstop Date or the Extended Escrow Longstop Date, as the case may be; or (e) certain events of defaults arise as described under the caption "*Description of the Notes—Events of Default and Remedies*," in each case, on or prior to the Extended Escrow Longstop Date.

In the case of a special mandatory redemption, the Issuer will redeem the applicable amount of the Notes at a price equal to 100% of the issue price of such aggregate principal amount of Notes, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the date of the special mandatory redemption. See "*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.*"

Additional Amounts . . . . All payments made by or on behalf of the Issuer under or with respect to the Notes, or any Guarantor with respect to its Guarantee, will be made without withholding or deduction for, or on account of, any present or future taxes unless required by applicable law. If withholding or deduction for such taxes is required to be made in any relevant taxing jurisdiction under or with respect to a payment on the Notes or the Guarantees, subject to certain exceptions, the Issuer or the relevant Guarantor, as the case may be, will pay the Additional Amounts necessary so that the net amount received by the holders of Notes after the withholding or deduction is not less than the amount that they would have received in the absence of the withholding or deduction. See "*Description of the Notes—Additional Amounts*."

Optional Redemption

Fixed Rate Notes	At any time prior to July 15, 2016, the Issuer may on any one or more occasions redeem, at its option, all or a part of the Fixed Rate Notes at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes plus the Applicable Premium set forth in ''*Description of the Notes*'' plus accrued and unpaid interest and Additional Amounts, if any, to (but excluding) the redemption date. On or after July 15, 2016, the Issuer may on any one or more occasions redeem, at its option, all or a part of the Fixed Rate Notes at the redemption prices set forth in ''*Description of the Notes—Optional Redemption*'' plus accrued and unpaid interest and Additional Amounts, if any, to (but excluding) the redemption date. At any time prior to July 15, 2016, the Issuer may redeem up to 35% of the aggregate principal amount of the Fixed Rate Notes issued under the Indenture (including additional notes) using the proceeds of certain equity offerings, at the redemption price of 107.875% of the principal amount of the Fixed Rate Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to (but excluding) the redemption date; *provided* that at least 65% of the Fixed Rate Notes issued under the Indenture (including additional notes) remain outstanding after the redemption. See ''*Description of the Notes—Optional Redemption*.''
Floating Rate Notes	At any time prior to July 15, 2014, the Issuer may on any one or more occasions redeem at its option, all or a part of the Floating Rate Notes at a redemption price equal to 100% of the principal amount of the Floating Rate Notes plus the Applicable Premium set forth in ''*Description of the Notes*'' plus accrued and unpaid interest and Additional Amounts, if any, to (but excluding) the redemption date. On or after July 15, 2014, the Issuer may on any one or more occasions redeem, at its option, all or a part of the Floating Rate Notes at the redemption prices set forth in ''*Description of the Notes—Optional Redemption*'' plus accrued and unpaid interest and Additional Amounts, if any, to (but excluding) the redemption date.
Change of Control	Upon the occurrence of certain events defined as constituting a change of control, the Issuer may be required to offer to repurchase the Notes at a purchase price of 101% of the principal amount of such Notes, plus accrued and unpaid interest and Additional Amounts, if any, to (but excluding) the date of purchase and certain other amounts. See ''*Description of the Notes—Repurchase at the Option of Holders—Change of Control.*''
Redemption for Taxation Reasons .	If certain changes in the law of any relevant taxing jurisdiction impose certain withholding taxes or other deductions on the payments on the Notes or with respect to a Guarantee, the Issuer may redeem all but not some of the Notes, at a redemption price of 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption. See ''*Description of the Notes—Redemption for Changes in Taxes*.''

Certain Covenants	The Indenture will contain covenants that, among other things, will limit the ability of the Issuer and its restricted subsidiaries to: • incur or guarantee additional debt and issue certain preferred stock; • make restricted payments, including dividends or other distributions; • make certain investments; • engage in certain transactions with affiliates; • create or permit to exist certain liens; • sell, lease or transfer certain assets; • guarantee additional debt without also guaranteeing the Notes; • create certain restrictions on the ability of restricted subsidiaries to pay dividends or make other payments to the Issuer or a restricted subsidiary; • create unrestricted subsidiaries; • merge or consolidate with other entities or transfer all or substantially all of the Issuer's or a Guarantor's assets; and • impair the Security Interests for the benefit of the holders of the Notes. Each of these covenants is subject to a number of important limitations and exceptions as described under ''*Description of the Notes—Certain Covenants.*''
United States Taxation	For a discussion of the U.S. federal income tax consequences of an investment in the Notes, see ''*Certain Tax Considerations—United States Taxation*.'' You should consult with your own tax advisor to determine the U.S. federal, state, local and other tax consequences of an investment in the Notes.
Transfer Restrictions	The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any other jurisdiction and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. We have not agreed to, or otherwise undertaken to, register the Notes (including by way of an exchange offer). See ''*Transfer Restrictions*.''
Use of Proceeds	We will use the gross proceeds of the Notes as set forth in ''*Use of Proceeds*.''
No Established Market	The Notes will be new securities for which there is currently no established trading market. Although the Initial Purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market-making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained. See ''*Risk Factors—Risks Relating to the Notes and the Guarantees—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*.''

Listing	Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted to trading on the Global Exchange Market thereof.
Governing Law of the Indenture, the Guarantees and the Notes	The State of New York.
Governing Law of the Security Documents	The Security Documents creating the Collateral will be governed by the laws of England and Wales, Scotland, Germany, Ireland, Jersey and Poland.
Governing Law of the Intercreditor Agreement and the Revolving Credit Facility	England and Wales.
Trustee	The Bank of New York Mellon, London Branch.
Security Agent	Lloyds TSB Bank plc.
Registrar, Paying Agent and Transfer Agent	The Bank of New York Mellon, London Branch.
Calculation Agent	The Bank of New York Mellon, London Branch.
Escrow Agent	The Bank of New York Mellon, London Branch.
Listing Agent	McCann FitzGerald Listing Services Limited.
Risk Factors	Investing in the Notes involves risks. You should consider carefully all the information in this offering memorandum and, in particular, you should evaluate the specific risk factors set forth in the "*Risk Factors*" section in this offering memorandum before making a decision whether to invest in the Notes.

SUMMARY HISTORICAL AND PRO FORMA COMBINED FINANCIAL INFORMATION AND OPERATING DATA

The Issuer

The Issuer was formed as a private limited company under the laws of England and Wales on May 2, 2013, and was reregistered as a public limited company under the laws of England and Wales on July 1, 2013. The Issuer is a holding company formed for the purposes of the Vue Acquisition. Consequently, no historical financial information relating to the Issuer is available other than an opening balance sheet as at June 28, 2013 as set out in this offering memorandum. The Issuer has not engaged in any activities other than those related to its formation and the Transactions. After completion of the Vue Acquisition, the Issuer's only material assets and liabilities will be its interest in all of the issued and outstanding shares of Vue Entertainment International Limited and its outstanding indebtedness incurred in connection therewith and incurred in connection with the Transactions. Going forward, our financials will be consolidated at the level of the Issuer as required by the Indenture.

Vue Entertainment International Limited

This section presents our summary financial and other data for the indicated periods, derived or extracted from (i) the unaudited interim condensed consolidated financial statements of Vue Entertainment International Limited as at April 4, 2013 and for the 18 week periods ended April 4, 2013 and March 29, 2012, prepared in accordance with best practice as derived from IAS 34; (ii) the consolidated financial statements of Vue Entertainment International Limited as at and for the 53 week period ended November 29, 2012, prepared in accordance with U.K. GAAP; (iii) the consolidated financial statements of Vue Entertainment International Limited as at November 24, 2011 and for the period from incorporation on October 26, 2010 to November 24, 2011, which includes the trading results of Vue Entertainment Investment Limited for the 49 week period from December 21, 2010, prepared in accordance with U.K. GAAP; and (iv) the consolidated financial statements of Vue Entertainment Investment Limited as at and for the 52 week period ended November 25, 2010, prepared in accordance with U.K. GAAP.

The financial information for the 53 week period ended April 4, 2013 included within this ''*Summary Historical and Pro Forma Combined Financial Information and Operating Data*'' section has been derived by adding the unaudited interim condensed consolidated profit and loss account of Vue Entertainment International Limited for the 18 week period ended April 4, 2013 and the consolidated profit and loss account of Vue Entertainment International Limited for the 53 week period ended November 29, 2012 and subtracting the unaudited interim condensed consolidated profit and loss account of Vue Entertainment International Limited for the 18 week period ended March 29, 2012. The financial information for the 53 week period ended April 4, 2013 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

The financial and other data includes certain financial measures that are not measures defined by U.K. GAAP, as well as certain operating data related to our business. See ''*Presentation of Financial and Other Information*.'' The following summary financial and other data should be read in conjunction with our Consolidated Financial Statements and notes thereto contained elsewhere in this offering memorandum and the sections entitled ''*Capitalization*,'' ''*Selected Historical Financial Information*'' and ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*.'' Please also see ''*Presentation of Financial and Other Information*'' for further details on the consolidated financial and operating data included below.

Historical Consolidated Profit and Loss Account—Vue

	53 week period ended April 4, 2013	18 week period ended April 4, 2013	18 week period ended March 29, 2012[(1)]	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011[(1)(2)]	52 week period ended November 25, 2010[(1)]
	(£ in thousands)					
Continuing operations:						
Existing operations	323,631	107,169	93,222	309,684	281,088	308,415
CinemaxX	132,407[(3)]	72,984	—	59,423[(3)]	—	—
Apollo	17,899[(4)]	6,326	—	11,573[(4)]	—	—
Turnover	**473,937**	**186,479**	**93,222**	**380,680**	**281,088**	**308,415**
Cost of sales	(177,949)	(69,284)	(32,500)	(141,165)	(99,874)	(107,350)
Gross profit	**295,988**	**117,195**	**60,722**	**239,515**	**181,214**	**201,065**
Administrative expenses	(262,978)	(102,468)	(61,111)	(221,621)	(166,385)	(169,058)
Group operating profit	**33,010**	**14,727**	**(389)**	**17,894**	**14,829**	**32,007**
Profit/(Loss) on disposal of fixed assets	35	89	193	139	411	(225)
Interest receivable and similar income	214	111	21	124	86	474
Interest payable and similar charges	(62,918)	(24,355)	(18,227)	(56,790)	(46,110)	(44,636)
Loss on ordinary activities before taxation	**(29,659)**	**(9,428)**	**(18,402)**	**(38,633)**	**(30,784)**	**(12,380)**
Tax (charge) / credit on loss on ordinary activities	(7,304)	(3,309)	1,379	(2,616)	(2,646)	(3,487)
Loss on ordinary activities after taxation	**(36,963)**	**(12,737)**	**(17,023)**	**(41,249)**	**(33,430)**	**(15,867)**
Minority interests	(449)	(274)	—	(175)	—	—
Loss for the financial period	**(37,412)**	**(13,011)**	**(17,023)**	**(41,424)**	**(33,430)**	**(15,867)**

(1) CinemaxX and Apollo are not included in the consolidated profit and loss account for the 18 weeks ended March 29, 2012, the 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010.

(2) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011 but of which only 49 weeks included trading results.

(3) Reflects results from the date of acquisition, on August 7, 2012.

(4) Reflects results from the date of acquisition, on May 10, 2012.

Historical Consolidated Balance Sheet—Vue

	As at			
	April 4, 2013	**November 29, 2012**	**November 24, 2011**	**November 25, 2010**
	(£ in thousands)			
Intangible assets	360,844	361,109	276,003	12,412
Tangible assets	300,096	300,137	262,749	271,924
Total fixed assets	**660,940**	**661,246**	**538,752**	**284,336**
Assets held for sale	58	2,082	—	—
Stock	2,454	2,717	1,475	1,865
Debtors—amounts falling due within one year	37,784	31,712	17,729	10,176
Debtors—amounts falling due after one year	15,263	16,385	1,158	3,697
Cash at bank and in hand	54,207	61,933	18,003	34,960
Total current assets	**109,766**	**114,829**	**38,365**	**50,698**
Loans	(18,939)	(70,811)	(6,832)	(25,765)
Other creditors	(104,430)	(189,372)	(49,221)	(43,932)
Total creditors: amounts falling due within one year	**(123,369)**	**(260,183)**	**(56,053)**	**(69,697)**
Net current liabilities	**(13,603)**	**(145,354)**	**(17,688)**	**(18,999)**
Total assets less current liabilities	**647,337**	**515,892**	**521,064**	**265,337**
Financed by:				
Creditors: amounts falling due after one year	682,808	538,689	508,022	288,260
Provision for liabilities	38,574	37,884	36,064	33,600
Preference shares	8,248	8,248	8,248	47,729
Capital and reserves				
Called up share capital	2	2	2	995
Share premium	2,458	2,458	2,458	—
Profit and loss account	(86,351)	(73,996)	(33,730)	(105,247)
Total shareholders' deficit	**(83,891)**	**(71,536)**	**(31,270)**	**(104,252)**
Minority interests	1,598	2,607	—	—
Capital employed	**647,337**	**515,892**	**521,064**	**265,337**

Historical Consolidated Cash Flow Statement—Vue

	53 week period ended April 4, 2013	18 week period ended		53 week period ended November 29, 2012	49 week trading period ended November 24, 2011[(1)(2)]	52 week period ended November 25, 2010[(1)]
		April 4, 2013	March 29, 2012[(1)]			
				(£ in thousands)		
Operating activities:						
Net cash inflow from operating activities	69,086	9,158	2,112	62,040	30,731	68,441
Net cash outflow from returns on investments and servicing of finance	**(22,137)**	**(7,982)**	**(9,865)**	**(24,020)**	**(11,111)**	**(22,458)**
Taxation (paid)/received	(807)	649	(82)	(1,538)	366	(1,109)
Cash outflow for capital expenditure and other financial investments						
Payments to acquire tangible assets	(29,902)	(11,156)	(4,262)	(23,008)	(16,219)	(15,951)
Landlord contributions received	2,000	700	—	1,300	8,200	—
Proceeds from disposal of tangible assets	3,192	2,371	694	1,515	1,653	—
Investment in subsidiaries	(152,027)	(3,438)	—	(148,589)	—	—
Cash balance acquired on acquisition	29,490	—	—	29,490	—	—
Acquisition of Vue Entertainment Investment Group	—	—	—	—	(459,460)	—
Net cash inflow/(outflow) from capital expenditure and other financial investments	**(147,247)**	**(11,523)**	**(3,568)**	**(139,292)**	**(465,826)**	**(15,951)**
Net cash inflow/(outflow) before financing activities	**(101,105)**	**(9,698)**	**(11,403)**	**(102,810)**	**(445,840)**	**28,923**
Net cash inflow/(outflow) from financing activities	**150,796**	**(259)**	**(4,315)**	**146,740**	**463,843**	**(28,013)**
Increase/(decrease) in cash	**49,691**	**(9,957)**	**(15,718)**	**43,930**	**18,003**	**910**

(1) CinemaxX and Apollo are not included in the consolidated cash flow statement for the 18 weeks ended March 29, 2012, the 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010.

(2) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011 but of which only 49 weeks included trading results.

Summary Operating and Other Financial Data—Vue

	53 week period ended	18 week period ended		53 week period ended	49 week trading period ended	52 week period ended	52 week period ended
	April 4, 2013	April 4, 2013	March 29, 2012[(1)]	November 29, 2012	November 24, 2011[(1)(2)]	November 25, 2010[(1)]	November 26, 2009[(1)]
Average ticket price[(3)] (£)	6.21	6.54	5.55	5.89	5.49	5.38	5.07
Total admissions[(4)] (in millions)	52.5	19.6	12.0	45.0	36.1	38.7	35.8
Total revenue per person[(5)] (£)	9.02	9.53	7.76	8.47	7.78	7.97	7.60
Total concession spend per person[(6)] (£)	2.02	2.06	1.74	1.93	1.81	1.88	1.88
Number of cinemas[(7)]	116	116	71	119	71	70	68
Number of screens[(7)]	1,075	1,075	699	1,096	699	679	659
Turnover	473,937	186,479	93,222	380,680	281,088	308,415	271,952
EBITDA[(8)] (£ '000)	83,975	33,705	14,033	64,303	53,588	60,642	57,979
Adjusted EBITDA[(8)] (£'000)	91,763	39,166	14,176	66,773	55,852	61,543	58,116
Adjusted EBITDA Margin[(8)] (%)	19.4	21.0	15.2	17.5	19.9	20.0	21.4
EBITDAR[(8)] (£'000)	164,834	65,650	32,931	132,115	102,823	112,873	105,754
Adjusted EBITDAR[(8)]	172,622	71,111	33,074	134,585	105,087	113,774	105,891
CapEx (£'000)	(29,902)	(11,156)	(4,262)	(23,008)	(16,219)	(15,951)	(22,904)
CapEx as % of turnover	6.3%	6.0%	4.6%	6.0%	5.8%	5.2%	8.4%

(1) CinemaxX and Apollo are not included in the summary operating and other financial data for the 18 weeks ended March 29, 2012, the 49 trading weeks ended November 24, 2011, the 52 weeks ended November 25, 2010 and the 52 weeks ended November 26, 2009.

(2) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

(3) Calculated as total box office revenue in the period (net of VAT), divided by total admissions in the period.

(4) Includes paid and unpaid admissions in the period.

(5) Calculated as total revenue for the period (net of VAT), divided by total admissions in the period.

(6) Calculated as total concession revenue for the period (net of VAT), divided by total admissions in the period.

(7) Number of cinemas or screens at period end.

(8) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, EBITDAR and Adjusted EBITDAR are supplemental measures of our financial and operating performance used by management that are not required by, or prepared in accordance with, U.K. GAAP or IFRS. These measures are prepared by management because we believe they provide a view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. Our use of each of these measures is as follows:

- We define EBITDA as our consolidated loss on ordinary activities before taxation, adjusted for interest receivable and similar income, interest payable and similar charges, depreciation and amortization.
- We define Adjusted EBITDA as EBITDA, adjusted to remove the effect of certain non-recurring or non-cash items which we believe are not indicative of our underlying operating performance.
- We define Adjusted EBITDA Margin as Adjusted EBITDA as a proportion of turnover.
- We define EBITDAR as EBITDA, adjusted for rent expense (including turnover rent and rent-free adjustments).
- We define Adjusted EBITDAR as Adjusted EBITDA, adjusted for rent expense (including turnover rent and rent-free adjustments).

The EBITDA measures presented may not be comparable to similarly titled measures used by other companies. We encourage you to review our financial information in its entirety and not to rely on a single financial measure. See "*Presentation of Financial and Other Information—Other Financial Measures*" for an explanation of certain limitations to the use of these measures.

The following table presents a reconciliation of Vue EBITDA, Adjusted EBITDA, EBITDAR and Adjusted EBITDAR information our loss on ordinary activities before taxation for the periods presented.

	53 week period ended April 4, 2013	18 week period ended April 4, 2013	18 week period ended March 29, 2012[(a)]	53 week period ended November 29, 2012	49 trading week period ended November 24, 2011[(a)(b)]	52 week period ended November 25, 2010[(a)]	52 week period ended November 26, 2009[(a)]
				(£ in thousands)			
Loss on ordinary activities before taxation	**(29,659)**	**(9,428)**	**(18,402)**	**(38,633)**	**(30,784)**	**(12,380)**	**(14,436)**
Interest receivable and similar income	(214)	(111)	(21)	(124)	(86)	(474)	(408)
Interest payable and similar charges	62,918	24,355	18,227	56,790	46,110	44,636	45,180
Depreciation	32,874	11,987	9,314	30,201	24,907	28,025	26,360
Amortization	18,056	6,902	4,915	16,069	13,441	835	1,283
EBITDA	**83,975**	**33,705**	**14,033**	**64,303**	**53,588**	**60,642**	**57,979**
Rentals under operating leases on land and buildings[(c)]	80,859	31,945	18,898	67,812	49,235	52,231	47,775
EBITDAR	**164,834**	**65,650**	**32,931**	**132,115**	**102,823**	**112,873**	**105,754**
EBITDA	**83,975**	**33,705**	**14,033**	**64,303**	**53,588**	**60,642**	**57,979**
Non cash and non recurring items							
(Profit) / loss on disposal of fixed asset	(35)	(89)	(193)	(139)	(411)	225	388
One time fees paid to advisors and consultants[(d)]	2,771	2,380	336	727	—	—	327
Non-cash loss on disposal of Apollo assets[(e)]	332	—	—	332	—	—	—
Non-cash change in onerous lease provision caused by change in WACC[(f)]	1,075	1,375	—	(300)	2,675	676	(578)
Non-recurring salary and employee termination costs relating to Vue[(g)]	313	—	—	313	—	—	—
Non-recurring salary and employee termination costs relating to CinemaxX[(h)]	3,332	1,795	—	1,537	—	—	—
Adjusted EBITDA	**91,763**	**39,166**	**14,176**	**66,773**	**55,852**	**61,543**	**58,116**
Rent expense[(c)]	80,859	31,945	18,898	67,812	49,235	52,231	47,775
Adjusted EBITDAR	**172,622**	**71,111**	**33,074**	**134,585**	**105,087**	**113,774**	**105,891**

(a) The data for the 18 weeks ended March 29, 2012, 49 trading weeks ended November 24, 2011, the 52 weeks ended November 25, 2010 and the 52 weeks ended November 26, 2009 do not include any amounts related to Apollo or CinemaxX.

(b) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

(c) Includes turnover rent and rent-free adjustments.

(d) Represents non-recurring fees paid to advisors and consultants in connection with the refinancing on December 14, 2012 of our existing Facility C bank facility of £2.4 million in the 18 week period ended April 4, 2013, in connection with three consulting projects of £0.4 million in the 18 week period ended April 4, 2013, £0.3 million in the 18 week period ended March 29, 2012, £0.7 million in the 53 week period ended November 29, 2012 and £0.3 million in the 52 week period ended November 26, 2009.

(e) Represents a non-cash loss on the disposal of assets acquired as part of the acquisition of Apollo which includes five cinemas in the United Kingdom.

(f) Represents the non-cash charge/(credit) in the onerous lease provision caused by a change in our weighted average cost of capital assumptions.

(g) Represents the non-recurring salary and employee termination costs, relating to previously implemented headcount reductions by Vue following the digitalisation of Vue's cinemas.

(h) Represents non-recurring salary and employee termination costs incurred by CinemaxX, post acquisition by Vue, in the period August 1, 2012 to March 31, 2013, relating to previously implemented headcount reductions realised following the digitalisation of CinemaxX's cinemas. Such costs amounted to £3.3 million (€4.2 million) in the 53 week period ended April 4, 2013, £1.8 million (€2.2 million) in the 18 week period ended April 4, 2013 and £1.5 million (€1.9 million) in the 53 week period ended November 29, 2012. These costs were translated at an exchange rate of £0.8014 to €1.00.

CinemaxX

The summary tables below present certain consolidated financial information of CinemaxX, extracted from the historical audited consolidated financial statements of CinemaxX, translated from German into English, as at and for the years ended December 31, 2012 and 2011, prepared in accordance with IFRS. The following summary consolidated financial information should be read in conjunction with the CinemaxX financial statements and notes thereto contained elsewhere in this offering memorandum and the section entitled ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*.''

Historical Consolidated Income Statement Data—CinemaxX

	Year ended December 31,	
	2012	2011
	(€ in thousands)	
Revenues	**211,914**	**199,603**
Other operating income	17,684	23,337
Cost of materials	(81,843)	(77,778)
Gross result	**147,755**	**145,162**
Personnel expenses	(40,339)	(37,950)
Other operating expenses	(68,491)	(65,996)
Depreciation, amortization and write-offs on intangible assets, property plant and equipment and assets in finance leases	(13,517)	(11,542)
Operating result	**25,408**	**29,674**
Other financial result	(403)	1,219
Interest income	476	1,030
Interest expenses	(7,965)	(7,533)
Earnings before income taxes	**17,516**	**24,390**
Taxes on income	(10,226)	(5,552)
Consolidated profit	**7,290**	**18,838**
Share of the consolidated profit attributable to shareholders of the parent company	7,222	18,788
Share of the consolidated profit attributable to non-controlling interests	68	50

Historical Consolidated Balance Sheet Data—CinemaxX

	As at December 31,	
	2012	2011
	(€ in thousands)	
Non-current assets	117,259	117,367
Current assets	51,131	49,956
Total assets	**168,390**	**167,323**
Equity	52,299	45,125
Non-current provisions and liabilities	62,866	78,851
Current provisions and liabilities	53,225	43,347
Total equity and liabilities	**168,390**	**167,323**

Historical Consolidated Cash Flow Data—CinemaxX

	Year ended December 31, 2012	2011
	(€ in thousands)	
Cash flow provided by operating activities	**38,387**	**33,415**
Cash flow used in investing activities	**(18,226)**	**(20,585)**
Cash flow used in financing activities	**(23,529)**	**(1,245)**
Net increase in cash and cash equivalents	**(3,368)**	**11,585**

Multikino

The summary tables below present certain consolidated financial information of Multikino, extracted from the historical audited special purpose consolidated financial statements of Multikino for the twelve month period ended December 31, 2012 prepared in accordance with IFRS and the unaudited special purpose interim condensed consolidated financial statements for the three month period ended March 31, 2013, prepared in accordance with IAS 34. The following summary consolidated financial information should be read in conjunction with the Multikino financial statements and notes thereto contained elsewhere in this offering memorandum and the section entitled ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*.''

Historical Consolidated Income Statement Data—Multikino

	Three month period ended March 31, 2013	2012	Twelve month period ended December 31, 2012
	(PLN in thousands)		
Revenue	85,119	87,337	338,829
Cost of sales	(96,904)	(66,183)	(263,849)
Gross profit/(loss)	**(11,785)**	**21,154**	**74,980**
Selling expenses	(8,673)	(7,562)	(35,344)
Administrative expenses	(84,029)	(5,502)	(19,942)
Other gains/(losses), net	83	(378)	3,048
Operating profit/(loss)	**(104,404)**	**7,712**	**22,742**
Finance income	19	708	1,002
Finance costs	(5,753)	(6,340)	(22,602)
Finance costs, net	(5,734)	(5,632)	(21,600)
Profit/(loss) before income tax	**(110,138)**	**2,080**	**1,142**
Income tax benefit/(expense), net	1,856	(515)	3,636
Net profit/(loss)	**(108,282)**	**1,565**	**4,778**

Historical Consolidated Balance Sheet Data—Multikino

	As at March 31, 2013	As at December 31, 2012
	(PLN in thousands)	
Non-current assets	446,739	556,510
Current assets	38,571	52,082
Total Assets	**485,310**	**608,592**
Equity	**196,547**	**304,917**
Non-current liabilities	178,299	180,406
Current liabilities	110,464	123,269
Total liabilities	**288,763**	**303,675**
Total equity and liabilities	**485,310**	**608,592**

Historical Consolidated Cash Flow Data—Multikino

	Three month period ended March 31,		Twelve month period ended December 31,
	2013	2012	2012
	(PLN in thousands)		
Net cash generated from operating activities	**(1,832)**	**22,447**	**77,903**
Net cash used in investing activities	**(7,522)**	**(10,648)**	**(43,241)**
Net cash used in financing activities	**(898)**	**(8,856)**	**(27,409)**
Net increase in cash and cash equivalents	**(10,252)**	**2,943**	**7,253**

Unaudited Pro Forma Combined Financial Information

The unaudited pro forma combined financial information has been derived from the Consolidated Financial Statements, the consolidated financial statements of Multikino, the pre-acquisition consolidated financial information of CinemaxX for the period April 1, 2012 to July 31, 2012, adjusted to give effect to (i) IFRS to U.K. GAAP differences, (ii) the Vue Acquisition, (iii) the Multikino Acquisition, (iv) the Financing, and the application of the proceeds therefrom; and are prepared in accordance with the basis of preparation as described in the notes to the unaudited pro forma combined financial information. For purposes of this unaudited pro forma combined financial information, the Transactions are deemed to have occurred on April 4, 2013.

The assumptions underlying the above pro forma adjustments are described in the notes presented in ''*Unaudited Pro Forma Combined Financial Information*,'' which should be read in conjunction with the unaudited pro forma combined financial information. Both the Vue Acquisition and Multikino Acquisition will be accounted for by using the acquisition method of accounting, which requires determination of the fair values of identifiable assets and liabilities as of the closing date of each acquisition, and allocation of the purchase price based on such fair values. As of the date of this offering memorandum, in respect of the Vue Acquisition and the Multikino Acquisition, we have not performed the valuation studies necessary to estimate the fair values of the identifiable assets acquired and liabilities assumed and the related allocation of the purchase price. The purchase price allocation in respect of the Vue Acquisition and the Multikino Acquisition may result in significant adjustments to the historical values of property, plant and equipment and intangible assets and other assets, liabilities and provisions, resulting in a significant increase in depreciation and amortization expense. Refer to ''*Unaudited Pro Forma Combined Financial Information*,'' Note 1(e) to the unaudited pro forma combined income statement and Note 2(b) to the unaudited pro forma combined balance sheet for a further discussion of the purchase price allocation and its impact on our financial position and results.

The unaudited pro forma combined financial information below has not been prepared in accordance with Regulation S-X of the Securities Act, the Prospectus Directive or generally accepted accounting standards.

The unaudited pro forma combined financial information is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Transactions been completed on the dates indicated and do not purport to indicate our future consolidated results of operations or financial position.

The unaudited pro forma combined financial information should be read in conjunction with the information contained in ''*Selected Historical Financial Information*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*,'' the Consolidated Financial Statements, the consolidated financial statements of Multikino, the consolidated financial statements of CinemaxX and the unaudited pro forma combined financial information and notes thereto appearing elsewhere in this offering memorandum.

Other Pro Forma Financial Data

The summary tables below present certain pro forma combined financial information of the Issuer, extracted or derived from the unaudited pro forma combined financial information as of and for the 53 week period ended April 4, 2013, prepared in accordance with the basis of preparation as described in the footnotes thereto.

	As at and for the 53 week period ended April 4, 2013
	(£ in thousands)
Pro forma EBITDA(1)	101,400
Pro forma Adjusted EBITDA(1)	110,259
Pro forma third party borrowings(2)	558,430
Pro forma cash at bank and in hand(3)	5,108
Pro forma net third party borrowings(4)	553,322
Pro forma cash interest expense(5)	38,417
Ratio of pro forma net third party borrowings to pro forma Adjusted EBITDA(6)	5.0x
Ratio of pro forma Adjusted EBITDA to pro forma cash interest	2.9x

(1) EBITDA and Adjusted EBITDA are calculated as follows:

	For the 53 week period ended April 4, 2013
	(£ in thousands)
Loss on ordinary activities before taxation	(74,041)
Adjusted for:	
Interest received and similar income	(490)
Interest payable and similar charges	92,477
Depreciation	41,975
Amortization	34,595
Impairment	6,884
EBITDA	**101,400**
Non cash and non-recurring items(a)	8,859
Adjusted EBITDA	**110,259**

	(£ in thousands)
(a) Non-cash and non-recurring items represent:	
Vue—(see reconciliation of Vue EBITDA to Adjusted EBITDA)	4,456
CinemaxX, post acquisition by Vue (see reconciliation of Vue EBITDA to Adjusted EBITDA)	3,332
	7,788
CinemaxX, pre acquisition by Vue—non-recurring salary and employee termination costs	1,064
Multikino—Loss on disposal of fixed assets	7
	8,859

(2) Total pro forma third party borrowings represents total current and non-current third party borrowings, adjusted for the Transactions, as described in the ''*Use of Proceeds*'' as if the Transactions had occurred on April 4, 2013. The Floating Rate Notes are converted into pounds sterling at a rate of €1.15693 to £1.00 based on the Bloomberg rate as at July 10, 2013.

(3) Pro forma cash at bank and in hand excludes the equivalent of £34.1 million in euros of Restricted Cash which will be retained in CinemaxX until the completion of the Squeeze Out and the German Company Conversion after which it will be used to repay the Bridge Loan.

(4) Net pro forma third party borrowings represents total pro forma third party borrowings less pro forma cash at bank and in hand excluding Restricted Cash of £34.1 million.

(5) Pro forma cash interest expense represents the cash interest expense, as adjusted to give effect to the Transactions (including the accrued interest on the Notes offered hereby, with respect to the Fixed Rate Notes, the accrued interest is based upon the interest rate of the Fixed Rate Notes and, with respect to the Floating Rate Notes, the accrued interest is based upon the margin over three-month EURIBOR, as if the issue of the Notes had occurred on April 4, 2013, and commitment fees payable under our undrawn Revolving Credit Facility). For presentation purposes, the pro forma cash interest expense on the Floating Rate Notes has been converted into pounds sterling at a rate of €1.15693 to £1.00. Pro forma cash interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the issue of the Notes occurred on the date assumed, nor does it purport to project our interest expenses for any future period or our financial condition at any future date.

(6) Pro forma net third party borrowings to pro forma Adjusted EBITDA is presented above assuming pro forma cash at bank and in hand excludes Restricted Cash of £34.1 million. Pro forma net financial debt to Pro Forma Adjusted EBITDA including the Restricted Cash would have been 4.7x.

Unaudited Pro Forma Combined Income Statement

	53 week period ended April 4, 2013
	(£ in thousands)
Turnover	587,931
Cost of sales	(243,997)
Gross profit	**343,934**
Administration expenses	(326,017)
Group operating profit	**17,917**
Profit/(loss) on disposal of fixed assets	29
Interest received and similar income	490
Interest payable and similar charges	(92,477)
Loss on ordinary activities before taxation	**(74,041)**
Tax charge on loss on ordinary activities	(3,226)
Loss on ordinary activities after taxation	**(77,267)**
Minority interests	(449)
Loss for the financial period	**(77,716)**

Unaudited Pro Forma Condensed Combined Balance Sheet

	As at April 4, 2013
	(£ in thousands)
Fixed assets	
Intangible assets	691,907
Tangible assets	383,415
Investments in associates	242
	1,075,564
Current assets	
Asset held for sale	58
Stock	2,751
Debtors—amounts falling due within one year	44,417
Debtors—amounts falling due after one year	18,479
Cash at bank and in hand	39,208
	104,913
Current liabilities	
Loans	(264)
Other creditors	(88,109)
	(88,373)
Net Current assets	**16,540**
Total assets less current liabilities	**1,092,104**
Financed by:	
Loans—amounts falling due after one year	539,413
Debt classified shareholder instruments	467,100
Other creditors—amounts falling due after more than one year	38,037
Provisions for liabilities and charges	41,238
Capital and reserves	6,316
Capital employed	**1,092,104**

RISK FACTORS

An investment in the Notes involves certain risks. You should carefully consider the risks described below as well as the other information contained in this offering memorandum before making an investment decision. Any of the following risks may have a material adverse effect on our business, results of operations or financial condition and as a result, you may lose all or part of your original investment. Additional risks and uncertainties not currently known to us or that we currently deem immaterial may also have a material adverse effect on our business, results of operations or financial condition.

Risks Relating to Our Business and the Industry

We depend on film production and performance.

Our ability to operate successfully depends upon the availability, diversity, appeal and commercial success of films and on our ability to license films on favorable terms. We mostly license first-run films, the success of which depends in part on the marketing efforts of the major film studios. Poor box office performance or any disruption in film production, including by reason of a strike or a reduction in the marketing efforts of the major film studios, could adversely affect our business by resulting in fewer customers interested in the films we exhibit and reduced revenue. Conversely, the successful performance of films, particularly the sustained success of any one film may generate positive results for us during a specific fiscal period or year that may not necessarily be indicative of, or comparable to, our future results of operations. A change in the type and breadth of films offered by film studios, including whether 3D films are produced in the future, may also adversely affect cinema admissions and revenue. In addition, premium pricing on ticket sales including for 3D films, VIP seating and for premium screens such as our super-sized screen format Vue Xtreme, has become an important source of revenue for our cinemas. There can be no assurance that 3D films will continue in popularity, as customers may not continue to perceive that the value of viewing a film in 3D outweighs the incremental cost, or that we will be able to maintain a VIP seating or premium screen pricing strategy.

We have no control over distributors of films and our business, results of operations and financial condition may be materially adversely affected if our access to films is limited or delayed.

We rely on distributors of films, over whom we have no control, for the films that we exhibit. Film distributors license films to cinema operators, including us, on a film-by-film and cinema-by-cinema basis. Consequently, we cannot guarantee a supply of films by entering into long-term arrangements with major film distributors, but must discuss and agree supply on a film-by-film basis. The cost of each film, the date we can debut each film at our cinemas and the date we must stop running each film are subject to the agreement we are able to negotiate with each film distributor. Furthermore, film distributors determine the timing of releases, which may either result in limited content during certain periods, or the commercial underperformance of individual films as a result of other competing films being released or other events being held during the same period. These factors have had and may continue to have the ability to impact our results of operations during specific reporting periods. We may not be able to negotiate favorable terms or reach an agreement on terms for the exhibition of films, including films that are expected to be popular across a wide range of audiences.

The film distribution business is highly concentrated and dominated by the major Hollywood film studios, with a number of smaller film distributors also operating in the markets in which we have a presence. Our business particularly depends on maintaining good relations with these major film distributors, as this affects our ability to negotiate commercially favorable terms for first-run films. Our business also depends on smaller film distributors including those that distribute locally produced content in our markets, particularly in Germany and, assuming completion of the Multikino Acquisition, in Poland. Our business may be adversely affected if our access to films is limited or delayed because of deterioration in our relationships with one or more film distributors or for some other reason. To the extent that we are unable to license a popular film for exhibition in our cinemas or on favorable terms, our business, results of operations or financial condition may be materially adversely affected.

We are subject to intense competition and if we are unable to compete with our competitors for any of the below or other reasons, our business, results of operation or financial condition may be materially adversely affected.

Our cinemas are subject to varying degrees of competition in the geographic areas in which we operate. Competitors may be national, regional or independent cinema operators and may have more resources with which to compete. In the United Kingdom, we operate in a relatively consolidated market with two primary competitors, Cineworld and Odeon. In contrast, the German cinema market is more fragmented, with the top three market players, Cinestar, CinemaxX and UCI Kinowelt, comprising in total less than a quarter of screens in 2012. Similar to the United Kingdom market, the Polish market is relatively consolidated with the three significant market players, Cinema City, Multikino and Helios, operating the majority of multiplexes. We also compete with other, smaller multiplex operators and independent operators across our markets.

Competition among cinema companies is often intense with respect to the following factors:

Attracting customers: The competition for customers is dependent upon factors such as the location (including the size and demographics of the catchment area) and number of cinemas, screens and seating capacity in a given market, the type of screens (including 3D or super-sized screens equivalent to our Vue Xtreme screens), pricing, the popularity of films screened, film showtime availability, customer service quality and the comfort and quality of the cinemas, including quality of projection and sound equipment. Our competitors have sought to increase the number of screens that they operate, program films differently or use pricing or promotions to attract customers away from our cinemas.

Acquiring attractive cinema sites: We compete with other cinema operators and other businesses in our efforts to locate and acquire attractive sites for our cinemas. Competitors have built or may be planning to build cinemas in certain areas where we operate, which could result in excess capacity and increased competition for customers. Competition for new and desirable sites is intense and we cannot prevent competing cinema operators from opening cinemas that may reduce our attendance levels.

Acquiring cinemas: We also anticipate significant competition from other cinema operators and financial buyers when trying to acquire cinemas, and there can be no assurance that we will be able to acquire such cinemas at reasonable prices or on favorable terms. Moreover, some of these possible buyers may be stronger financially than we are. In addition, given our size and geographical presence, we may be required by competition regulatory authorities to dispose of cinemas in connection with any future acquisitions that we make. As a result of the foregoing, we may not succeed in acquiring cinemas or may have to purchase cinemas on comparatively unfavorable terms.

Licensing films: We believe that the principal competitive factors with respect to film licensing include licensing terms, number of screens available for a particular picture, revenue potential, the location and condition of an operator's cinemas and demographics. Cinema operators with operations in more markets than us may be able to leverage their scale to obtain more favorable terms than those which we can obtain.

If we are unable to compete with our competitors for any of the above or other reasons, our business, results of operations or financial condition may be materially adversely affected. For further information, see ''*Business—Our Markets and Competition*.''

An increase in other forms of entertainment, the use of alternative film delivery methods or piracy of films may drive down our admissions and reduce our ticket prices.

We compete for the public's leisure time and disposable income with other forms of entertainment, including sporting events, music concerts, theater, restaurants and family leisure attractions, such as theme parks. If these activities improve in value, frequency or attractiveness, the share of the public's leisure time and disposable income spent at the cinema may decrease and, as a result, our admissions and revenue from ticket sales may be negatively impacted, especially in years with high-profile sporting and other public events. For example, in 2012, our results of operations during the summer season were adversely impacted by the London Olympics.

We also compete with other film delivery methods, including network, rental, cable and satellite television, in-home television (2D and 3D), DVDs and Blu-ray, video-on-demand, pay-per-view services, streaming and downloads via the Internet. Competition from Internet downloads may increase as broadband technology improves and downloading speeds increase and if the window between a film's exclusive release in cinemas to its release in alternative delivery formats shortens or becomes non-existent.

An increase in the popularity of these alternative film delivery methods and other forms of entertainment could reduce admissions at our cinemas, limit the prices we can charge for admission and materially adversely affect our business, results of operations or financial condition.

In addition, an increase in the availability or popularity of pirated films may result in film studios reducing their investment in films, resulting in the release of fewer films and lower quality films with less commercial appeal or the use of alternative delivery channels such as digital downloads, which could adversely affect our admissions and, as a result, our business, results of operations or financial condition.

Our results of operations fluctuate as a result of the timing and quality of film releases, variations in weather conditions and other factors.

Our results of operations have historically fluctuated with the timing of releases of films by the major film distributors. Generally, the most commercially successful films have been released during holiday periods, especially the summer and around the Christmas holidays. The unexpected emergence of a commercially successful film during other periods or the failure of an expected success at a key time could alter this trend. The timing of film releases can have a significant effect on our results of operations, and the results of one period are not necessarily indicative of results for the next period or for the same period in the following year.

We expect fluctuations due to the variable nature of film production and release, but unexpected events can have a significant impact on our cash flow, as we are subject to events beyond our control, such as distribution release schedules, weather conditions and competing events.

Title-by-title success of films at the box office can be highly unpredictable. Unexpected results may disrupt our projected cash flow significantly.

In addition, certain weather conditions or forecasts can reduce significantly the number of people who go to the cinema. During times of extreme weather conditions, such as winter snow storms or summer heat waves, the number of people who decide to go to the cinema could reduce significantly. For example, the United Kingdom experienced unusual weather patterns during the course of our 2011 financial year which adversely impacted our admissions and revenue.

Our business may also be affected by social, political, cultural or other events. For example, the rioting which took place in London and other United Kingdom cities in the summer of 2011 led to lower admissions and revenue than we have historically experienced during the summer period. Road closures or the reduced availability of public transport also has the ability to adversely impact admissions.

Acquiring or expanding existing cinemas may require additional financing, and we cannot be certain that we will be able to obtain new financing on favorable terms, or at all.

Our capital expenditures (net of landlord contributions) were £21.7 million for our 2012 financial year. In our financial year 2013 and 2014, we expect our capital expenditures will be less than £40 million per annum (net of landlord contributions including the full-year effect of CinemaxX and Apollo and including Multikino). Actual capital expenditures may differ materially from our estimates. We may have to seek additional financing or issue additional securities to fully implement our growth strategy. We cannot be certain that we will be able to obtain new financing, including debt financing in the credit markets, on favorable terms, or at all. In addition, covenants under our existing indebtedness may limit our ability to incur additional indebtedness, and the performance of any additional cinemas may not be sufficient to service the related indebtedness that we are permitted to incur.

We may not realize all of the anticipated benefits of our current or potential acquisitions.

We have acquired cinemas in the United Kingdom, Germany and Denmark and, assuming the completion of the Multikino Acquisition, will have acquired cinemas in Poland, Latvia and Lithuania. A component of our overall strategy is careful evaluation, selection and pursuit of strategic opportunities throughout Europe, including acquisition of cinema operators. In any acquisition, we expect to benefit from operational improvements and cost savings through, for example, the rollout of our best practices to our acquired cinemas and the increased leverage in supplier negotiations that typically arises from increased size. There can be no assurance, however, that we will be able to generate sufficient cash flow from these acquisitions to service any indebtedness incurred to finance such acquisitions or realize any other anticipated benefits. Nor can there be any assurance that our profitability will be improved by any one or more acquisitions or that the benefits that we anticipate from these acquisitions will be realized.

As we seek to grow our portfolio of cinemas, competition regulators may prevent us from acquiring businesses or place conditions or constraints on potential acquisitions which would result in a lost opportunity or a significantly less advantageous opportunity. For example, in connection with our acquisition of Apollo in the United Kingdom, the competition authority required us to dispose of four cinemas with 24 screens. Currently, we are seeking the approval of the President of the Polish Competition Authority to complete the Multikino Acquisition and regulatory approval from the European Commission in connection with the Vue Acquisition, and we cannot assure you that we will receive such approvals on a timely basis and on what terms, or at all. Additionally, the acquisition and subsequent integration of a new cinema chain is a complex and time consuming process and may divert management attention and resources away from other activities. Failure to manage growth effectively could materially adversely affect our business, results of operations and financial condition.

We may not be able to integrate effectively any cinemas we acquire or successfully implement appropriate operational, financial and management systems and controls to achieve the benefits expected to result from such acquisitions.

Our ability to integrate and manage acquired businesses effectively, such as in respect of the proposed Multikino Acquisition, and to handle any future growth will depend upon a number of factors including the size of the acquired businesses, the quality of the acquired management, the nature and geographical locations of their operations, and the resulting complexity of integrating their operations. Our relationship with current employees or employees of any acquired business may become impaired. We may also be subject to unexpected claims and liabilities arising from such acquisitions. These claims and liabilities could be costly to defend, could be material to our financial position and might exceed either the limitations of any applicable indemnification provisions or the financial resources of the indemnifying parties. Although we try to investigate each business thoroughly prior to an acquisition and obtain appropriate representations and warranties as to its assets and liabilities, there can be no assurance that we will be able to assess ongoing profitability and identify all actual or potential liabilities of a business prior to its acquisition. If we acquire businesses or assets which result in assuming unforeseen liabilities in respect of which we have not obtained contractual protections or for which protection is not available, this could materially adversely affect our business, results of operations or financial condition.

We may not realize all of the anticipated benefits of and may experience construction risk on new cinema builds.

We are actively seeking to grow our portfolio of cinemas through new cinema construction. Since November 2005, we have opened 17 new cinemas with 165 screens in the United Kingdom. The availability of attractive site locations for our cinemas is subject to various factors that are beyond our control. These factors include:

- local conditions, such as scarcity of space or increase in demand for real estate, demographic changes and changes in planning laws; and
- competition for site locations from other cinema companies and from other businesses.

In addition, we typically require two to three years from the time we identify a site to the opening of the cinema. Construction of new cinemas could result in cost overruns, delays in the timetable or unanticipated expenses related to planning or other laws. Developers may have difficulty in obtaining financing for new developments. Furthermore, although our management team carefully monitors new site development and selects locations for new cinema builds as part of its strategy to select the ''right'' place, build the ''right'' size and pay the ''right'' rent, these new cinema sites may not perform to our expectations, due to factors such as location selection, deterioration of markets in which new cinemas are located or unexpected competition in new markets as a result of new cinemas, which could negatively impact our business, results of operations or financial condition.

Industry-wide conversion to digital-based media may increase our costs and risks of litigation.

The different markets in which we operate are at different stages in the process of converting to digital-based media. In the United Kingdom, we completed our conversion to digital-based media in August 2012. In relation to the proposed Multikino Acquisition in Poland, digitalization was completed in 2011, and in Germany and Denmark, digitalization is ongoing and expected to be completed by the end of July 2013. The ongoing conversion to digital-based media and technology in Germany may result in cost overruns, delays in the timetable or unanticipated expenses, as a result of labor disruptions or other factors. Furthermore, there can be no assurance that the expected performance and operating benefits associated with the conversion to digital-based media will be realized.

The industry is at different stages in adjusting to the conversion from celluloid-based media to digital-based media. There are a variety of constituencies associated with this change that significantly impact industry participants, including content providers, film distributors, equipment providers and cinema operators. To help finance the cost of conversion to digital projection, film distributors pay virtual print fees to cinema operators (or third-party intermediaries) based on films presented on approved digital projection platforms. Generally, film distributors continue to pay virtual print fees after a cinema has converted to digital projection until a cost recoupment date or threshold has been reached. Multikino continues to receive virtual print fees directly from film distributors, while in the United Kingdom and Germany virtual print fees are paid to third party intermediaries. There can be no assurance that these payments will be received or that recovery of the costs associated with digitalization will occur. Delayed or non-recovery of the full amount of these costs may have a material adverse effect on our business, results of operations or financial condition.

Our digital projector contracts are subject to complex contractual obligations, such as maintaining projectors to strict technical specifications, training our staff to operate the projectors, taking action to protect digital content from piracy and theft and various accounting and reporting requirements. If we fail to comply with our contractual obligations, the content providers may withdraw their support. Additionally, if we fail to adequately protect film content from piracy, we may be subject to litigation from film content providers. There can be no assurance that technology providers will continue to supply digital projectors or that the content providers will continue to provide financial support for digital conversion in the future and we may not have access to adequate capital to finance the technology purchases and conversion costs to continue the roll-out of digital-based media.

Additionally, digital-based media is a relatively new technology. Our digital projectors or the cinema management systems associated with the digital projectors may break down and lead to a disruption in film exhibition. Isolated incidents of film disruption may lead to customer dissatisfaction. Larger scale technology problems may affect either a particular cinema or a particular piece of equipment common at many of our cinemas. A large scale breakdown in technology could have a material adverse impact on our admissions, on the continuing financial support for digital transformation by the content providers, on our results of operations, on our financial condition and on our industry reputation. We rely on external suppliers for maintenance and repair of our digital projectors. We cannot guarantee that maintenance will be performed in a timely or effective manner.

Our results of operations may be impacted by shrinking film release windows.

The film release window represents the time that elapses from the date of a film's exclusive release in cinemas to the date a film is available for downstream markets, such as DVD, Blu-ray, pay-per-view and cable. While the average film release window has not declined significantly across Europe in recent years, film distributors may, in the future, seek to shorten the film release window.

Furthermore, film distributors may choose to release their films through other channels rather than through cinema operators and could also reduce or eliminate the film release window in its entirety by releasing films simultaneously to cinemas and in alternative film delivery format. If customers choose an alternative film viewing activity, rather than attending a cinema for viewing, our business, results of operations or financial condition could be materially adversely affected. We cannot assure you that the film release window, which is determined by the film distributors, will not shrink further or be eliminated altogether. If the release window shrinks or is eliminated altogether, admissions would be negatively affected which could have a materially adverse effect on our business, results of operations or financial condition.

We depend on key personnel for our current and future performance.

Our current and future performance depends to a significant degree upon the continued contributions of our senior management team and other key personnel. The loss or unavailability of any member of our senior management team or a key employee could significantly impair our business. We cannot assure you that we would be able to locate or employ qualified replacements for senior management or key employees on acceptable terms.

We may not be able to generate anticipated levels of revenue from concession sales.

We generate significant revenue through concession sales, consisting of food, confectionery and drink sales. Concession sales form the largest source of our revenue after box office receipts. Concession revenue is impacted by the types and lengths of films that we play and the exhibition format. General economic conditions may also impact consumer spending patterns on concessions. If for any reason, consumers spend less on concessions in the future, this could have a material adverse effect on our business, results of operations or financial condition.

We may not be able to generate anticipated levels of revenue from advertising (including screen advertising), alternative content or ancillary sources.

We generate revenue from advertising sales, the exhibition of alternative content and ancillary sources such as ticket booking fees. Advertising sales are affected by levels of admissions and overall advertising market trends. In the United Kingdom and Germany, we experience a significantly higher profit margin on advertising, particularly on screen advertising, than on box office receipts or concession sales. Currently, the majority of our screen advertising arrangements are with Digital Cinema Media (''DCM'') in the United Kingdom and with WerbeWeischer GmbH & Co. KG (''WerbeWeischer'') in Germany. In previous years, our screen advertising arrangements included minimum guarantees which countered decreasing revenue from screen advertising resulting from a decline in the screen advertising market. Neither of the contracts with DCM or WerbeWeischer provide for minimum guarantees. A decline or fluctuation in the screen advertising market would affect our ability to generate revenue through screen advertising sales.

Additionally, we show alternative content, such as sporting and cultural events and provide alternative uses of our cinemas for meetings or other corporate events. Our ability to achieve our business objectives may depend in part on our success in increasing these revenue streams. We cannot assure you that we will be able to effectively generate revenue from the exhibition of alternative content.

Furthermore, we generate revenue through booking fees for tickets. We may, in the future, be forced to cease collecting booking fees on ticket sales as a result of regulation or other factors.

We may not realize the expected benefits from our operational improvement or revenue enhancing capital expenditure initiatives.

In order to improve the efficiency of our operations, we have implemented and continue to implement certain operational improvement initiatives, including a more sophisticated approach to content scheduling, ticket price strategy changes and energy saving initiatives. Operational improvements include our pricing strategy initiatives in our cinemas in the United Kingdom encompassing our premium 3D, Vue Xtreme and VIP seat offers and discount promotions such as our ''Super Saver Tuesdays'' offer, ''Orange Wednesday'' promotion and ''Kids AM'' offer. There can be no assurance that our discount offerings will not adversely impact any revenue derived from our standard or premium offerings. Furthermore, we have invested and will continue to invest, in revenue enhancing capital expenditure, including additional screens, premium screens, additional VIP seating and digitalization. We cannot assure you that we will realize the level of expected cost savings or revenue increases or improve our operating performance as a result of our past, current and planned operational improvement and revenue enhancing capital expenditure initiatives. We may also be subject to significant cost increases beyond our control, such as increases in statutory minimum wage requirements, film rental costs, rent reviews, energy prices or the cost of our goods sold.

Our operations are subject to extensive regulations which may increase our costs and adversely affect us.

The cinema industry is regulated by various laws and regulations in the jurisdictions in which we operate. The scope of such regulation includes infrastructure, employment and operational issues relating to cinemas, as well as safety and security requirements. We cannot fully anticipate all changes that might be made, in the future, to laws and regulations, nor the possible impact of all such changes. Our ability to conduct our business is dependent on our ability to maintain authorizations, licenses and certificates. We are routinely audited to ensure compliance with all cinema and retail operation requirements, including compliance with age restrictions as dictated by film ratings that are determined by film classification authorities. There can be no assurances that our licenses will be renewed or that we will pass all audits in the future. If we fail to pass such audits or if we are found to be in breach of regulations applicable to us, we could face fines, revocation of operating licenses, adverse publicity or closure of our cinemas, all of which could have a material adverse effect on our business, results of operations or financial condition. We are also subject to potential increases in the statutory minimum wage and other changes in employment regulation in the markets in which we operate. In addition, we are subject to levies on box office revenue. Any related increases in these levies by governmental or non-governmental bodies in the markets in which we operate could have a material adverse impact on our business, results of operations and financial condition.

We rely on local language films, in addition to Hollywood films. Production and distribution of such local films may depend upon government support, and we cannot guarantee this support will continue in the future. Consequently, changes in laws or regulations or licensing or government support could have a material adverse impact on our cost of operations or revenue from operations.

Furthermore, we sell and advertise various products including alcohol, confectionery products and soft drinks and also collect booking fees on certain ticket sales. The sale and advertising of these and other products may be subject to additional regulation and restrictions in the future. Any restriction on our ability to sell or advertise certain products or collect booking fees may limit our ability to generate revenue from these sources in the future, which would have a material adverse impact on our business, results of operations and financial condition.

Instances of illness, epidemics or terrorist attacks, as well as negative publicity relating thereto, could result in reduced admissions and materially and adversely impact our business, results of operations or financial condition.

Instances of illness, whether or not traced to our cinemas, could reduce admissions at our cinemas materially. Claims of illness, whether or not traced to our cinemas, relating to food quality or handling at the retail stands could also cause us to lose admissions materially. In addition, any negative publicity relating to these and other health related matters might affect consumers' perceptions of our cinemas, or cinemas in general, and reduce admissions to our cinemas materially. The outbreak of a prolonged pandemic or epidemic disease or the occurrence of any other public health concern could negatively impact the public's willingness to gather in public spaces, which could reduce admissions or revenue at our cinemas. In addition, any such public health concerns may severely restrict the level of economic activity in affected areas. Any of these events could have a material adverse effect on our business, financial condition and results of operations. In addition, an actual or threatened terrorist attack or public disorder, such as the riots in the United Kingdom during summer of 2011, could cause people to avoid going out into public areas or visiting our cinemas or other public places where large crowds are in attendance.

Product recalls and associated costs could adversely affect our reputation and financial condition.

We sell food and beverages, the sale of which involves legal and other risks. For example, we may need to recall food products if they become contaminated. Even though we are resellers of food, we may be liable if the consumption of any of the products we sell causes illness or injury. A recall could result in losses due to the cost of the recall, the destruction of product, reduced consumer demand and lost sales due to the unavailability of product for a period of time. A significant food recall could result in adverse publicity, damage to our reputation and loss of consumer confidence in our cinemas, which could have a material adverse effect on our business, results of operations or financial condition.

We may suffer future impairment losses, as a result of potential declines in the fair value of our assets.

The opening of new cinemas by us and certain of our competitors has drawn audiences away from some of our other cinemas. In addition, demographic changes and competitive pressures have caused, and may in the future cause, some of our cinemas to become unprofitable. As a result, we may choose to close certain cinemas, pay lease termination charges or recognize impairment losses related to the decrease in value of particular cinemas. We review long-lived assets, including intangibles, for impairment as part of our financial year-end process and whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. We continually monitor the performance of our cinemas, and factors such as changing consumer preferences for filmed entertainment and our inability to sublease vacant space could negatively impact operating results and result in future closures, sales, dispositions and significant cinema and other closure charges prior to expiration of underlying lease agreements.

We have a significant amount of goodwill. We evaluate goodwill for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is evaluated for impairment by computing the fair value of a reporting unit and comparing it with its carrying value. If the carrying value of the reporting unit exceeds its fair value, a goodwill impairment is recorded. Significant judgment is involved in estimating cash flows and fair value. Management's fair value estimates are based on historical and projected operating performance, recent market transactions and current industry trading multiples. Declines in our attendance due to increased competition in certain regions or countries, or economic factors that lead to a decline in attendance in any of our markets could negatively affect our estimated fair values and could result in further impairments of goodwill.

We also have a significant amount of tradename intangible assets. Tradename intangible assets are tested for impairment whenever events or changes in circumstances indicate the carrying value may not be fully recoverable. We estimate the fair value of our tradenames by applying an estimated market royalty rate that could be charged for the use of our tradename to forecasted future revenue, with an adjustment for the present value of such royalties. If the estimated fair value is less than the carrying value, the tradename intangible asset is written down to its estimated fair value. Significant judgment is involved in estimating market royalty rates and long-term revenue forecasts. Management's estimates are based on historical and projected revenue performance and industry trends.

Deterioration in the performance of our cinemas could require us to recognize additional impairment losses and we may choose to close cinemas in the future, which could have a material adverse effect on our business, results of our operations or financial condition. We cannot assure you that significant impairment charges will not be required in the future, and such charges may have a material adverse effect on our business, results of operations and financial condition.

We have significant deferred tax assets which may not be recoverable.

For the year ended December 31, 2012, our CinemaxX operations in Germany maintained a deferred tax asset of €19.5 million. We determine the value of our deferred tax asset by estimating future taxable income, taking into account various uncertainties in future cash flows and taxable profits. Our ability to use these deferred tax assets and the carrying value of these assets, are dependent upon having future taxable income in Germany during the periods in which we are permitted to use our tax loss carry-forwards. If our estimates of our future taxable income and future cash flows in Germany are not accurate, the full value of these deferred tax assets may not be available to reduce our future tax liabilities, and the value of these assets may be subject to impairment. Furthermore, a change of control of Vue Entertainment International Limited or CinemaxX of more than 50% could result in the loss of our deferred tax assets. A partial change in ownership in CinemaxX of 25% to 50% could result in a proportional loss of our German deferred tax assets. Following a change of control as described above, a loss forefeiture may only occur to the extent that existing losses exceed the taxable hidden reserves of the loss owning CinemaxX companies and their holding companies. Accordingly, there is a risk that a partial change in ownership or change of control could result in the loss or impairment of our German tax assets.

A failure to adapt to future technological innovations could negatively impact our ability to compete effectively and could materially adversely affect our business, results of operations or financial condition.

New technological innovations continue to impact our industry. We may be unable to respond to or invest in changes in technology and the technological preferences of our customers. For example, some of our competitors have invested in a greater number of 3D-capable screens, and if consumer preferences were to change rapidly in favor of 3D films, we may not be able to compete with other cinema operators. Any such rapid change in technology or related consumer demand could materially adversely affect our business, results of operations or financial condition.

We are subject to risk related to our leases.

Periodically, our leases are subject to rent review and our rent may be increased according to prevailing market rates, inflation or other contractual conditions. Rent increases may adversely affect our earnings.

Certain of our leases permit the landlord to terminate the lease if there is a default under the lease, including, for example, our failure to pay rent, service charges, insurance or applicable taxes in a timely fashion. Additionally, in Poland, in certain circumstances, the leases can be terminated by the bankruptcy administrator after the landlord's bankruptcy. If a landlord were to terminate one of our leases, this would halt our operations at that cinema and could have a negative impact on our financial condition and results of operations. Furthermore, in Germany, certain of our leases require us to give bank guarantees as collateral to landlords. Any disputes that may result from such a termination may be expensive to pursue and may divert money and management's attention from our other operations and adversely affect our business, results of operations or financial condition.

If we decide to close certain cinema sites, we would still be liable in respect of all obligations under the leases for those sites. The majority of our cinemas are held pursuant to leases with long terms which cannot be terminated early by the tenant. Under most of these leases, we are not permitted to terminate the lease even if we cease operating the cinema because it is not profitable. We expect additional cinemas that we may acquire in the future to be subject to similar long-term, non-terminable leases. If we decide to close an existing or future cinema, we may be committed to perform our obligations under the applicable lease which would include, among other things, payment of the base rent for the balance of the lease term, which would reduce our profitability and limit our ability to expand in other locations.

The majority of our sites are leased from third parties for a fixed term although some leases incorporate contractual rights to extend the lease term. At the end of the lease term or any lease extension, if applicable, we may be unable to renew the lease without substantial additional cost, if at all. If we are unable to renew our leases, we may be forced to close or relocate a cinema, which could subject us to construction and other costs and risks, and could have a material adverse effect on our business, results of operations or financial condition. For example, closing a cinema, including during the time of relocation, will reduce the amounts that the cinema would have contributed to our revenue. Additionally, revenue and profit, if any, generated at a relocated cinema may not equal the revenue and profit generated at the existing cinema. We also face competition for suitable sites for new cinemas. As a result, we may not be able to secure or renew leases for appropriate sites and/or at acceptable rent levels.

Work stoppages and other labor problems could negatively impact our future profits.

Some of our employees are represented by labor unions and labor councils and more may be in the future. We have experienced minor work stoppages in Germany in the past, and there can be no assurance that we will not experience more significant work stoppages or other labor disruptions in the future. A lengthy strike or collective bargaining negotiation at one or more cinemas or in one or more territory or other work stoppage at one or more of our cinemas could have a material adverse effect on our business, results of operations or financial condition. The impact of this potential union and collective bargaining activity is undetermined and could negatively impact our profits. Furthermore, we schedule our cinema employees on a flexible basis according to demand and any change in our ability to use a flexible work schedule could impact our operating efficiency, which could have a material adverse effect on our business.

We rely on information technology in our operations and administration. Any material failure, inadequacy, interruption or breach of security of that technology could harm our ability to effectively operate our business and subject us to data loss, litigation, liability, including liability for theft of film content, and reputational harm.

We rely on computer systems for ticket sales, sales of retail goods and promotional activity. Additionally, we rely on our computer systems to manage most cinema-level administrative functions such as coordinating payroll, tracking cinema invoices, generating operating reports to analyze film performance and cinema profitability and generating information to detect theft. Disruption of our information technology systems could result in difficulty collecting revenue from our customers, loss of important data, an increase in expenses and disruption in our marketing and promotional activities. We rely on centralized information systems across our operations for efficient film scheduling and advertising of seat availability. Our ability to effectively operate and manage our business depends significantly on the reliability and capacity of these systems. We rely on computer systems for the exhibition of our films. Any breakdown in these systems could result in a disruption or cancellation of the showing of a particular film, or the closure of a screen until the technology can be repaired. In addition, failure of the information technology related to our digitalization, including the satellite or broadband hardware and connection which allow for delivery of digital films to our cinemas, could negatively impact the operation of and cost savings derived from our digitalization roll-out.

Despite our efforts and investment in technology to secure our computer network, security could be compromised. For instance, in connection with credit card sales, we transmit confidential credit card information securely over a private network and store it in an encrypted form in our data warehouse. We also store customer information such as names and address details (at the option of the customer) in a computer database for marketing purposes. Third parties may have the technology or know-how to access and breach the security of this customer information, and our security measures may not effectively prohibit others from obtaining improper access to this information. If a person is able to circumvent our security measures, he or she could destroy or steal valuable information or disrupt our operations.

We also collect and retain large volumes of internal and customer data that are entered into, processed by, summarized by and reported by our various information systems. If that data is not accurate or complete we could make faulty decisions. We also maintain personally identifiable information about our employees. Any virus, security breach, loss, or theft of company, customer or employee data could expose us to adverse publicity, loss of sales and profits, or cause us to incur significant costs to reimburse third parties for damages, which could impact our business, results of operations or financial condition.

Disruption or non-renewal of our relationship with our key suppliers could materially adversely affect our business, results of operations or financial condition.

We have supply relationships for certain of our concessions products including soft drinks, popcorn and confectionery, as well as for certain technologies for our cinemas. If any of our key relationships were changed or terminated for any reason, including due to termination arising from a change of control event or as a result of any disagreement, we could be forced to negotiate a number of substitute arrangements with alternative vendors which may be on terms less favorable to us.

Our agreements with our suppliers often provide that they may raise supply costs through the term of the agreements. Our margins on concessions and other revenue may thus decline to the extent we are unable to pass on increases in our costs to our customers at a rate at or near the rate of cost increases, which may adversely affect our business, results of operations and financial condition.

Potential liabilities arising from theft, misuse or loss of film reels, digital hard drives or other delivery methods could adversely affect our business, results of operations or financial condition.

We do not own the intellectual property rights for the films which are stored on the film reels, digital hard drives or other delivery methods which we use in our cinemas. As a result, a breach of security, employee fraud or technical failure which results in the theft, misuse or loss of a film reel, digital hard drive or other delivery method, as well as the contents therein, could make us vulnerable to liability for theft of film content, and consequently, to claims for damages by film distributors for such theft, misuse or loss.

Changes in privacy laws could adversely affect our ability to market our products effectively.

Our cinemas rely on a variety of direct marketing techniques, including email marketing. Any expansion of existing or new laws and regulations regarding marketing, solicitation or data protection could adversely affect the continuing effectiveness of our email and other marketing techniques and could result in changes to our marketing strategy. If this occurs, we may not be able to develop adequate alternative marketing strategies, which could adversely impact our admissions levels and adversely affect our business, results of operations and financial condition.

We participate in industry-wide agreements over which we do not have sole control and the loss of which or change in terms of which could affect our business, results of operations or financial condition.

In the United Kingdom, we participate in the ''Orange Wednesday'' agreement which is an agreement among mobile network operator Orange, The Film Distributors' Association and The Cinema Exhibitors' Association for a 2-for-1 ticket promotion for Orange customers which operates on Wednesdays in the United Kingdom. ''Orange Wednesday'' is an industry-wide promotion involving an agreement between multiple parties with differing views, and as such, we have limited ability to influence the terms of the agreement. Our admissions associated with ''Orange Wednesday'' are significant, as Wednesdays are typically our second busiest day of the week, as a result of this promotion. Any change in or cessation of the promotion or its success could affect our admissions levels which could adversely affect our business, results of operations or financial condition.

General political, social and economic conditions can reduce admissions, profitability and results of operations at our cinemas.

Our success depends on general political, social and economic conditions and the willingness of consumers to spend discretionary funds on leisure activities. Our customers may have less money for discretionary purchases because of negative economic conditions such as job losses, foreclosures, bankruptcies, sharply falling house prices, reduced availability of credit and other matters, resulting in a decrease in consumer spending or causing consumers to shift their spending to alternative forms of entertainment. Although GBOR has been relatively unaffected by the economic downturn, if going to the cinema becomes less popular or consumers spend less on retail products or concessions, our operations could be adversely affected. Additionally, as our customers generally live within a convenient travelling distance to our cinemas, an economic downturn that is particular to a region in which our cinemas are located may have a disproportionately negative impact on our cinemas in the affected market.

Fluctuations in exchange rates may adversely affect our results of operations.

Our reporting currency is in pounds sterling, but the results of operations and the financial position of our operations in Ireland, Portugal and Germany are reported in euros, and our operations in Denmark are transacted in Danish krone and then translated into euros for reporting purposes. Our operations in Taiwan are reported in Taiwanese new dollars. Upon completion of the Multikino Acquisition, we expect our operations in Poland, Latvia and Lithuania to be transacted in Polish złoty, Latvian lats and Lithuanian litas, respectively, with the Latvian and Lithuanian results being translated into Polish złoty for reporting purposes. The results of operations across our markets are then, and will be, translated into pounds sterling at the applicable exchange rates for inclusion in our consolidated financial statements. Our financial results are, thus, impacted primarily by currency fluctuations between pound sterling and the euro and, to a lesser extent, between the pound sterling and the Polish złoty. Our financial results may also be affected by currency fluctuations between the Polish złoty and each of the Latvian lat and Lithuanian lita, between the euro and the Danish krone and between the pound sterling and the new Taiwan dollar. Moreover, a change in the concentration of our business activities could result in an increased effect of exchange rates on our financial position and results of operations. As our business continues to grow in markets outside of the United Kingdom, it exacerbates this risk. We do not currently hedge against foreign currency exchange rate risk. Instead, we currently hedge against currency risk, generally, by keeping our debt and earnings in proportion to their respective currencies, in the case of the United Kingdom and the euro-denominated markets. We do not hedge against currency risk with respect to our remaining operations. There is no assurance that we will, in the future, be successful in any hedging of our currency risk.

We may be subject to liability under laws and regulations in the jurisdictions in which we operate, including environmental laws and regulations.

We own and operate cinemas in the United Kingdom, Germany, Denmark, Ireland, Portugal and Taiwan and, after the Multikino Acquisition, expect to own and operate cinemas in Poland, Latvia and Lithuania. We are and expect to be subject to the laws and regulations of these jurisdictions, including environmental laws and laws governing the cleanup of hazardous materials and the management of properties. In the future, we may operate in additional territories and be subject to additional laws and regulations. We might in the future be required to participate in the cleanup of a property that we own or lease, or at which we have been alleged to have disposed of hazardous materials from one of our cinemas. In certain circumstances, we might be solely responsible for any such liability under environmental laws, and such claims could be material.

The impairment or insolvency of certain financial institutions could adversely affect us.

We have exposure to different counterparties with regard to our interest rate swap agreements. These transactions expose us to credit risk in the event of a default by one or more of our counterparties to such agreements. We also have exposure to financial institutions used as depositories of our corporate cash balances. If our counterparties or financial institutions become impaired or insolvent, this could have an adverse impact on our results of operations or impair our ability to access our cash.

We are subject to taxation which is complex and often requires us to make subjective determinations.

We are subject to many different forms of taxation including but not limited to income tax, withholding tax, value added tax, stamp duty and social security and other payroll related taxes. Tax law and administration is complex and often requires us to make subjective determinations. The tax authorities may not agree with the determinations that are made by us with respect to the application of tax law. Such disagreements could result in lengthy legal disputes and, ultimately, in the payment of substantial amounts for tax, interest and penalties, which could have a material effect on our business, results of operations or financial condition.

Potential liabilities and costs from litigation could adversely affect our business.

We are involved in litigation and regulatory actions as part of our ordinary course of business. In particular, we are involved in negotiations with a landlord in Portugal in relation to the lease obligations of our subsidiary, Spean Bridge Cinemas (Algarve) LDA (''SBC Algarve''), in Portugal and for which a corporate guarantee has been granted by Vue Entertainment (UK) Limited (''VUEL''), a dormant Vue company. If agreement with the landlord cannot be reached, then the landlord may pursue SBC Algarve or VEUL for monies owed, and we may cease operating in Portugal and incur all costs associated therewith. See ''*Business—Litigation*.''

There is no guarantee that we will be successful in defending against civil suits. Even if a civil litigation claim is meritless, does not prevail or is not pursued, any negative publicity surrounding assertions against our cinemas could adversely affect our reputation. Regardless of its outcome, litigation may result in substantial costs and expenses and divert the attention of our management. In addition to pending matters, future litigation could lead to increased costs or interruption of our normal business operations. In addition, there may be health risks of which we are not yet aware related to new technologies such as 3D which we use in our cinemas, which could lead to potential litigation in the future.

Risks Relating to Our Financial Profile

Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes and the Guarantees.

We are, and following the issuance of the Notes, will continue to be, highly leveraged. As of April 4, 2013, after giving effect to the Transactions, our total third-party borrowings would have been approximately £558.4 million (exclusive of capitalized debt issuance costs and original issue discount (''OID''), if any), of which approximately £550.7 million (exclusive of OID and capitalized debt issuance costs) would have been represented by the Notes, as well as approximately £467.1 million (exclusive of capitalized debt issuance costs) of loans from the Executive Managers, certain senior management, OMERS and the AIMCo Entities, specifically the Issuer Loan and the Bridge Loan, with an additional £50.0 million of total availability under the Revolving Credit Facility. See ''*Capitalization*.''

The degree to which we will remain leveraged following the issuance of the Notes could have important consequences to holders of the Notes offered hereby, including, but not limited to:

- making it difficult for us to satisfy our obligations with respect to the Notes or other indebtedness;
- increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions;
- requiring the dedication of a substantial portion of our cash flow from operations to the repayment of principal of, and interest on, indebtedness, thereby reducing the availability of such cash flow, and limiting the ability to obtain additional financing to fund working capital, capital expenditures, acquisitions, joint ventures, or other general corporate purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the competitive environment and the industry in which we operate; and
- placing us at a competitive disadvantage as compared to our competitors, to the extent that they are not as highly leveraged.

The occurrence of any of these events could have a material adverse effect on our business, financial condition, results of operations, prospects and ability to satisfy our obligations under the Notes.

We and our subsidiaries may incur substantial additional indebtedness in the future, including in connection with any future acquisition. Although the Indenture and the Revolving Credit Facility Agreement will contain restrictions governing the incurrence of additional indebtedness, the restrictions are subject to a number of significant qualifications and exceptions and, under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. If we or our subsidiaries incur new debt or other obligations, the related risks that we now face, as described elsewhere in these ''*Risk Factors*,'' could intensify.

For further information regarding our substantial leverage and for more information about our outstanding indebtedness, see also ''*Description of the Notes*'' and ''*Description of Certain Financing Arrangements*.''

We are subject to restrictive debt covenants that may limit our ability to finance our future operations and capital needs and to pursue business opportunities and activities.

The Revolving Credit Facility Agreement and the Indenture will contain covenants, which will restrict, among other things, our ability to:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of such entity;
- prepay or redeem subordinated debt or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends or other distributions, loans or advances to, and on the transfer of, assets to such entity;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- engage in certain transactions with affiliates;
- consolidate or merge with other entities; and
- impair the security interest for the benefit of the holders of the Notes.

All of these limitations will be subject to significant exceptions and qualifications. See ''*Description of the Notes—Certain Covenants*'' and ''*Description of Certain Financing Arrangements—Revolving Credit Facility—Covenants—Negative covenants*.'' The covenants to which we are subject could limit our ability to finance our future operations and capital needs and our ability to pursue business opportunities and activities that may be in our interest. The restrictions contained in the Revolving Credit Facility Agreement and the Indenture could affect our ability to operate our business and may limit our ability to react to market conditions or take advantage of potential business opportunities as they arise. For example, such restrictions could adversely affect our ability to finance our operations, make strategic acquisitions, investments or alliances, restructure our organization or finance our capital needs.

We may incur additional indebtedness, including at the level of our subsidiaries, which could increase our risk exposure from debt and could decrease your share in any proceeds.

Subject to restrictions in the Indenture and the Revolving Credit Facility Agreement, we may incur additional indebtedness, which could increase the risks associated with our already substantial indebtedness. We have the ability to borrow up to £50.0 million under our Revolving Credit Facility and any borrowings under our Revolving Credit Facility will be senior secured indebtedness, and will receive proceeds from an enforcement action on the Collateral prior to the Notes. Depending on the ultimate timing of the Vue Acquisition Completion Date, the Issuer may draw on the Revolving Credit Facility for up to approximately £15.0 million on or about the Vue Acquisition Completion Date for working capital purposes and may continue to utilize the Revolving Credit Facility going forward.

Our subsidiaries may also be able to incur substantial indebtedness in the future, further increasing the risks associated with our substantial leverage. Any indebtedness that we incur at a non-Guarantor subsidiary level would be structurally senior to the Notes. Additionally, we could raise additional debt that could be secured or could mature prior to the Notes. Although the Indenture and the Revolving

Credit Facility Agreement will contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with those restrictions could be substantial. In addition, the Indenture and the Revolving Credit Facility Agreement will not prevent us from incurring obligations that do not constitute indebtedness under those agreements.

We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate sufficient cash depends on many factors beyond our control, and we may be forced to take other actions to satisfy our debt obligations, which may not always be successful.

Our ability to make payments on and to refinance our debt, and to fund working capital and capital expenditures, will depend on our future operating performance and ability to generate sufficient cash. This depends, to some extent, on the success of our business strategy and on general economic, financial, competitive, market, legislative, regulatory and other factors, as well as the other factors discussed in these ''*Risk Factors*,'' many of which are beyond our control.

We cannot assure you that our business will generate sufficient cash flow from operations or that future debt and equity financing will be available to us in an amount sufficient to enable us to pay our debts when due, including the Notes, or to fund our other liquidity needs including the repayment of any and all amounts outstanding under the Revolving Credit Facility.

If our future cash flow from operations and other capital resources (including borrowings under the Revolving Credit Facility) are insufficient to pay our obligations as they mature or to fund our liquidity needs, we may be forced to:

- reduce or delay our business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital; or
- restructure or refinance all or a portion of our debt, including the Notes, on or before maturity.

We cannot assure you that we would be able to accomplish any of these alternatives on a timely basis or on commercially reasonable terms, if at all. In particular, our ability to restructure or refinance our debt will depend in part on our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business, financial condition and results of operations. Furthermore, we may be unable to find alternative financing, and even if we could obtain alternative financing it might not be on terms that are favorable or acceptable to us. If we are unable to satisfy our obligations through alternative financing, we may not be able to satisfy our debt obligations, including under the Notes. In that event, borrowings under other debt agreements or instruments that contain cross acceleration or cross default provisions, including the Notes and the Revolving Credit Facility, may become payable on demand, and we may not have sufficient funds to repay all our debts, including the Notes.

Any failure to make payments on the Notes on a timely basis would likely result in a reduction of our credit rating, which could also harm our ability to incur additional indebtedness. In addition, the terms or our debt, including the Notes, the Revolving Credit Facility and any future debt may limit our ability to pursue any of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. The terms of our debt, including under the Indenture, restrict our ability to transfer or sell assets. In addition, there can be no assurance that any assets which we could be required to dispose of can be sold or that, if sold, the timing of such sale and the amount of proceeds realized from such sale will be acceptable. If we are unsuccessful in any of these efforts, we may not have sufficient cash to meet our obligations.

Certain of our borrowings bear interest at floating rates that could rise significantly, increasing our interest cost and reducing cash flow.

A part of our indebtedness, including borrowings under the Floating Rate Notes and the Revolving Credit Facility, bears interest at per annum rates equal to the Euro Interbank Offered Rate (''EURIBOR''), in each case adjusted periodically, plus a spread. These interest rates could rise significantly in the future, thereby increasing our interest expenses associated with these obligations, reducing cash flow available for capital expenditures and hindering our ability to make payments on the Notes. Although we may enter into certain hedging arrangements designed to fix a portion of these rates, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms.

Our acquisition of the ordinary shares of CinemaxX held by the minority shareholders could be more expensive than expected.

In connection with the Squeeze Out, an independent auditor has been appointed to carry out a valuation of the ordinary CinemaxX shares. The court-appointed independent auditor may determine that the market value of the shares is higher than the price in the public offer document. If this were to occur we would be required to pay that higher price in order to acquire the ordinary shares of CinemaxX held by the minority shareholders. For every €1 increase in the market value of each share above the initial offer price of €6.45 per share, we would incur an increased liability of €0.7 million.

Risks Relating to the Notes and the Guarantees

Creditors under the Revolving Credit Facility, certain hedging arrangements and certain debt that we may incur in the future will be entitled to be repaid with the proceeds of the Collateral sold in any enforcement sale in priority to the Notes.

The Notes will, as far as is possible under law, be secured by the same Collateral that will secure on a first-ranking basis our obligations under the Revolving Credit Facility and certain hedging obligations. The Indenture will also permit the same Collateral to be pledged on a *pari passu* basis with the Notes, to secure additional indebtedness in accordance with the terms thereof and the Intercreditor Agreement. The Indenture and the Intercreditor Agreement may limit the amount of hedging that can be ''super-priority'' hedging.

In the event of enforcement of the Collateral securing the Notes, pursuant to the Intercreditor Agreement, the liabilities under the Revolving Credit Facility Agreement and certain hedging obligations, as well as certain future indebtedness permitted to be incurred in accordance with the Indenture will have priority over any amounts received from the sale of the Collateral pursuant to an enforcement action taken with respect to such Collateral. Additionally, certain liabilities or obligations may have priority over or rank *pari passu* in respect of any amounts received from the sale of the Collateral due to the rules of the applicable laws (including, without limitation, costs of enforcement actions, tax liabilities, liabilities to employees of a bankrupt entity). In the event of a foreclosure of the Collateral, you may not be able to recover on such Collateral if the then outstanding claims under the Revolving Credit Facility Agreement and such amounts in respect of such hedging obligations and any other ''super-priority'' indebtedness are greater than the proceeds realized. In addition, any proceeds from an enforcement sale of the Collateral by any creditor will, after all obligations under the Revolving Credit Facility Agreement and such amounts in respect of such hedging obligations and other ''super-priority'' indebtedness have been discharged from such recoveries, be applied pro rata in repayment of any other obligations secured by such Collateral. Such additional indebtedness secured by the Collateral may be significant. As a result, holders of Notes may receive less, ratably, than holders of other secured indebtedness.

The holders of the Notes may not control certain decisions regarding the Collateral.

Pursuant to the voting provisions set forth in the Intercreditor Agreement, the lenders under the Revolving Credit Facility Agreement and counterparties to certain hedging agreements (the ''Super Senior Creditors'') will have effective control with respect to the Collateral. The Intercreditor Agreement provides that a common security agent will serve as Security Agent for the secured parties under the Revolving Credit Facility and the Notes with respect to the shared Collateral. In the event that the shared Collateral has become enforceable, the Security Agent shall enforce or refrain from enforcing such Collateral on the instructions of (a) the majority (more than 66⅔% by value) of the Super Senior Creditors and (b) the majority (more than 50% by value) of the holder of the Notes and other *pari passu* creditors (if any).

However disputes may occur between the holders of the Notes and lenders under the Revolving Credit Facility as to the appropriate manner of pursuing enforcement remedies and strategies with respect to the shared Collateral. If the Security Agent receives conflicting instructions from the majority Super Senior Creditors and from the holders of the Notes and the *pari passu* creditors, then, to the extent instructions from the holders of the Notes and the *pari passu* creditors are given in accordance with the Intercreditor Agreement, the Security Agent will comply with such instructions, provided that, if the liabilities owed to the Super Senior Creditors have not been fully and finally discharged in cash within six months of the relevant proposed enforcement instruction date or if no enforcement has occurred within three months of the relevant proposed enforcement instruction date, the instructions of the majority Super Senior Creditors will prevail.

The creditors under our Revolving Credit Facility may have interests that are different from the interests of holders of the Notes and they may elect to pursue their remedies in respect of the shared Collateral at a time and in a manner which would otherwise be disadvantageous for the holders of the Notes to do so.

In addition, if the Security Agent sells Collateral comprising the shares of the Company or the shares of any of our subsidiaries as a result of an enforcement action in accordance with the Intercreditor Agreement, claims under the Notes and the Guarantees and the liens over any other assets securing the Notes and the Guarantees may be released. See ''*Description of Certain Financing Arrangements—Intercreditor Agreement*'' and ''*Description of the Notes—Collateral—Release of the Collateral*.''

The Squeeze Out could take longer than anticipated, which would delay the granting of Security Interests in the assets of CinemaxX and its subsidiaries as well as delay the issuance of the Guarantees by the CinemaxX Guarantors.

We acquired an initial 91.34% stake in CinemaxX on August 7, 2012 and subsequently increased our stake to 97.47% as at April 4, 2013. We expect to acquire the remaining ordinary shares of CinemaxX from the minority shareholders later in 2013. As an *Aktiengesellschaft*, a stock corporation under German law, CinemaxX is currently restricted in its ability to grant security interests in the Collateral and issue Guarantees. Before CinemaxX grants Security Interests in the assets of CinemaxX and its subsidiaries and issues Guarantees, it must be converted into a *Gesellschaft mit beschränkter Haftung*, a German limited company. This conversion is subject to registration within the commercial register. The conversion process normally takes up to three months to complete; however, this conversion can only be initiated once the remaining ordinary shares have been acquired from the minority shareholders. If the acquisition of the remaining ordinary shares of CinemaxX or the subsequent change in legal form takes longer than expected, it would result in a delay in the granting of Security Interests in the assets of CinemaxX and its subsidiaries and the issuance of Guarantees by the CinemaxX Guarantors. If either the acquisition of the remaining ordinary shares or the conversion fail, CinemaxX may remain unable to grant Security Interests described in this offering memorandum.

The holders of the Notes may be limited in their ability to take enforcement action in respect of the Collateral.

The security interests in the Collateral that will secure the obligations of the Issuer under the Notes and the obligations of the Guarantors under the Guarantees will not be granted directly to the holders of the Notes, but will be granted only in favor of the Security Agent. The Indenture and the Intercreditor Agreement will provide that, to the extent permitted by applicable law, only the Security Agent has the right to enforce the Security Documents relating to the Collateral on behalf of the Trustee and the holders of the Notes. As a consequence of such contractual provisions, holders of the Notes will not have direct security interests in the Collateral and be barred from taking enforcement action in respect of the Collateral securing the Notes, except through the Trustee who will (subject to the provisions of such Indenture) provide instructions to the Security Agent.

In addition, the ability of the Security Agent to enforce the security interests is subject to mandatory provisions of the laws of each jurisdiction in which security interests over the Collateral are taken. For example, the laws of certain jurisdictions may not allow for the appropriation of certain pledged assets, but require a sale through a public auction and certain waiting periods may apply. There is some uncertainty under the laws of certain jurisdictions as to whether obligations to beneficial owners of the Notes that are not identified as registered holders in a security document will be validly secured.

In certain jurisdictions, including Germany, due to the laws and other jurisprudence governing the creation and perfection of security interests and the enforceability of such security interests, the Intercreditor Agreement will provide for the creation of ''parallel debt'' obligations in favour of the Security Agent (''Parallel Debt'') mirroring the obligations of the Issuer and the Guarantors towards holders of the Notes under or in connection with the Indenture (''Principal Obligations''). The pledges in such jurisdictions will be granted to the Security Agent as security interests for the Parallel Debt and will not directly secure the Principal Obligations. The Parallel Debt will be at all times in the same amount and payable at the same time as the Principal Obligations. Any payment in respect of the Principal Obligations shall discharge the corresponding Parallel Debt and any payment in respect of the Parallel

Debt shall discharge the corresponding Principal Obligations. In respect of the security interests granted to secure the Parallel Debt, the holders of the Notes will not have direct security interests and will not be entitled to take enforcement actions in respect of such security interests except through the Security Agent. Therefore, the holders of the Notes will bear the risk of insolvency or bankruptcy of the Security Agent. In addition, the Parallel Debt construct has not been tested under law in certain of these jurisdictions and to the extent that the security interests in the Collateral created under the Parallel Debt construct are not validly granted or are successfully challenged by other parties, holders of the Notes will not receive any proceeds from an enforcement of such security interests in the Collateral.

The proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations under the Notes.

The Collateral will secure on a first-ranking basis our obligations under the Revolving Credit Facility, the Notes and certain hedge agreements. The Collateral may also secure additional debt to the extent permitted by the terms of the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement. The rights of holders of the Notes to the Collateral may be diluted by any increase in the first-ranking debt secured by the Collateral.

The value of the Collateral and the amount to be received upon an enforcement of such Collateral will depend upon many factors, including, among others, the ability to sell the Collateral in an orderly sale, whether or not the business is sold as a going concern, general economic conditions of and the availability of buyers. The book value of the Collateral should not be relied on as a measure of realizable value for such assets. All or a portion of the Collateral may be illiquid and may have no readily ascertainable market value. Likewise, we cannot assure you that there will be a market for the sale of the Collateral, or, if such a market exists, that there will not be a substantial delay in its liquidation. In addition, the pledges, shares and ownership interests of an entity may be of no value if that entity is subject to an insolvency or bankruptcy proceeding. Furthermore, under Polish law the bankruptcy receiver may prohibit a separate enforcement and sale of the Collateral by a secured creditor and instead it may opt for the sale of the whole bankruptcy estate (as going concern), including the Collateral, if the receiver considers such sale as more commercially beneficial.

The Issuer and the Guarantors will have control over certain of the Collateral, and the operation of the business or the sale of particular assets could reduce the pool of assets securing the Notes.

The Security Documents allow the Issuer and the Guarantors to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, certain of the Collateral. So long as no default or event of default under the Indenture would result therefrom, the Issuer and the Guarantors, may, among other things, subject to the terms of the Security Documents, without any release or consent by the applicable Trustee or the Security Agent, conduct ordinary course activities with respect to the Collateral such as selling, modifying, factoring, abandoning or otherwise disposing of the Collateral and making ordinary course cash payments, including repayments of indebtedness. Any of these activities could reduce the value of the Collateral, which could reduce the amounts payable to you from the proceeds of any sale of the Collateral in the case of an enforcement of the liens on the Collateral.

It may be difficult to realize the value of the Collateral.

The Collateral will be subject to exceptions, defects, encumbrances, liens, loss of legal perfection and other imperfections permitted under the Indenture and the Intercreditor Agreement and accepted by other creditors that have the benefit of first-ranking liens in the Collateral from time to time, whether on or after the date the Notes are first issued. The existence of any such exceptions, defects, encumbrances, liens, loss of legal perfection and other imperfections could adversely affect the value of the Collateral, as well as the ability of the Security Agent to realize or foreclose on such Collateral. Furthermore, the first-ranking liens can be affected by a variety of factors, including, among others, the timely satisfaction of perfection requirements, statutory liens or recharacterization under English law.

The security interests of the Security Agent will be subject to practical problems generally associated with the realization of security interests in collateral. For example, the Security Agent may need to obtain the consent of a third party (including, without limitation, relevant governmental agencies, e.g., relevant competition authorities) to enforce a security interest. We cannot assure you that the Security Agent will be able to obtain any such consents. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the Security Agent may not have the ability to foreclose upon those assets, and the value of the Collateral may significantly decrease.

The rights of holders of the Notes may be adversely affected by the failure to perfect security interests in the Collateral.

Under English law, a security interest in certain tangible and intangible assets can only be properly perfected, and its priority retained, through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the Collateral may not be perfected with respect to the claims of the Notes if we fail or the Security Agent fails or are unable to take the actions we are required to take to perfect any of these liens. In addition, English law requires that a security interest over certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified.

The Trustee and the Security Agent will not monitor, and we may not comply with our obligations to inform the Trustee or Security Agent of, any future acquisition of property and rights by us, and the necessary action may not be taken to properly perfect the security interest in such after acquired property or rights. Such failure may result in the invalidity of the relevant security interest in the Collateral or adversely affect the priority of such security interest in favor of the Notes against third parties, including a trustee in bankruptcy and other creditors who claim a security interest in the same Collateral.

The granting of the security interests in connection with the issuance of the Notes or the incurrence of permitted debt in the future may create or restart hardening periods.

The granting of security interests to secure the Notes and the Guarantees may create hardening periods for such security interests in certain jurisdictions. The granting of shared security interests to secure future indebtedness permitted to be secured on the Collateral may restart or reopen such hardening periods in particular, as the Indenture will permit the release and retaking of security granted in favor of the Notes in certain circumstances including in connection with the incurrence of future indebtedness. The applicable hardening period for these new security interests can run from the moment each new security interest has been granted, perfected or recreated. At each time, if the security interest granted, perfected or re-created were to be enforced before the end of the respective hardening period applicable in such jurisdiction, it may be declared void or ineffective and/or it may not be possible to enforce it. If the grantor of such security interest were to become subject to a bankruptcy or winding up proceeding after the Vue Acquisition Completion Date and the Multikino Acquisition Completion Date, any security interest in Collateral delivered after the Vue Acquisition Completion Date and the Multikino Acquisition Completion Date would face a greater risk than security interests in place on the Vue Acquisition Completion Date and the Multikino Acquisition Completion Date of being avoided by the grantor or by its trustee, receiver, liquidator, administrator or similar authority, or otherwise set aside by a court, as a preference under insolvency law. To the extent that the grant of any security interest is voided, holders of the Notes would lose the benefit of the security interest. See ''*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*.'' The same rights and risks also will apply with respect to future security interests granted in connection with the accession of further subsidiaries as additional Guarantors and the granting of security interests over their relevant assets and equity interests for the benefit of holders of the Notes. See ''*Description of the Notes—Collateral*.''

There are circumstances other than repayment or discharge of the Notes under which the applicable Collateral or Guarantees will be released automatically without your consent or the consent of the Trustee.

Under various circumstances, the Collateral will be released automatically, including:

- in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets (including capital stock of Subsidiaries) to a Person that is not (either before or after giving effect to such transaction) the Issuer or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the ''Asset Sale'' provisions of the Indenture;

- in connection with any sale, transfer or other disposition of capital stock of that Guarantor or any holding company of such Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the ''Asset Sale'' provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale, transfer or other disposition;
- in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets of such Guarantor;
- if the Company designates any Restricted Subsidiary to be an Unrestricted Subsidiary (as defined in ''*Description of the Notes*'') in accordance with the provisions of the Indenture, the release of the property and assets, and capital stock, of such Unrestricted Subsidiary;
- as described under the caption ''*Description of the Notes—Amendment, Supplement and Waiver*;''
- in accordance with the covenant described under ''*Description of the Notes—Certain Covenants—Impairment of Security Interest*;'' and
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions ''*Description of the Notes—Legal Defeasance and Covenant Defeasance*'' and ''*Description of the Notes—Satisfaction and Discharge*;''
- as permitted by the Intercreditor Agreement, the Warner Village Intercreditor Agreement and any Additional Intercreditor Agreement;
- upon a release of the Lien that resulted in the creation of the Lien under the covenant described under the caption ''*Description of the Notes—Certain Covenants—Liens*.''

In addition, under various circumstances, the Guarantees will be released automatically, including, but not limited to:

- upon a sale or other disposition of all the capital stock of the relevant Guarantor or of all or substantially all the assets of the Guarantor otherwise permitted by the Indenture;
- if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;
- pursuant to a transaction permitted by the covenant as described under ''*Description of the Notes—Certain Covenants—Merger, Consolidation or Sale of Assets*;''
- as described under ''*Description of the Notes—Amendment, Supplement and Waiver*;''
- upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under ''*Description of the Notes—Legal Defeasance and Covenant Defeasance*'' and ''*Description of the Notes—Satisfaction and Discharge*;''

See ''*Description of Certain Financing Arrangements—Intercreditor Agreement*'' and ''*Description of the Notes*.''

The Issuer is a holding company dependent upon cash flows from its subsidiaries to meet its obligations on the Notes.

The Issuer is a holding company that conducts no business operations of its own and has no significant assets other than the shares it holds in its subsidiaries. Payment of interest and repayment of our indebtedness, including under the Notes, will be wholly dependent on the ability of our subsidiaries to make such cash available to us, by either dividend distributions or intercompany loans, or both . Our subsidiaries may not be able to, or may be restricted by the terms of their existing or future indebtedness or by law, in their ability to make such dividend distributions or advance upstream loans to enable us to make payments in respect of our indebtedness, including the Notes. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries.

While the Indenture and the Revolving Credit Facility Agreement limit the ability of our subsidiaries to incur contractual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain significant qualifications and exceptions. We cannot assure you that arrangements with our subsidiaries, the funding permitted by the agreements governing existing and future indebtedness of our subsidiaries and our results of operations and cash flow generally will provide us with sufficient dividends, distributions or loans to fund payments on the Notes.

In the event that we do not receive distributions or other payments from our subsidiaries, we may be unable to make required principal and interest payments on the Notes. We do not expect to have any other sources of funds that would allow us to make payments to holders of the Notes.

After the Transactions, the interests of our controlling shareholders may be inconsistent with the interests of holders of Notes.

The interests of our principal shareholders, in certain circumstances, may conflict with your interests as holders of Notes. Our principal shareholders have, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as the ability to elect and change our management and to approve any other changes to our operations. For example, our principal shareholders could vote to cause us to incur additional indebtedness, to sell certain material assets or make dividends distributions, in each case, so long as the Indenture, the Revolving Credit Facility Agreement and the Intercreditor Agreement so permit. The interests of our principal shareholders could conflict with interests of holders of Notes, particularly if we encounter financial difficulties or are unable to pay our debts when due. Our principal shareholders could also have an interest in pursuing acquisitions, divestitures, financings, dividend distributions or other transactions that, in their judgment, could enhance their equity investments although such transactions might involve risks to the holders of Notes. In addition, our principal shareholders may come to own businesses that directly compete with our business.

We may not have the ability to raise the funds necessary to finance a change of control offer.

Upon the occurrence of certain events constituting a change of control (as defined in the Indenture), the Issuer will be required to offer to repurchase all outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase, plus accrued and unpaid interest, if any, to the date of purchase. If a change of control were to occur, we cannot assure you that the Issuer would have sufficient funds available at such time to pay the purchase price of the outstanding Notes or that the restrictions in the Revolving Credit Facility Agreement, the Intercreditor Agreement or our other then-existing contractual obligations would allow us to make such required repurchases. A change of control may result in an event of default and/or mandatory prepayment obligation under, or acceleration of, our Revolving Credit Facility, the Notes and other indebtedness. The repurchase of the Notes pursuant to such an offer could cause a default under the Revolving Credit Facility Agreement and other indebtedness, even if the change of control itself does not. The ability of the Issuer to receive cash from its subsidiaries to allow it to pay cash to the holders of the Notes following the occurrence of a change of control may be limited by our then existing financial resources. Sufficient funds may not be available when necessary to make any required repurchases. If an event constituting a change of control occurs at a time when our subsidiaries are prohibited from providing funds to the Issuer for the purpose of repurchasing the Notes, our subsidiaries may seek the consent of the lenders under such indebtedness to the purchase of the Notes or may attempt to refinance the borrowings that contain such prohibition. If such a consent to repay such borrowings is not obtained, the Issuer will remain prohibited from repurchasing any Notes. In addition, we expect that we would require third party financing to make an offer to repurchase the Notes upon a change of control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase the Notes would constitute a default under the Indenture which would, in turn, constitute a default under the Revolving Credit Facility Agreement, the Indenture and certain other indebtedness. See ''*Description of the Notes—Change of Control*.''

The change of control provisions contained in the Indenture may not necessarily afford you protection in the event of certain important corporate events, including a reorganization, restructuring or other similar transactions involving us that may adversely affect you, because such corporate events may not involve a shift in voting power or beneficial ownership or, even if they do, may not constitute a ''change of control'' as defined in the Indenture. Except as described under ''*Description of the Notes—Repurchase at the Option of Holders—Change of Control*,'' the Indenture will not contain provisions that would require the Issuer to offer to repurchase or redeem the Notes in the event of a reorganization, restructuring, recapitalization or similar transaction.

The definition of ''change of control'' in the Indenture will include a disposition of all or substantially all of the assets of the Issuer and its restricted subsidiaries, taken as a whole, to any person. Although there is a limited body of case law interpreting the phrase ''all or substantially all,'' there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances, there may be a degree of uncertainty as to whether a particular transaction would involve a disposition of ''all or substantially all'' of the Issuer's assets and its restricted subsidiaries taken as a whole. As a result, it may be unclear as to whether a change of control has occurred and whether the Issuer is required to make an offer to repurchase the Notes.

The Notes will be structurally subordinated to the creditors of non-Guarantor subsidiaries.

Not all of our subsidiaries will guarantee the Notes. Generally, claims of creditors (both secured and unsecured) of a non-Guarantor subsidiary, including trade creditors of the subsidiary, will have priority with respect to the assets and earnings of the non-Guarantor subsidiary over the claims of creditors of its parent entity. In the event of a bankruptcy, liquidation or reorganization or other bankruptcy or insolvency proceeding of any of these non-Guarantor subsidiaries, the holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those non Guarantor subsidiaries before any assets are made available for distribution. As a result, the holders of the Notes may receive less, on a pro rata basis, than the creditors of our non-Guarantor subsidiaries. The Initial Vue Guarantors would have represented 69.7% of Vue's consolidated turnover and 66.6% of Vue's EBITDA for the 53 week period ended April 4, 2013, on a U.K. GAAP basis. The CinemaxX Guarantors for the period following their acquisition, would have represented 21.6% of Vue's consolidated turnover and 23.8% of Vue's EBITDA for the 53 week period ended April 4, 2013. In aggregate, the Initial Vue Guarantors and the CinemaxX Guarantors would have represented 91.3% of Vue's consolidated turnover and 90.4% of Vue's EBITDA for the 53 week period ended April 4, 2013. Such percentages exclude the pre-acquisition results of CinemaxX. The Multikino Guarantors would have represented 83.6% of Multikino's consolidated revenue and 93.6% of Multikino's EBITDA for the twelve month period ended March 31, 2013 on an IFRS basis.

Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defenses that may limit its validity and enforceability.

Each Guarantee provides the holders of the Notes with a direct claim against the relevant Guarantor. However, the Indenture will provide that each Guarantee will be limited to the maximum amount that can be guaranteed by the relevant Guarantor without rendering the relevant Guarantee, as it relates to that Guarantor, voidable or otherwise ineffective or limited under applicable law, and enforcement of each Guarantee would be subject to certain generally available defenses. See ''*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*.''

Enforcement of any of the Guarantees against any Guarantor will be subject to certain defenses available to Guarantors in the relevant jurisdiction. Although laws differ among these jurisdictions, these laws and defenses generally include those that relate to corporate purpose or benefit, fraudulent conveyance or transfer, voidable preference, insolvency or bankruptcy challenges, financial assistance, preservation of share capital, thin capitalization, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally. If one or more of these laws and defenses are applicable, a Guarantor may have no liability or decreased liability under its Guarantee depending on the amounts of its other obligations and applicable law. Limitations on the enforceability of judgments obtained in New York courts in such jurisdictions could limit the enforceability of any Guarantee against any Guarantor.

Although laws differ among various jurisdictions, in general, under bankruptcy or insolvency law and other laws, a court could (i) avoid or invalidate all or a portion of a Guarantor's obligations under its Guarantee, (ii) direct that the holders of Notes return any amounts paid under a Guarantee to the relevant Guarantor or to a fund for the benefit of the Guarantor's creditors or (iii) take other action that is detrimental to you, typically if the court found that:

- the relevant Guarantee was incurred with actual intent to give preference to one creditor over another, hinder, delay or defraud creditors or shareholders of the Guarantor or, in certain jurisdictions, when the granting of the Guarantee has the effect of giving a creditor a preference or when the recipient was aware that the Guarantor was insolvent when it granted the relevant Guarantee;
- the Guarantor did not receive fair consideration or reasonably equivalent value or corporate benefit for the relevant Guarantee and the Guarantor was: (i) insolvent or rendered insolvent because of the relevant Guarantee; (ii) undercapitalized or became undercapitalized because of the relevant

Guarantee; or (iii) intended to incur, or believed that it would incur, indebtedness beyond its ability to pay at maturity;

- the relevant Guarantee was held to exceed the corporate objects of the Guarantor or not to be in the best interests or for the corporate benefit of the Guarantor; or
- the amount paid or payable under the relevant Guarantee was in excess of the maximum amount permitted under applicable law. These or similar laws may also apply to any future guarantee granted by any of our subsidiaries pursuant to the Indenture.

We cannot assure you which standard a court would apply in determining whether a Guarantor was ''insolvent'' at the relevant time or that, regardless of the method of the valuation, a court would not determine that a Guarantor was insolvent on that date, or that a court would not determine, regardless of whether or not a Guarantor was insolvent on the date its Guarantee was issued, that payments to holders of the Notes constituted preferences, fraudulent transfers or conveyances on other grounds.

The liability of each Guarantor under its Guarantee will be limited to the amount that will result in such Guarantee not constituting a preference, fraudulent conveyance or improper corporate distribution or otherwise being set aside. However, there can be no assurance as to what standard a court will apply in making a determination of the maximum liability of each Guarantor. There is a possibility that the entire Guarantee may be set aside, in which case the entire liability may be extinguished.

If a court decided that a Guarantee was a preference, fraudulent transfer or conveyance and voided such Guarantee, or held it unenforceable for any other reason, you may cease to have any claim in respect of the relevant Guarantor and would be a creditor solely of the Issuer and, if applicable, of any other Guarantor under the relevant Guarantee that has not been declared void. In the event that any Guarantee is invalid or unenforceable, in whole or in part, or to the extent the agreed limitation of the Guarantee obligations apply, the Notes would be effectively subordinated to all liabilities of the applicable Guarantor, and if we cannot satisfy our obligations under the Notes or any Guarantee is found to be a preference, fraudulent transfer or conveyance or is otherwise set aside, we cannot assure you that we can ever repay in full any amounts outstanding under the Notes.

The payment of dividends or principal and interest on the intercompany loan to the Issuer will reduce the distributable profits and reserves available to satisfy the obligations under the Guarantees and Security Documents. We are under no obligation to maintain a specific level of distributable profits and reserves, and, if we have distributable profits and reserves, we may make dividend payments or payments of principal and interest on the intercompany loan that reduce our distributable profits and reserves to zero. We intend to make dividends and enter into intercompany loans to service indebtedness and for tax planning purposes. There can be no assurances that we will have distributable profits and reserves available to satisfy the obligations under the Guarantees and Security Documents, whether or not we distribute dividends or enter into intercompany loans. The payment of dividends or principal or interest on the intercompany loan to service our debt obligations (including under the Notes) will deplete the distributable reserves available to satisfy the obligations under the Guarantees. In addition, the payment under the Guarantees and the enforcement of security interests under the relevant Security Documents may require certain prior corporate formalities to be completed, including, but not limited to, obtaining an audit report, shareholders' resolutions and board resolutions.

Polish financial assistance regulations may adversely affect the validity of the Guarantee of Multikino S.A. and the Security Interests securing the Notes to be granted by Multikino S.A.

Subject to the occurrence of the Multikino Acquisition Completion Date, we intend to use a portion of the gross proceeds of the Notes to finance the Multikino Acquisition. See ''*Use of Proceeds*.'' Under Polish law, Multikino S.A., as a joint-stock company, is subject to financial assistance restrictions which prohibit joint stock companies from providing, directly or indirectly, any financing for the purposes of the acquisition of shares issued by that company, *inter alia*, by granting a guarantee or security unless certain specific conditions are satisfied (and such conditions will not be satisfied). See ''*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations—Poland—Other limitations on Validity and Enforceability of the Guarantees and security*.'' It is the intention that the Guarantee of Multikino S.A. and the Security Interests securing the Notes to be granted by Multikino S.A. shall not be provided and/or granted to finance, or support the financing of, the Multikino Acquisition (either directly or indirectly) and, consequently, prior to the conversion to a limited liability company, the Guarantee of Multikino S.A. and the Security Interests to be issued pursuant to the Offering will be limited such that they will not extend to any indebtedness under the Notes utilized for the purposes of the Multikino Acquisition. See ''*Description of Notes—Post-Closing Guarantors and Post-Closing Collateral—Limitation on Issuances of Guarantees of Indebtedness—Multikino Guarantors*.'' However, in particular, in light of the fact that such limitations on guarantee and security interests have not been tested in Polish courts, there can be no assurance that such limitations will ensure compliance by Multikino S.A. with the applicable Polish financial assistance regulations and/or that the validity of the Guarantee of Multikino S.A. and the Security Interests to be granted by Multikino S.A. will not be subject to challenge by other parties on the grounds of contravening such regulations. If the Guarantee of Multikino S.A. and any Security Interest to be granted by Multikino S.A. is challenged and, in spite of the limitation, it is held by a competent court to be in contravention of the Polish financial assistance regulations, the Guarantee of Multikino S.A. and the Security Interests to be granted by Multikino S.A. may be held to be void. We will be required, pursuant to the terms of the Indenture, as soon as reasonably practicable after the issuance of the Notes and, in any event, by no later than nine months after the Multikino Acquisition Completion Date, to use our reasonable best efforts to complete the transformation of the legal form of Multikino S.A. from a joint stock company (*spółka akcyjna*) to a limited liability company (*spółka z ograniczoną odpowiedzialnością*). However, there can be no guarantee we will successfully complete the transformation of the legal form.

English insolvency laws and the insolvency laws of other jurisdictions may provide you with less protection than U.S. bankruptcy law.

The Issuer and certain of the Guarantors are incorporated under the laws of England and Wales. As such, insolvency proceedings with respect to any of those entities would be likely to proceed under, and be governed by, English insolvency law. The remaining Guarantors are incorporated in either Jersey, Ireland, Germany or Poland and insolvency proceedings with respect to these entities will proceed under, and be governed by Jersey, Irish, German and Polish insolvency law, as applicable. Insolvency laws in England and Wales, Jersey, Ireland, Germany or Poland may not be as favorable to your interests as creditors than the bankruptcy laws of the United States or other jurisdictions with which investors are familiar, in particular with respect to priority of creditors, ability to obtain post-petition interest and the duration of the insolvency proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Guarantees or the Collateral in these jurisdictions and limit any amounts that you may receive. See also ''*Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations*'' for additional information on the insolvency laws of the European Union, England and Wales, Germany, Ireland, Jersey and Poland.

Investors in the Notes may have limited recourse against the independent auditors.

Please see ''*Independent Auditors*'' for a description of the independent auditors' reports, including language limiting the auditors' scope of duty in relation to such reports and the consolidated financial statements to which they relate. In particular, the audit reports of PricewaterhouseCoopers LLP relating to the annual financial statements reproduced herein, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, include a statement to the effect that PricewaterhouseCoopers LLP does not accept or assume responsibility for any other purpose or to anyone other than the members of Vue Entertainment International Limited, as a group, for its audit reports or the opinions it has formed. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the U.S. Securities Act or in a report filed under the U.S. Securities Exchange Act of 1934, as amended (the ''U.S. Exchange Act''). If a U.S. court (or any other court) were to give effect to this limiting language, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited.

You may not be able to recover in civil proceedings for U.S. securities law violations.

The Issuer and its subsidiaries are organized outside the United States, and our business is conducted entirely outside the United States. Substantially all of the directors and executive officers of the Issuer are non-residents of the United States. Although the Issuer will submit to the jurisdiction of certain New York courts in connection with any action under U.S. securities laws, you may be unable to effect service of process within the United States on these directors and executive officers. In addition, as all the assets of the Issuer and its subsidiaries and those of its directors and executive officers are located outside of the United States, you may be unable to enforce judgments obtained in the U.S. courts against them.

Moreover, in light of recent decisions of the U.S. Supreme Court, actions of the Issuer may not be subject to the civil liability provisions of the federal securities laws of the United States.

The United States is not currently bound by a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitral awards, rendered in civil and commercial matters with England and Wales. There is, therefore, doubt as to the enforceability of civil liabilities based upon U.S. federal securities laws in an action to enforce a U.S. judgment in England and Wales. In addition, the enforcement in England and Wales of any judgment obtained in a U.S. court based on civil liabilities, whether or not predicated solely upon U.S. federal securities laws, will be subject to certain conditions. There is also doubt that a court in England and Wales would have the requisite power or authority to grant remedies sought in an original action brought in England and Wales on the basis of U.S. federal securities laws violations. For further information, see ''*Service of Process and Enforcement of Civil Liabilities*.''

Credit ratings may not reflect all risks, are not recommendations to buy or hold securities and may be subject to revision, suspension or withdrawal at any time.

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to the structure, market, additional risk factors discussed herein and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal by the rating agency at any time. No assurance can be given that a credit rating will remain constant for any given period of time or that a credit rating will not be lowered or withdrawn entirely by the credit rating agency if, in its judgment, circumstances in the future so warrant. A suspension, reduction or withdrawal at any time of the credit rating assigned to the Notes by one or more of the credit rating agencies may adversely affect the cost and terms and conditions of our financings and could adversely affect the value and trading of the Notes.

Certain covenants may be suspended upon the occurrence of a change in the Group's ratings.

The Indenture will provide that, if at any time following the date of the Indenture, the Notes receive a rating of Baa3 or better by Moody's and a rating of BBB or better by S&P and no default or event of default has occurred and is continuing, then beginning that day and continuing until such time, if any, at which such Notes cease to have such ratings, certain covenants will cease to be applicable to such Notes. See ''*Description of the Notes—Certain Covenants—Suspension of Covenants When Notes Rated Investment Grade*.'' If these covenants were to cease to be applicable, the Group would be able to incur additional debt or make payments, including dividends or investments, which may conflict with the interests of holders of the Notes. There can be no assurance that the Notes will ever achieve an investment grade rating or that any such rating will be maintained.

The Notes will initially be held in book-entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

Unless and until the Notes are in definitive registered form, or definitive registered notes are issued in exchange for book-entry interests (which may occur only in very limited circumstances), owners of book-entry interests will not be considered owners or holders of Notes. The nominee of the common depository for Euroclear and Clearstream will be the sole registered holder of the global notes. Payments of principal, interest and other amounts owing on or in respect of the relevant global notes representing the Notes will be made to The Bank of New York Mellon, London Branch, as paying agent, which will make payments to Euroclear and Clearstream. Thereafter, these payments will be credited to participants' accounts that hold book entry interests in the global notes representing the Notes and credited by such participants to indirect participants. After payment to the common depositary for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if you own a book entry interest in the Notes, you must rely on the procedures of Euroclear and Clearstream and if you are not a participant in Euroclear and/or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a holder of the Notes under the Indenture.

Unlike the holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon any solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if you own a book-entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable you to vote on any matters or on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until the relevant definitive registered Notes are issued in respect of all book-entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear and Clearstream. We cannot assure you that the procedures to be implemented through Euroclear and Clearstream will be adequate to ensure the timely exercise of rights under the Notes.

The transfer of the Notes is restricted, which may adversely affect their liquidity and value.

The Notes and the Guarantees have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or any other jurisdiction and, unless so registered, may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and the applicable securities laws of any state or any other jurisdiction. The Notes are not being offered for sale in the United States except to ''qualified institutional buyers'' in accordance with Rule 144A. See ''*Notice to Prospective Investors*.'' We have not agreed to or otherwise undertaken to register the Notes with the U.S. Securities and Exchange Commission (including by way of an exchange offer). It is the obligation of holders of Notes to ensure that their offers and sales of the Notes within the United States and other countries comply with applicable securities laws.

Provisions of the EU Savings Directive and other legislation may adversely affect your investment in the Notes.

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). However, during that transitional period, withholding will not apply under the directive to a payment if the beneficial owner of that payment authorizes exchange of information instead. A number of non-EU countries and territories (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from January 1, 2015, in favor of automatic information exchange under the Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, no Additional Amounts would be payable as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited.

We cannot assure you as to:

- the liquidity of any market in the Notes;
- your ability to sell your Notes; or
- the prices at which you would be able to sell your Notes.

Future trading prices for the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities. Historically, the market for non-investment grade securities has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Notes. The liquidity of a trading market for the Notes may be adversely affected by a general decline in the market for similar securities and is subject to disruptions that may cause volatility in prices. The trading market for the Notes may attract different investors and this may affect the extent to which the Notes may trade. It is possible that the market for the Notes will be subject to disruptions. Any such disruption may have a negative effect on you, as a holder of the Notes, regardless of our prospects and financial performance. As a result, there is no assurance that there will be an active trading market for the Notes. If no active trading market develops, you may not be able to resell your holding of the Notes at a fair value, if at all. Although an application will be made for the Notes to be listed on the Official List of the Irish Stock Exchange and to be admitted to trading on the Global Exchange Market thereof, we cannot assure you that the Notes will become or remain listed. Although no assurance is made as to the liquidity of the Notes as a result of the admission to trading on the Global Exchange Market, failure to be approved for listing or the delisting (whether or not for an alternative admission to listing on another stock exchange) of the Notes, as applicable, from the Official List of the Irish Stock Exchange may have a material effect on a holder's ability to resell the Notes, as applicable, in the secondary market.

You may face foreign exchange risks by investing in the Notes.

The Notes will be denominated and payable in pounds sterling and euros. If you measure your investment returns by reference to a currency other than pounds sterling or euros, an investment in the Notes will entail foreign exchange related risks due to, among other factors, possible significant changes in the value of the pound sterling relative to the currency by reference to which you measure the return on your investments because of economic, political and other factors over which we have no control. Depreciation of the pound sterling or the euro against the currency by reference to which you measure the return on your investments could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure the return on your investments. There may be tax consequences for you as a result of any foreign exchange gains resulting from an investment in the Notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the Notes. See ''*Certain Tax Considerations*.''

Risks Relating to the Transactions

The Vue Acquisition and the Multikino Acquisition are subject to significant uncertainties and there is a risk that the conditions to the escrow will not be satisfied and we will be required to redeem all or certain of the Notes, which means that you may not obtain the return you expect on the Notes.

On June 9, 2013, the Issuer entered into the Vue Acquisition Agreement providing for the purchase by the Issuer of all of the issued and outstanding shares of, and preference shares issued by, Vue Entertainment International Limited from Doughty Hanson and certain members of the senior management team. The completion of the Vue Acquisition is subject to satisfaction of certain conditions, including antitrust approval from the European Commission. If the conditions are not satisfied by the Escrow Longstop Date, unless amended, the Vue Acquisition Agreement will terminate and the Vue Acquisition will not be completed.

On May 10, 2013, Eudialyte Company sp. z o.o., an indirect subsidiary of Vue Entertainment International Limited entered into the Multikino Acquisition Agreement providing for the purchase of all of the issued and outstanding shares of, and preference shares issued by, Multikino S.A. from its sellers. The completion of the Multikino Acquisition is subject to satisfaction of certain conditions, including receipt of approval from the Polish Competition Authority and various consents under sale and leaseback arrangements. If the conditions are not satisfied by the Escrow Longstop Date, unless amended, the Multikino Acquisition Agreement will terminate and the Multikino Acquisition will not be completed.

If the Vue Acquisition is not completed on or prior to the Escrow Longstop Date, or upon the occurrence of certain other events, then all of the Notes will be subject to a special mandatory redemption, and you will not obtain the investment return you expect on the Notes. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*.'' If the Multikino Acquisition is not completed on or prior to (i) the Escrow Longstop Date, if the Vue Acquisition Completion Date has not yet occurred, or (ii) if the Vue Acquisition Completion Date has occurred, the Extended Escrow Longstop Date, then £50.0 million (or the equivalent) (or such lesser or greater amount as left in escrow following release in respect of the Vue Acquisition) aggregate principal amount of the Notes will be subject to a special mandatory redemption, and you will not obtain the investment return you expect on the Notes. In each case, the special mandatory redemption will be a price equal to 100% of the issue price of such aggregate principal amount of Notes plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the date of special mandatory redemption. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*.''

Each of (i) OMERS and (ii) collectively, certain entities directed by AIMCo, will guarantee 50% each of the interest that would accrue on the Notes from the Issue Date to the special mandatory redemption date. However, there can be no assurance that interest and Additional Amounts, if any, accrued while the proceeds remain in the Escrow Accounts will be paid in a timely fashion, if at all.

Your decision to invest in the Notes is made at the time of purchase. Changes in our business, results of operations or financial condition, or the terms of the Vue Acquisition or the Multikino Acquisition or the financing thereof, between the closing of this Offering and the completion of the Vue Acquisition or the Multikino Acquisition, will have no effect on your rights as a purchaser of the Notes.

The Issuer does not currently control Vue and its subsidiaries or Multikino and will not control Vue and its subsidiaries or Multikino until completion of the Vue Acquisition and the Multikino Acquisition, respectively.

Vue and its subsidiaries are currently controlled by funds controlled by Doughty Hanson. We will not obtain control until completion of the Vue Acquisition. We cannot assure you that the funds controlled by Doughty Hanson will operate the Vue business during the interim period in the same way that we would. The information contained in this offering memorandum has been derived from public sources and, in the case of historical information relating to Vue and its subsidiaries, has been provided to us by Doughty Hanson, Vue and its subsidiaries, and we have relied on such information supplied to us in its preparation. Further, the Transactions themselves have required, and will likely continue to require, substantial amounts of management's time and focus, which could adversely affect their ability to operate the business. Likewise, other employees may be uncomfortable with the Transactions or feel otherwise affected by them, which could have an impact on work quality and retention.

Multikino is currently controlled by its majority shareholder, International Trading and Investments Holdings S.A. Luxembourg. We will not obtain control until completion of the Multikino Acquisition. We cannot assure you that International Trading and Investments Holdings S.A. Luxembourg will operate the Multikino business during the interim period in the same way that we would. The information contained in this offering memorandum has been derived from public sources and, in the case of historical information relating to Multikino and its subsidiaries, has been provided to us by Multikino, and we have relied on such information supplied to us in its preparation.

In addition, prior to the Completion Date, neither Vue nor any of its subsidiaries nor Multikino nor any of its subsidiaries will be subject to the covenants described in ''*Description of the Notes*'' to be included in the Indenture. As such, we cannot assure you that, prior to such date, Vue or any of its subsidiaries or Multikino or any of its subsidiaries will not take an action that would otherwise have been prohibited by the Indenture had those covenants been applicable.

THE TRANSACTIONS

The Vue Acquisition

On June 9, 2013, the Issuer and Holdco entered into the Vue Acquisition Agreement to acquire the entire issued share capital of Vue Entertainment International Limited, the preference shares of Vue Holdings (Jersey) Limited and the loan notes issued by Vue Holdings (Jersey) Limited from DH P S.á.r.l, the Executive Managers and certain other senior management, among others. The completion of the Vue Acquisition is subject to satisfaction of certain conditions, including antitrust approval by the European Commission. We submitted our official notification to the European Commission on June 21, 2013. If regulatory approval by the European Commission is not received by September 30, 2013, unless amended, the Vue Acquisition Agreement will terminate. See ''*Risk Factors—Risks Relating to the Transactions—The Vue Acquisition and the Multikino Acquisition are subject to significant uncertainties and there is a risk that the conditions to the escrow will not be satisfied and we will be required to redeem all or certain of the Notes, which means that you may not obtain the return you expect on the Notes.''*

The Multikino Acquisition

On May 10, 2013, Eudialyte Company sp. z o.o., an entity indirectly owned by Vue Holdings (Jersey) Limited, entered into the Multikino Acquisition Agreement to acquire the entire issued share capital of Multikino S.A. from Multikino Holding B.V. and AP Portico Slask S.A.R.L. The completion of the Multikino Acquisition is subject to satisfaction of certain conditions, including regulatory approval by the President of the Polish Competition Authority. An application to the competent antitrust authority in Poland was submitted on May 16, 2013. If the regulatory approval by the relevant antitrust authority is not received by December 1, 2013, unless amended, the Multikino Acquisition Agreement will terminate. See ''*Risk Factors—Risks Relating to the Notes and Guarantees—If the conditions to the escrow are not satisfied, the Issuer will be required to redeem a portion or all of the Notes, which means that you may not obtain the return you expect on the Notes*.''

The Financing

The equity consideration for the Vue Acquisition is £210 million and is subject to certain adjustments specified in the Vue Acquisition Agreement. The equity consideration for the Multikino Acquisition is €48.0 million (£40.8 million, translated into pounds sterling at an exchange rate of €1.1779 per £1.00 as at April 4, 2013). If the Multikino Acquisition completes prior to the Vue Acquisition, the Multikino Acquisition will be funded by Doughty Hanson (the ''DH Multikino Bridge Amount'') and upon completion of the Vue Acquisition, a sum equivalent to the DH Multikino Bridge Amount will be paid by the Issuer to Doughty Hanson pursuant to the terms of the Vue Acquisition Agreement. It is expected that the Vue Acquisition and the Multikino Acquisition will be financed through:

- Issuer Share Subscription Amount;
- the Issuer Loan;
- the Bridge Loan;
- the proceeds of Offering; and
- depending on the timing of the Vue Acquisition Completion Date, drawings under the Revolving Credit Facility.

The proceeds from the financing described above will be used to:

- fund the consideration payable for the entire issued share capital of Vue Entertainment International Limited;
- fund the consideration payable for the entire issued share capital of Multikino S.A.;
- fund the consideration payable for all the preference shares of Vue Holdings (Jersey) Limited;
- fund the consideration payable for all the loan notes issued by Vue Holdings (Jersey) Limited;
- repay the remaining outstanding amounts of the shareholder bridge loan as at the Vue Acquisition Completion Date;
- repay remaining outstanding amounts of the Existing Bank Facility as at the Vue Acquisition Completion Date;

- repay the remaining outstanding amounts of the existing working capital facility as at the Vue Acquisition Completion Date;
- repay certain indebtedness of Multikino as at the Multikino Acquisition Completion Date; and
- pay certain fees and expenses in connection with certain of the Transactions, including estimated fees and expenses to be incurred in connection with the Offering.

Release of proceeds from escrow

Pending the completion of the Vue Acquisition, the gross proceeds of the Offering will be deposited into the Escrow Accounts in the name of the Issuer but controlled by, and pledged on a first-ranking basis in favor of the Trustee on behalf of the holders of the Notes, pursuant to the Escrow Agreement. The release of the escrow proceeds will be subject to the satisfaction of certain conditions. The Escrow Agreement will provide that £499.4 million (or the equivalent) of the proceeds of the Notes will be released upon the Vue Acquisition Completion Date in order to fund such acquisition and £50.0 million (or the equivalent) of the proceeds will be released upon the Multikino Acquisition Completion Date, if such date occurs after the completion of the Vue Acquisition, otherwise the Vue Acquisition Completion Date. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*.'' The completion of both acquisitions is subject to certain conditions, including regulatory approvals. If the Vue Acquisition is not completed on or prior to (i) the Escrow Longstop Date, if the Vue Acquisition Completion Date has not yet occurred, or (ii) if the Vue Acquisition Completion Date has occurred, the Extended Escrow Longstop Date, or upon the occurrence of certain other events, then all of the Notes will be subject to a special mandatory redemption. If the Multikino Acquisition is not completed on or prior to the Escrow Longstop Date, or upon the occurrence of certain other events, then £50.0 million (or the equivalent) (or such lesser or greater amount as left in escrow following release in respect of the Vue Acquisition) aggregate principal amount of the Notes will be subject to a special mandatory redemption. The special mandatory redemption will be at a price equal to 100% of the issue price of the Notes, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the date of special mandatory redemption. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*.''

We refer to the Vue Acquisition, the Multikino Acquisition, the Financing, the Offering, the entering into the Revolving Credit Facility Agreement, the entering into the Security Documents and the Intercreditor Agreement and the other transactions contemplated thereby, including the repayment of existing indebtedness and payment of fees and expenses, together, as the ''Transactions.'' See ''*Use of Proceeds*,'' ''*Capitalization*'' and ''*Description of the Notes*.''

USE OF PROCEEDS

We expect the gross proceeds from the Offering will be £549.4 million. The gross proceeds will be deposited into the Escrow Accounts in the name of the Issuer but will be controlled by, and pledged on a first-ranking basis in favor of, the Trustee on behalf of the holders of the Notes, pursuant to the Escrow Agreement. The release of the escrow proceeds will be subject to the satisfaction of certain conditions. The Escrow Agreement will provide that £499.4 million (or the equivalent) of the proceeds of the Notes will be released upon the Vue Acquisition Completion Date and £50.0 million (or the equivalent) (or such lesser or greater amount as left in escrow following the release in respect of the Vue Acquisition) of such proceeds of the Notes will be released upon the Multikino Acquisition Completion Date, if such date occurs after the Vue Acquisition Completion Date, otherwise the Vue Acquisition Completion Date. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption*.''

The expected estimated sources and uses of the funds necessary to complete the Transactions are shown in the below table as if they had occurred as at April 4, 2013. Actual amounts will vary from estimated amounts depending on several factors, including differences from our estimate of existing cash in the business, our estimates of the cost of repaying the existing indebtedness described below, differences from our estimates of fees and expenses and the ultimate timing of the Vue Acquisition Completion Date and the Multikino Acquisition Completion Date.

Sources of funds	(£ in thousands)	Uses of funds	(£ in thousands)
Notes offered hereby		Vue Acquisition purchase price(6)	210,000
Fixed Rate Notes(1)(11)	300,000	Repayment of Existing Bank Facility(7)	386,125
Floating Rate Notes(1)(11)	249,410	Repayment of drawings under existing working capital facility(7)	15,019
	549,410	Acquisition of Vue existing preference shares(7)	10,700
Drawings under the Revolving Credit Facility(2)	—	Repayment of Vue existing shareholder loan notes(7)	275,352
Cash at bank and in hand	15,856	Repayment of Vue existing shareholder bridge loan(7)	26,445
Shareholder Instruments:			
Issuer Share Subscription Amount(3)	4,718		
Issuer Loan(4)(11)	433,000	Multikino Acquisition purchase price(8)(11)(12)	40,750
Bridge Loan(5)	34,100	Repayment of existing Multikino indebtedness(9)(11)(12)	37,693
		Estimated transaction fees and expenses(10)(11)	35,000
Total sources	**1,037,084**	**Total uses**	**1,037,084**

(1) In the event that the Vue Acquisition Completion Date does not take place on or prior to the Escrow Longstop Date, or if certain other events occur or fail to occur, all of the Notes will be subject to a special mandatory redemption. In the event that the Multikino Acquisition Completion Date does not take place on or prior to (i) the Escrow Longstop Date, if the Vue Acquisition Completion Date has not yet occurred, or (ii) if the Vue Acquisition Completion Date has occurred, the Extended Escrow Longstop Date, then £50.0 million (or the equivalent) (or such lesser or greater amount as left in escrow following release in respect of the Vue Acquisition) aggregate principal amount of the Notes will be subject to a special mandatory redemption. In each case, the special mandatory redemption price will be equal to 100% of the aggregate issue price of the Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the date of the special mandatory redemption. See ''*Description of the Notes—Escrow of Proceeds; Special Mandatory Redemption.*'' The Floating Rate Notes have been translated into pounds sterling at an exchange rate of €1.15693 per £1.00 based on the Bloomberg rate on July 10, 2013. The Floating Rate Notes are stated net of an original issue discount of 0.5%.

(2) Represents the Revolving Credit Facility that the Issuer will enter into on or about the Issue Date in the amount of £50.0 million. Depending on the timing of the Vue Acquisition Completion Date, the Issuer may draw on the Revolving Credit Facility up to approximately £15.0 million for working capital purposes and may continue to utilize the Revolving Credit Facility going forward. See ''*Description of Certain Financing Arrangements—Revolving Credit Facility*.''

(3) Represents the equity of approximately £4.7 million contributed to the Issuer by Midco by way of share subscription, the proceeds for which will have been advanced to Midco from Finco through an intercompany loan and/or share subscription. The proceeds that Finco will provide to Midco will have been advanced to Finco by way of share subscription by Holdco and/ or intercompany loan from Holdco and/or the issuance of the Loan Notes.

(4) Represents the loan of up to £433 million extended to the Issuer by Midco, pursuant to shareholder loan agreements between the Issuer and Midco, on or prior to the Vue Acquisition Completion Date. See ''*Certain Relationships and Related Party Transactions—Issuer Loan*.''

(5) Represents the loan of £34.1 million extended to the Issuer by Midco, pursuant to a shareholder loan agreement between the Issuer and Midco, on or prior to the Vue Acquisition Completion Date, the proceeds of which will have been advanced to Midco from Finco through an intercompany loan and/or share subscription. The proceeds that Finco will provide to Midco will have been advanced to Finco pursuant to the issuance of the Bridge Loan Notes. See ''*Certain Relationships and Related Party Transactions—Bridge Loan*.''

(6) Represents the equity consideration as set out in the Vue Acquisition Agreement. See ''*The Transactions—The Financing.*''

(7) Represents, as at April 4, 2013, amounts drawn on our existing working capital facility and the Existing Bank Facility, as well as amounts owed to existing shareholders in the form of preference shares, subordinated loan notes issued and the shareholder bridge loan, including accrued interest to April 4, 2013.

(8) Represents the equity consideration of €48.0 million as set out in the Multikino Acquisition Agreement, translated into pounds sterling at an exchange rate of €1.1779 per £1.00. See ''*The Transactions—The Financing.*''

(9) Represents a portion of Multikino's existing indebtedness including bond, capital leases and bank borrowings together with accrued interest to and other redemption costs as at March 31, 2013, translated into pounds sterling at an exchange rate of PLN 4.9529 per £1.00.

(10) Represents the estimated transaction fees and expenses, including fees and commissions, financing fees, advisory fees and other transaction costs and professional fees including fees and expenses of £15.7 million relating to the Vue Acquisition, £1.8 million relating to the Multikino Acquisition and £17.5 million relating to the issue of the Notes and the Revolving Credit Facility.

(11) In the event that the Multikino Acquisition is not completed, £50.0 million (or the equivalent) (or such lesser or greater amount as left in escrow following release in respect of the Vue Acquisition) in aggregate principal amount of the Notes will be subject to a special mandatory redemption, and based on the estimated sources and uses of funds as at April 4, 2013 the Issuer Loan would be reduced by £28.4 million and the estimated transaction fees and expenses would be reduced by £2.7 million. The Multikino Acquisition purchase price of £40.8 million and the repayment of the existing Multikino indebtedness of £37.7 million would not be incurred.

(12) In the event that the Multikino Acquisition is completed prior to the Vue Acquisition Completion Date, the Multikino Acquisition purchase price will be funded by a loan from Doughty Hanson, and upon completion of the Vue Acquisition, a sum equivalent to that loan will be paid by the Issuer to Doughty Hanson pursuant to the terms of the Vue Acquisition Agreement. Based on the anticipated sources and uses of funds as at April 4, 2013, the loan from Doughty Hanson would represent the Multikino Acquisition price of £40.8 million together with the repayment of the existing Multikino indebtedness of £37.7 million as shown in the table above.

CAPITALIZATION

The following table sets out our consolidated cash at bank and in hand and capitalization as at April 4, 2013 on an actual basis for Vue Entertainment International Limited and on a pro forma basis for the Issuer as adjusted to give effect to the Transactions as if they had occurred on April 4, 2013.

You should read the following table in conjunction with ''*Selected Historical Financial Information*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*,'' our consolidated financial statements and related notes and the unaudited pro forma combined financial information and notes thereto included elsewhere in this offering memorandum.

	As at April 4, 2013	
	Actual	**Pro forma**
	(unaudited) **(£ in thousands)**	
Cash at bank and in hand[(1)(2)]	**54,207**	**39,208**
Third party borrowings[(3)(9)]		
Drawings under existing working capital facility[(3)]	15,000	—
Existing Bank Facility[(3)]	384,003	—
Multikino existing borrowings[(3)]	—	6,971
FFA loan[(5)]	796	796
Notes offered hereby[(4)]	—	550,663
Drawings under the Revolving Credit Facility[(6)]	—	—
Total third party borrowings	**399,799**	**558,430**
Shareholder instruments		
Vue existing preference shares	8,248	—
Existing shareholder loan notes	212,252	—
Existing shareholder bridge loan	25,469	—
Bridge Loan[(2)(7)]	—	34,100
Issuer Loan[(7)]	—	433,000
Total shareholder instruments	**245,969**	**467,100**
Capital and reserves[(8)]	**(82,293)**	**6,316**
Capitalization	**563,475**	**1,031,846**

(1) Cash at bank and in hand as at April 4, 2013 has been adjusted to include cash and cash equivalents of Multikino as at March 31, 2013 of £0.9 million and the cash used to give pro forma effect to the Transactions including the application of the proceeds therefrom and does not reflect any cash generated by our business since April 4, 2013.

(2) Certain cash at bank and in hand amounting to the equivalent of £34.1 million in euros at the Issue Date will be retained in CinemaxX until the completion of the Squeeze Out and the German Company Conversion, after which it will be used to repay the Bridge Loan.

(3) In connection with the Transactions, we will repay the Existing Bank Facility, drawings under the existing working capital facility and certain borrowings of Multikino. The Existing Bank Facility is stated gross of £14.0 million of capitalized issue costs.

(4) The Notes are stated gross of £17.5 million of estimated capitalized issue costs and do not take into account that the Notes will be issued with original issue discount. For the purposes of this presentation, the aggregate principal amount of the Floating Rate Notes has been converted into pounds sterling at an exchange rate of €1.15693 per £1.00 based on the Bloomberg rate on July 10, 2013.

(5) Loan from the German Federal Film Board. See ''*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Contractual obligations and commitments*.''

(6) The Issuer expects to enter into the Revolving Credit Facility in connection with the Offering. Depending on the timing of the Vue Acquisition Completion Date, the Issuer may draw up to approximately £15.0 million of the Revolving Credit Facility at the Vue Acquisition Completion Date for working capital purposes.

(7) Represents the Issuer Loan and the Bridge Loan, each of which will be extended to the Issuer by Midco, pursuant to shareholder loan agreements and the Bridge Loan Agreement, respectively, on or prior to the Vue Acquisition Completion Date. See ''*Certain Relationships and Related Party Transactions—Issuer Loan*'' and ''*Certain Relationships and Related Party Transactions—Bridge Loan*.''

(8) Capital and reserves consist of called up share capital, share premium, profit and loss account and minority interest. The pro forma capital and reserves includes £4.7 million which represents the Issuer Share Subscription Amount.

(9) We have entered into interest rate swaps as described in ''*Management's Discussion and Analysis of Financial Condition and Results of Operation—Qualitative and Quantitative Disclosure about Market an Operating Risk—Interest Rate Risk*.'' The mark-to-market value of these hedging arrangements as at June 30, 2013 was a liability of approximately £2.8 million. We may choose to crystallize the liability due to our hedging counterparties at the Vue Acquisition Completion Date, but we expect currently to roll these interest rate swaps over and incur any costs over the period to the expiry of each relevant contract.

SELECTED HISTORICAL FINANCIAL INFORMATION

Vue Entertainment International Limited

This section presents our summary financial and other data for the indicated periods, derived or extracted from (i) the unaudited interim condensed consolidated financial statements of Vue Entertainment International Limited as at April 4, 2013 and for the 18 week periods ended April 4, 2013 and March 29, 2012, prepared in accordance with best practice as derived from IAS 34; (ii) the consolidated financial statements of Vue Entertainment International Limited as at and for the 53 week period ended November 29, 2012, prepared in accordance with U.K. GAAP; (iii) the consolidated financial statements of Vue Entertainment International Limited as at November 24, 2011 and for the period from incorporation on October 26, 2010 to November 24, 2011, which includes the trading results of Vue Entertainment Investment Limited for the 49 week period from December 21, 2010, prepared in accordance with U.K. GAAP; and (iv) the consolidated financial statements of Vue Entertainment Investment Limited as at and for the 52 week period ended November 25, 2010, prepared in accordance with U.K. GAAP.

The financial information for the 53 week period ended April 4, 2013 included within this ''*Selected Historical Financial Information*'' section has been derived by adding the unaudited interim condensed consolidated profit and loss account of Vue Entertainment International Limited for the 18 week period ended April 4, 2013 and the consolidated profit and loss account of Vue Entertainment International Limited for the 53 week period ended November 29, 2012, and subtracting the unaudited interim condensed consolidated profit and loss account of Vue Entertainment International Limited for the 18 week period ended March 29, 2012. The financial information for the 53 week period ended April 4, 2013 has been prepared for illustrative purposes only and is not necessarily representative of our results of operations for any future period or our financial condition at any future date.

The financial and other data includes certain financial measures that are not measures defined by U.K. GAAP, as well as certain operating data related to our business. See ''*Presentation of Financial and Other Information*.'' The following summary financial and other data consolidated financial information should be read in conjunction with our Consolidated Financial Statements and notes thereto contained elsewhere in this offering memorandum and the sections entitled ''*Capitalization*'' and ''*Management's Discussion and Analysis of Financial Condition and Results of Operations.*'' Please also see ''*Presentation of Financial and Other Information*'' for further details on the consolidated financial and operating data included below.

Historical Consolidated Profit and Loss Account—Vue

	53 week period ended April 4, 2013	18 week period ended April 4, 2013	18 week period ended March 29, 2012[1]	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011[1][2]	52 week period ended November 25, 2010[1]
	(£ in thousands)					
Continuing operations:						
Existing operations	323,631	107,169	93,222	309,684	281,088	308,415
CinemaxX	132,407[3]	72,984	—	59,423[3]	—	—
Apollo	17,899[4]	6,326	—	11,573[4]	—	—
Turnover	**473,937**	**186,479**	**93,222**	**380,680**	**281,088**	**308,415**
Cost of sales	(177,949)	(69,284)	(32,500)	(141,165)	(99,874)	(107,350)
Gross profit	**295,988**	**117,195**	**60,722**	**239,515**	**181,214**	**201,065**
Administrative expenses	(262,978)	(102,468)	(61,111)	(221,621)	(166,385)	(169,058)
Group operating profit	**33,010**	**14,727**	**(389)**	**17,894**	**14,829**	**32,007**
Profit/(Loss) on disposal of fixed assets	35	89	193	139	411	(225)
Interest receivable and similar income	214	111	21	124	86	474
Interest payable and similar charges	(62,918)	(24,355)	(18,227)	(56,790)	(46,110)	(44,636)
Loss on ordinary activities before taxation	**(29,659)**	**(9,428)**	**(18,402)**	**(38,633)**	**(30,784)**	**(12,380)**
Tax (charge)/credit on loss on ordinary activities	(7,304)	(3,309)	1,379	(2,616)	(2,646)	(3,487)
Loss on ordinary activities after taxation	**(36,963)**	**(12,737)**	**(17,023)**	**(41,249)**	**(33,430)**	**(15,867)**
Minority interests	(449)	(274)	—	(175)	—	—
Loss for the financial period	**(37,412)**	**(13,011)**	**(17,023)**	**(41,424)**	**(33,430)**	**(15,867)**

(1) CinemaxX and Apollo are not included in the consolidated profit and loss account for the 18 weeks ended March 29, 2012, the 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010.

(2) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011 but of which only 49 weeks included trading results.

(3) Reflects turnover from the date of acquisition, on August 7, 2012.

(4) Reflects turnover from the date of acquisition, on May 10, 2012.

Historical Consolidated Balance Sheet—Vue

	As at			
	April 4, 2013	November 29, 2012	November 24, 2011	November 25, 2010
	(£ in thousands)			
Intangible assets	360,844	361,109	276,003	12,412
Tangible assets	300,096	300,137	262,749	271,924
Total fixed assets	**660,940**	**661,246**	**538,752**	**284,336**
Assets held for sale	58	2,082	—	—
Stock	2,454	2,717	1,475	1,865
Debtors—amounts falling due within one year	37,784	31,712	17,729	10,176
Debtors—amounts falling due after one year	15,263	16,385	1,158	3,697
Cash at bank and in hand	54,207	61,933	18,003	34,960
Total current assets	**109,766**	**114,829**	**38,365**	**50,698**
Loans	(18,939)	(70,811)	(6,832)	(25,765)
Other creditors	(104,430)	(189,372)	(49,221)	(43,932)
Total creditors: amounts falling due within one year	**(123,369)**	**(260,183)**	**(56,053)**	**(69,697)**
Net current liabilities	**(13,603)**	**(145,354)**	**(17,688)**	**(18,999)**
Total assets less current liabilities	**647,337**	**515,892**	**521,064**	**265,337**
Financed by:				
Creditors: amounts falling due after one year	682,808	538,689	508,022	288,260
Provision for liabilities	38,574	37,884	36,064	33,600
Preference shares	8,248	8,248	8,248	47,729
Capital and reserves				
Called up share capital	2	2	2	995
Share premium	2,458	2,458	2,458	—
Profit and loss account	(86,351)	(73,996)	(33,730)	(105,247)
Total shareholders' deficit	**(83,891)**	**(71,536)**	**(31,270)**	**(104,252)**
Minority interests	1,598	2,607	—	—
Capital employed	**647,337**	**515,892**	**521,064**	**265,337**

Historical Consolidated Cash Flow Statement—Vue

	53 week period ended April 4, 2013	18 week period ended April 4, 2013	18 week period ended March 29, 2012[1]	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011[1][2]	52 week period ended November 25, 2010[1]
	(£ in thousands)					
Operating activities						
Net cash inflow from operating activities	69,086	9,158	2,112	62,040	30,731	68,441
Return on investments and servicing of finance						
Interest received	230	103	13	140	86	292
Interest paid	(22,367)	(8,085)	(9,878)	(24,160)	(11,197)	(22,750)
Net cash outflow from returns on investments and servicing of finance	**(22,137)**	**(7,982)**	**(9,865)**	**(24,020)**	**(11,111)**	**(22,458)**
Taxation (paid)/received	(807)	649	(82)	(1,538)	366	(1,109)
Cash outflow for capital expenditure and other financial investments						
Payments to acquire tangible assets	(29,902)	(11,156)	(4,262)	(23,008)	(16,219)	(15,951)
Landlord contributions received	2,000	700	—	1,300	8,200	—
Proceeds from disposal of tangible assets	3,192	2,371	694	1,515	1,653	—
Investment in subsidiaries	(152,027)	(3,438)	—	(148,589)	—	—
Cash balance acquired on acquisition	29,490	—	—	29,490	—	—
Acquisition of Vue Entertainment Investment Group	—	—	—	—	(459,460)	—
Net cash inflow/(outflow) from capital expenditure and other financial investments	**(147,247)**	**(11,523)**	**(3,568)**	**(139,292)**	**(465,826)**	**(15,951)**
Net cash inflow/(outflow) before financing activities	**(101,105)**	**(9,698)**	**(11,403)**	**(102,810)**	**(445,840)**	**28,923**
Financing activities						
Bank loans (net of bank fees)	135,481	80,157	375	55,699	236,193	(28,013)
Repayment of other loans	(7,004)	(6,571)	—	(433)	—	—
(Repayment of)/issue of loan notes	—	—	(4,690)	(4,690)	216,942	—
Issue of preference shares	—	—	—	—	8,248	—
Issue of ordinary shares	—	—	—	—	2,460	—
Amounts owed to shareholders	22,319	(73,845)	—	96,164	—	—
Net cash inflow/(outflow) from financing activities	**150,796**	**(259)**	**(4,315)**	**146,740**	**463,843**	**(28,013)**
Increase in cash	**49,691**	**(9,957)**	**(15,718)**	**43,930**	**18,003**	**910**

(1) CinemaxX and Apollo are not included in the consolidated cash flow statement for the 18 weeks ended March 29, 2012, the 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010.

(2) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011 but of which only 49 weeks included trading results.

Summary Operating and Other Financial Data—Vue

	53 week period ended April 4, 2013	18 weeks periods ended		53 week period ended November 29, 2012	49 week trading period ended November 24, 2011[(1)(2)]	52 week period ended November 25, 2010[(1)]	52 week period ended November 26, 2009[(1)]
		April 4, 2013	March 29, 2012[(1)]				
	(£ in thousands, unless so indicated)						
EBITDA[(3)]	83,975	33,705	14,033	64,303	53,588	60,642	57,979
Adjusted EBITDA[(3)] . . .	91,763	39,166	14,176	66,773	55,852	61,543	58,116
Adjusted EBITDA Margin[(3)] (%) .	19.4	21.0	15.2	17.5	19.9	20.0	21.4
EBITDAR[(3)] . . .	164,834	65,650	32,931	132,115	102,823	112,873	105,754
Adjusted EBITDAR[(3)] . .	172,622	71,111	33,074	134,585	105,087	113,774	105,891
CapEx	(29,902)	(11,156)	(4,262)	(23,008)	(16,219)	(15,951)	(22,904)
CapEx as % of turnover	6.3%	6.0%	4.6%	6.0%	5.8%	5.2%	8.4%

(1) CinemaxX and Apollo are not included in the summary operating and other financial data for the 18 weeks ended March 29, 2012, the 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010.

(2) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

(3) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, EBITDAR and Adjusted EBITDAR are supplemental measures of our financial and operating performance used by management that are not required by, or prepared in accordance with, U.K. GAAP or IFRS. These measures are prepared by management because we believe they provide a view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance.

We believe our EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, EBITDAR and Adjusted EBITDAR measures are useful to investors because they are the bases for comparing our performance with the performance of other companies in the same or similar industries, although our measure may not be directly comparable to other measures used by other companies. We encourage you to review our financial information in its entirety and not rely on a single financial measure. See ''*Presentation of Financial and Other Information—Other Financial Measures*'' for an explanation of certain limitations to the use of these measures.

For a reconciliation of each of these measures to our Consolidated Financial Statements, see ''*Summary Historical and Pro Forma Combined Financial Information and Operating Data*.''

CinemaxX

The selected tables below present certain consolidated financial information of CinemaxX, extracted from the historical audited consolidated financial statements of CinemaxX, translated from German into English, as at and for the years ended December 31, 2012 and 2011, prepared in accordance with IFRS. The following selected consolidated financial information should be read in conjunction with the CinemaxX financial statements and notes thereto contained elsewhere in this offering memorandum and the section entitled ''*Management's Discussion and Analysis of Financial Condition and Results of Operations.*''

Historical Consolidated Income Statement Data—CinemaxX

	Year ended December 31,	
	2012	2011
	(€ in thousands)	
Revenues	**211,914**	**199,603**
Other operating income	17,684	23,337
Cost of materials	(81,843)	(77,778)
Gross result	**147,755**	**145,162**
Personnel expenses	(40,339)	(37,950)
Other operating expenses	(68,491)	(65,996)
Depreciation, amortization and write-offs on intangible assets, property plant and equipment and assets in finance leases	(13,517)	(11,542)
Operating result	**25,408**	**29,674**
Other financial result	(403)	1,219
Interest income	476	1,030
Interest expenses	(7,965)	(7,533)
Earnings before income taxes	**17,516**	**24,390**
Taxes on income	(10,226)	(5,552)
Consolidated profit	**7,290**	**18,838**
Share of the consolidated profit attributable to shareholders of the parent company	7,222	18,788
Share of the consolidated profit attributable to non-controlling interests	68	50

Historical Consolidated Balance Sheet Data—CinemaxX

	As at December 31,	
	2012	2011
	(€ in thousands)	
Non-current assets	117,259	117,367
Current assets	51,131	49,956
Total Assets	**168,390**	**167,323**
Equity	52,299	45,125
Non-current provisions and liabilities	62,866	78,851
Current provisions and liabilities	53,225	43,347
Total equity and liabilities	**168,390**	**167,323**

Historical Consolidated Cash Flow Data—CinemaxX

	Year ended December 31,	
	2012	2011
	(€ in thousands)	
Cash flow provided by operating activities	**38,387**	**33,415**
Cash flow used in investing activities	**(18,226)**	**(20,585)**
Cash flow used in financing activities	**(23,529)**	**(1,245)**
Net increase in cash and cash equivalents	**(3,368)**	**11,585**

Multikino

The selected tables below present certain consolidated financial information of Multikino, extracted from the historical audited special purpose consolidated financial statements of Multikino for the twelve month period ended December 31, 2012 prepared in accordance with IFRS and the unaudited special purpose interim condensed consolidated financial statements for the three month period ended March 31, 2013, prepared in accordance with IAS 34. The following selected consolidated financial information should be read in conjunction with the Multikino financial statements and notes thereto contained elsewhere in this offering memorandum and the section entitled ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*.''

Historical Consolidated Income Statement Data—Multikino

	Three month period ended March 31,		Twelve month period ended December 31,
	2013	2012	2012
	(PLN in thousands)		
Revenue	85,119	87,337	338,829
Cost of sales	(96,904)	(66,183)	(263,849)
Gross profit/(loss)	**(11,785)**	**21,154**	**74,980**
Selling expenses	(8,673)	(7,562)	(35,344)
Administrative expenses	(84,029)	(5,502)	(19,942)
Other gains/(losses), net	83	(378)	3,048
Operating profit/(loss)	**(104,404)**	**7,712**	**22,742**
Finance income	19	708	1,002
Finance costs	(5,753)	(6,340)	(22,602)
Finance costs, net	(5,734)	(5,632)	(21,600)
Profit/(loss) before income tax	**(110,138)**	**2,080**	**1,142**
Income tax benefit/(expense), net	1,856	(515)	3,636
Net profit/(loss)	**(108,282)**	**1,565**	**4,778**

Historical Consolidated Balance Sheet Data—Multikino

	As at March 31, 2013	As at December 31, 2012
	(PLN in thousands)	
Non-current assets	446,739	556,510
Current assets	38,571	52,082
Total Assets	**485,310**	**608,592**
Equity	**196,547**	**304,917**
Non-current liabilities	178,299	180,406
Current liabilities	110,464	123,269
Total liabilities	**288,763**	**303,675**
Total equity and liabilities	**485,310**	**608,592**

Historical Consolidated Cash Flow Data—Multikino

	Three month period ended March 31,		Twelve month period ended December 31,
	2013	2012	2012
	(PLN in thousands)		
Net cash generated from operating activities	**(1,832)**	**22,447**	**77,903**
Net cash used in investing activities	**(7,522)**	**(10,648)**	**(43,241)**
Net cash used in financing activities	**(898)**	**(8,856)**	**(27,409)**
Net increase in cash and cash equivalents	**(10,252)**	**2,943**	**7,253**

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

The unaudited pro forma combined financial information presented below has been derived from the Consolidated Financial Statements, the special purpose consolidated financial statements of Multikino, the pre-acquisition consolidated financial information of CinemaxX for the period April 1, 2012 to July 31, 2012, adjusted to give pro forma effect to (i) IFRS to U.K. GAAP differences, (ii) the Vue Acquisition, (iii) the Multikino Acquisition, (iv) the Financing, and the application of the proceeds therefrom; and are prepared in accordance with the basis of preparation as described in the notes to the unaudited pro forma combined financial information. See ''*Presentation of Financial and Other Information—Pro Forma Financial Information*.'' For purposes of this unaudited pro forma combined financial information, the Transactions are deemed to have occurred on April 4, 2013.

The assumptions underlying the above pro forma adjustments are described in the notes presented herein. Both the Vue Acquisition and Multikino Acquisition will be accounted for by using the acquisition method of accounting, which requires determination of the fair values of identifiable assets and liabilities as of the closing date of each acquisition, and allocation of the purchase price based on such fair values. As of the date of this offering memorandum, in respect of the Vue Acquisition and the Multikino Acquisition, we have not performed the valuation studies necessary to estimate the fair values of the identifiable assets acquired and liabilities assumed and the related allocation of the purchase price. The purchase price allocation in respect of the Vue Acquisition and the Multikino Acquisition may result in significant adjustments to the historical values of property, plant and equipment and intangible assets and other assets, liabilities and provisions, resulting in a significant increase in depreciation and amortization expense. See Note 1(e) to the unaudited pro forma combined income statement and Note 2(b) to the unaudited pro forma combined balance sheet in ''*Unaudited Pro Forma Combined Financial Information*'' for a further discussion of the purchase price allocation and its impact on our financial position and results.

The unaudited pro forma combined financial information has not been prepared in accordance with the requirements of Regulation S-X of the U.S. Securities Act, the Prospectus Directive or any generally accepted accounting standards. The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe to be reasonable. Neither the assumptions underlying the pro forma adjustments nor the resulting unaudited pro forma combined financial information have been audited or reviewed in accordance with any generally accepted auditing standards.

The unaudited pro forma combined financial information is for informational purposes only and should not be considered indicative of actual results that would have been achieved had the Transactions been completed on the dates indicated and do not purport to indicate our future consolidated results of operations or financial position. The actual results may differ significantly from those reflected in the unaudited pro forma combined financial information for a number of reasons, including, but not limited to, differences in assumptions used to prepare the unaudited pro forma combined financial information.

The unaudited pro forma combined financial information should be read in conjunction with the information contained in ''*Selected Historical Financial Information*,'' ''*Management's Discussion and Analysis of Financial Condition and Results of Operations*,'' the Consolidated Financial Statements, the consolidated financial statements of Multikino, and the consolidated financial statements of CinemaxX appearing elsewhere in this offering memorandum.

Unaudited Pro Forma Combined Income Statement for the 53 week period ended April 4, 2013

	Vue for the 53 week period ended April 4, 2013 (U.K. GAAP)[1(a)]	Multikino for the twelve month period ended March 31, 2013 (IFRS)[1(b)]	CinemaxX for the pre-acquisition period April 1, 2012 to July 31, 2012 (IFRS)[1(c)]	Transaction and GAAP adjustments	Issuer Pro forma
			(£ in thousands)		
Turnover	473,937	65,942	52,105	(4,053)[1(g)]	587,931
Cost of sales	(177,949)	(44,619)	(21,429)	—	(243,997)
	295,988	**21,323**	**30,676**	**(4,053)**	**343,934**
Administrative expenses	(262,978)	(38,825)	(25,918)	33,663[1(d)] 4,053[1(g)] (1,417)[1(g)] (34,595)[1(e)]	(326,017)
Group operating profit/(loss)	**33,010**	**(17,502)**	**4,758**	**(2,349)**	**17,917**
Profit/(loss) on disposal of fixed assets	35	(7)	1	—	29
Interest received and similar income	214	61	215	—	490
Interest payable and similar charges	(62,918)	(4,313)	(2,339)	(24,380)[1(f)] 1,473[1(g)]	(92,477)
(Loss)/profit on ordinary activities before taxation	**(29,659)**	**(21,761)**	**2,635**	**(25,256)**	**(74,041)**
Tax (charge)/credit on (loss)/profit on ordinary activities	(7,304)	1,177	(3,160)	6,061[1(i)]	(3,226)
(Loss) on ordinary activities after taxation	**(36,963)**	**(20,584)**	**(525)**	**(19,195)**	**(77,267)**
Minority interests	(449)	—	—	—	(449)
(Loss) for the financial period	**(37,412)**	**(20,584)**	**(525)**	**(19,195)**	**(77,716)**
(Loss)/profit on ordinary activities before taxation	**(29,659)**	**(21,761)**	**2,635**	**(25,256)**	**(74,041)**
Adjusted for:					
Interest received and similar income	(214)	(61)	(215)	—	(490)
Interest payable and similar charges	62,918	4,313	2,339	24,380[1(f)] (1,473)[1(g)]	92,477
Depreciation	32,874	6,172	3,743	320[1(g)] (1,135)[1(g)]	41,974
Amortization	18,056	460	—	(18,195)[1(d)] (320)[1(g)] 34,595[1(e)]	34,596
Impairment	—	22,352	—	(15,468)[1(d)]	6,884
EBITDA	**83,975**	**11,475**	**8,502**	**(2,552)**	**101,400**
Rentals under operating leases on land and buildings	80,859	8,227	9,420	2,552[1(g)]	101,058
EBITDAR	**164,834**	**19,702**	**17,922**	**—**	**202,458**

EBITDA	**83,975**	**11,475**	**8,502**	**(2,552)**	**101,400**
Non-cash/non-recurring items	7,788	7	1,064	—	8,859[1(h)]
Adjusted EBITDA	**91,763**	**11,482**	**9,566**	**(2,552)**	**110,259**

Note 1—Pro forma adjustments to income statement

1(a) The financial information for the 53 week period ended April 4, 2013 included in this "*Unaudited Pro Forma Combined Financial Information*" has been derived by adding the unaudited interim condensed consolidated financial statements of Vue Entertainment International Limited for the 18 week period ended April 4, 2013 and the consolidated financial statements of Vue Entertainment International Limited for the 53 week period ended November 29, 2012, and subtracting the unaudited interim condensed consolidated financial statements of Vue Entertainment International Limited for the 18 week period ended March 29, 2012.

1(b) The financial information for the twelve month period ended March 31, 2013 included in this ''*Unaudited Pro Forma Combined Financial Information*'' has been derived by adding the unaudited special purpose interim condensed consolidated financial statements for the three month period ended March 31, 2013 (prepared in accordance with IAS 34) and the special purpose consolidated financial statements for the twelve month period ended December 31, 2012 (prepared in accordance with IFRS), and subtracting the unaudited special purpose interim condensed consolidated financial statements for the three month period ended March 31, 2012 (prepared in accordance with IAS 34).

Certain reclassifications have been made to present the financial information following Vue's profit and loss account presentation and the financial information has been translated from złoty to pounds sterling at an exchange rate of £0.1959 to PLN 1.00.

1(c) Certain reclassifications have been made to the CinemaxX pre-acquisition income statement for the period April 1, 2012 to July 31, 2012 to present it following Vue's profit and loss account presentation. The pre-acquisition income statement has also been translated from euros to pounds sterling at an exchange rate of £0.8014 to €1.00.

1(d) Represents the reversal of amortization expense and impairment charges in the existing financial information.

1(e) Represents the estimated amortization of the goodwill arising on the Vue Acquisition and the Multikino Acquisition.

	(£ in thousands)
Goodwill arising on the Vue Acquisition (Note 2(b)(i)) and the Multikino Acquisition (Note 2(b)(ii))	691,907
Estimated amortization of goodwill assuming an amortization period of 20 years	34,595

1(f) Represents the incremental interest payable and similar charges on a pro forma basis resulting from the new third party borrowings and shareholder instruments, including the debt issuance costs associated with the new third party borrowings.

The pro forma adjustments consist of the following:

	(£ in thousands)
Estimated cash interest payable and similar charges on the new third party borrowings including the Revolving Credit Facility(1)	38,029
Estimated rolled up interest on the new shareholder instruments(2)	51,381
Amortization of debt issuance costs on the Notes offered hereby and the Revolving Credit Facility(3)	2,500
Accretion of Original Issue Discount(4)	179
Less: interest payable and similar charges on existing third party borrowings and shareholder instruments(5)	(67,709)
Pro Forma adjustments to interest payable and similar charges	24,380

(1) Represents interest on the £300 million of Fixed Rate Notes offered hereby based upon an interest rate of 7.875%, interest on the €290 million of Floating Rate Notes offered hereby based on an interest rate of 3-month EURIBOR + 5.25%, and the commitment fees payable on the Revolving Credit Facility.

(2) Represents interest on the Bridge Loan and the Issuer Loan totaling £467.1 million at an interest rate of 11.0% per annum, assuming the Bridge Loan would have been outstanding for the 53 week period ended April 4, 2013.

(3) Represents the non-cash amortization of estimated debt issuance costs of £17,500 over the seven-year term of the Notes offered hereby and the Revolving Credit Facility.

(4) Represents the accretion of the original issue discount of £1.3 million on the Floating Rate Notes offered hereby over the 7-year term on a straight line basis.

(5) Reflects the elimination of all existing interest payable and similar charges in relation to (i) drawings under our existing working capital facility, (ii) Existing Bank Facility, (iii) Multikino existing borrowings, (iv) Vue existing preference shares, (v) Existing Shareholder loan notes and (vi) Existing Shareholder bridge loan.

Pro forma cash interest expense for the 53-week period ended April 4, 2013 is calculated as follows:

	(£ in thousands)
Estimated cash interest payable and similar charges on the new third party borrowings including the Revolving Credit Facility	38,029
Estimated interest payable and similar charges on Multikino existing borrowings and FFA loan	388
	38,417

1(g) Reflects certain differences between IFRS and U.K. GAAP as follows:

CinemaxX for the pre-acquisition period April 1, 2012 to July 31, 2012:

- Under U.K. GAAP, there is no requirement to distinguish between land and buildings when accounting for leases accordingly all amounts have been reflected as operating leases.

Impact of GAAP difference:

	(£ in thousands)
Administrative expenses	(1,417)
Interest payable and similar charges	1,473
Profit on ordinary activities before taxation	56
Interest payable and similar charges	(1,473)
Depreciation	(1,135)
Rentals under operating leases on land and buildings	2,552

Multikino for the twelve months ended March 31, 2013:

- Under U.K. GAAP, turnover and costs in respect of barter transactions for advertising should only be recognized where substantially all of the turnover is represented by cash sales. As barter transactions are more than incidental they have been reversed.

Impact of GAAP difference:

	(£ in thousands)
Turnover	(4,053)
Administrative expenses	4,053

Under U.K. GAAP, Software is classified as tangible fixed assets and depreciated accordingly.

Impact of GAAP difference:

Depreciation	320
Amortization	(320)

1(h) Non-cash and non-recurring items represent:

	(£ in thousands)
Vue (see reconciliation of Vue EBITDA to Adjusted EBITDA)	4,456
CinemaxX—post acquisition by Vue (see reconciliation of EBITDA to Adjusted EBITDA)	3,332
	7,788
CinemaxX—pre acquisition by Vue—Non-recurring salary and employee termination costs	1,064
Multikino—Loss on disposal of fixed assets	7
	8,859

1(i) Represents the income tax effect on the above Pro forma transaction and GAAP adjustments using the U.K. corporation tax rate of 24%.

Unaudited Pro Forma Combined Balance Sheet as at April 4, 2013

	Vue Entertainment International Limited as at April 4, 2013 (U.K. GAAP)	Multikino as at March 31, 2013 (IFRS)[2(a)]	Transaction and GAAP adjustments	Issuer Pro forma
		(£ in thousands)		
Fixed assets				
Intangible assets	360,844	4,092	4,078[2(b)(ii)] 323,566[2(b)(i)] (673)[2(e)]	691,907
Tangible assets	299,854	82,888	673[2(e)]	383,415
Investments in associates	242	—	—	242
	660,940	**86,980**	**327,644**	**1,075,564**
Current assets				
Asset held for sale	58	—	—	58
Stock	2,454	297	—	2,751
Debtors—amounts falling due within one year	37,784	6,633	—	44,417
Debtors—amounts falling due after more than one year	15,263	3,216	—	18,479
Cash at bank and in hand	54,207	857	(15,856)[2(d)]	39,208
	109,766	**11,003**	**(15,856)**	**104,913**
Current liabilities				
Loans	(18,939)	(7,373)	(151)[2(c)] (3,692)[2(c)] 29,891[2(d)]	(264)[2(g)]
Other creditors	(104,430)	(12,265)	28,586[2(d)]	(88,109)
	(123,369)	**(19,638)**	**54,634**	**(88,373)**
Net current (liabilities)/assets	**(13,603)**	**(8,635)**	**38,778**	**16,540**
Total assets less current liabilities	**647,337**	**78,345**	**366,422**	**1,092,104**
Financed by:				
Loans—amounts falling due after more than one year	366,884	35,925	10,283[2(c)] 549,410[2(d)] (423,089)[2(d)]	539,413[2(g)]
Shareholder Instruments	—	—	467,100[2(d)]	467,100
Other creditors—amounts falling due after more than one year	315,924	73	(277,960)[2(d)]	38,037
Provisions for liabilities	38,574	2,664	—	41,238
Preference shares	8,248	—	(8,248)[2(d)]	—
Capital and reserves	(82,293)	39,683	83,891[2(b)(i)] (39,683)[2(b)(ii)] 4,718[2(d)]	6,316[2(f)]
Capital employed	**647,337**	**78,345**	**366,422**	**1,092,104**

Note 2—Pro forma adjustments to the balance sheet

2(a) Certain reclassifications have been made to the Multikino balance sheet as at March 31, 2013 to present it following Vue's balance sheet presentation. The balance sheet has been translated from złoty to pounds sterling at an exchange rate of £0.2019 to PLN 1.00.

2(b)(i) Represents the allocation of the preliminary purchase price for the Vue Acquisition.

The unaudited pro forma combined financial information reflects the estimated purchase consideration of £210 million for Vue.

The cost of acquisition is dependent on the actual direct purchase consideration. Under the acquisition method of accounting, the total estimated cost of acquisition is allocated to Vue's net tangible and intangible assets based on their estimated fair values as at the date of completion of the acquisition. For the purposes of the unaudited pro forma combined financial information, we have assumed that the book value of tangible assets acquired and liabilities assumed approximates fair value. Such allocation may change based on our final analysis of such fair values, as described below. Based on our estimated cost of acquisition and our preliminary valuation, our purchase price allocation is as follows:

	(£ in thousands)
Estimated purchase consideration	210,000
Estimated direct expenses associated with the Vue Acquisition	15,700
	225,700
Less estimated fair value of the net assets acquired:	
Carrying value of net liabilities	(83,891)
Adjustments to:	
exclude Vue's existing intangible assets	(360,844)
write off unamortized Vue capitalized debt issue costs	(13,975)
Total estimated preliminary fair value of the net assets acquired	(458,710)
Goodwill arising on acquisition	**684,410**

Goodwill represents the excess of the estimated purchase price over the estimated preliminary fair value of the net assets acquired and will be amortized over a period of 20 years. The preliminary purchase price allocation for Vue is subject to revision as more detailed analysis is completed and additional information on the fair values of Vue's assets and liabilities become available, which is required to be completed in its financial period ended November 27, 2014. Any change in fair value of the net assets of Vue will change the amount of goodwill. Final purchase accounting adjustments may therefore differ materially from the pro forma adjustments presented here.

2(b)(ii) Represents the allocation of the preliminary purchase price for the Multikino Acquisition.

The unaudited pro forma combined financial information reflects the estimated purchase consideration of €48 million (£40.8 million) for Multikino.

The cost of acquisition is dependent on the actual direct purchase consideration. Under the acquisition method of accounting, the total estimated cost of acquisition is allocated to Multikino's net tangible and intangible assets based on their estimated fair values as at the date of completion of the acquisition. For the purposes of the unaudited pro forma combined financial information, we have assumed that the book value of tangible assets acquired and liabilities assumed approximates fair value. Such allocation may change based on our final analysis of such fair values, as described below. Based on our estimated cost of acquisition and our preliminary valuation, our purchase price allocation is as follows:

	(£ in thousands)
Estimated purchase consideration	40,750
Estimated direct expenses associated with the Multikino Acquisition	1,800
	42,550
Less estimated fair value of the net assets acquired:	
Carrying value of net assets	39,683
Adjustments to:	
exclude Multikino's existing intangible assets	(3,419)
write off unamortized Multikino capitalized debt issuance costs	(151)
include redemption premiums	(1,060)
Total estimated preliminary fair value of the net assets acquired	35,053
Goodwill arising on acquisition	**7,497**

Goodwill represents the excess of the estimated purchase price over the estimated preliminary fair value of the net assets acquired and will be amortized over a period of 20 years. The preliminary purchase price allocation for Multikino is subject to revision as more detailed analysis is completed and additional information on the fair values of Multikino's assets and liabilities become available, which is required to be completed in our financial period ended November 27, 2014. Any change in fair value of the net assets of Multikino will change the amount of goodwill. Final purchase accounting adjustments may therefore differ materially from the pro forma adjustments presented here.

2(c) Represents the write off of unamortized debt issuance costs on the Existing Bank Facility and existing Multikino loans.

See adjustment to preliminary purchase price allocation for the Vue Acquisition (Note 2(b)(i)) and the Multikino Acquisition (Note 2(b)(ii)).

2(d) Represents the net movement in cash associated with the Transactions, as follows:

	(£ in thousands)
Sources of new cash:	
Notes offered hereby, net of original issue discount of £1,253	549,410
Issuer Share Subscription Amount	4,718
Issuer Loan	433,000
Bridge Loan	34,100
	1,021,228
Uses of new cash:	
Vue estimated purchase consideration (see Note 2(b)(i))	210,000
Vue acquisition estimated fees and expenses (see Note 2(b)(i))	15,700
Multikino estimated purchase consideration (see Note 2(b)(ii))	40,750
Multikino acquisition estimated fees and expenses (see Note 2(b)(ii))	1,800
	268,250
Estimated debt issuance costs on the Notes offered hereby and Revolving Credit Facility	17,500
Repayment of Existing Bank Facility, including accrued interest of £2,122	386,125
Repayment of drawings under the existing revolving credit facility, including accrued interest of £19	15,019
Acquisition of preference shares, including accrued interest of £2,452	10,700
Repayment of existing loan notes, including accrued interest of £63,100	275,352
Repayment of existing sponsor cash bridge, including accrued interest of £976	26,445
Repayment of existing Multikino loans, including redemption premium of £1,060	37,693
	768,834
	1,037,084
Total cash required	**15,856**

Uses of new cash analyzed as follows:

Loans—amounts falling due after more than one year	423,089
Other creditors—amounts falling due after more than one year	277,960
Preference shares	8,248
Loans	29,891
Other creditors	28,586
Redemption premium (see Note 2(b)(ii))	1,060
	768,834

2(e) Reflects certain differences between IFRS and U.K. GAAP as follows:

Multikino as at March 31, 2013:

- Under U.K. GAAP software is classified as tangible fixed assets.

Impact of GAAP difference:

Intangible assets	(673)
Tangible assets	673

2(f) Capital and reserves includes £4,718 of share premium and £1,598 of minority interest on a Pro forma basis.

2(g) The following table presents a reconciliation from Pro forma loans and loan-amounts falling due after more than one year to Pro forma third party borrowings:

	(£ in thousands)
Loans—amounts falling due within one year	264
Loans—amounts falling due after more than one year	539,413
	539,677
Estimated debt issuance costs on the Notes offered hereby	17,500
Original issue discount	1,253
Total third party borrowings (see ''*Capitalization*'')	558,430

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition and results of operations for the periods indicated. You should read the following in conjunction with the rest of this offering memorandum, including the ''Summary Historical and Pro Forma Combined Financial Information and Operating Data,'' ''Capitalization,'' ''Use of Proceeds,'' ''Selected Historical Financial Information,'' and ''Unaudited Pro Forma Combined Financial Information'' and the Consolidated Financial Statements, the notes thereto and the auditors' reports presented in ''Index to Financial Statements'' in this offering memorandum. You should also review the information in the section ''Presentation of Financial and Other Information'' for further details on the consolidated financial and operating information included below. In particular, you should note that the Consolidated Financial Statements may not be comparable across reporting periods. As a result of various factors presented in ''—Factors Affecting Comparability'' below, our results for the 53 weeks ended November 29, 2012 are not directly comparable to the results for the 56 weeks ended November 24, 2011 (which represents 49 weeks of trading from the date Doughty Hanson acquired the Group) or the 52 weeks ended November 25, 2010.

This discussion and analysis contains forward-looking statements that are subject to known and unknown risks and uncertainties. Our actual results and the timing of events could differ materially from those expressed or implied by such forward-looking statements as a result of various factors, including those discussed below and elsewhere in this offering memorandum, particularly under the headings ''Forward-looking statements'' and ''Risk Factors.'' We do not undertake any obligation to revise or publicly release the results of any revision to these forward-looking statements.

Overview

We believe we are Europe's second largest cinema operator by number of screens with operations predominantly in the United Kingdom and Germany. We have grown our portfolio through a combination of new cinema developments and acquisitions of cinemas in the United Kingdom and internationally. We currently operate 115 cinemas with 1,072 screens located across six countries. In addition, we have recently entered into an agreement to acquire Multikino, the second-largest cinema operator in Poland by number of screens. After the completion of the Multikino Acquisition, we will operate 145 cinemas with 1,318 screens located across nine countries.

We believe our cinema portfolio in the United Kingdom represents the newest, most modern chain of cinemas in the country. In the United Kingdom, 98% of our cinemas are multiplexes, 94% have stadium seating and all are fully digital. We also recently completed the acquisition of Apollo in the United Kingdom to strengthen our position in the United Kingdom and to take advantage of certain economies of scale. After disposing of five cinemas with 27 screens, the Apollo acquisition added nine cinemas with 56 screens to our portfolio, all of which have stadium seating and are fully digital, modern multiplexes. In the United Kingdom, all of our cinemas use Sony Digital Cinema 4K digital projection technology, which provides eight times the resolution of 2K digital projectors. We have a broad reach in the United Kingdom and we estimate that over 60% of the population lives within a 30-minute drive of a Vue cinema. According to Rentrak/EDI, our GBOR market share in the United Kingdom was approximately 24% for the year ended December 31, 2012. We operate six of the top 20 grossing box office cinemas in the United Kingdom, with a strong presence in the key London and West End markets, including our Westfield London site which was the highest grossing box office cinema in the United Kingdom for the 53 weeks ended April 4, 2013.

We have leveraged our strong operational knowledge and experience with successful integrations of acquisitions, primarily in the United Kingdom, to enter new European markets through selective strategic acquisitions of leading cinema operators. These European markets are generally more fragmented and less developed than the United Kingdom and we believe they offer opportunities for consolidation and growth. In August 2012, we established our presence in Germany and Denmark through the acquisition of CinemaxX, Germany's second largest cinema operator by number of screens. Our cinemas in Germany are typically situated in premium city center locations within the 20 largest German cities where population densities are highest. We believe that all of our German cinemas offer state-of-the-art facilities and, after completion of our digital rollout program by the end of July 2013, all of our cinemas in Germany will have 4K digital projection technology. We also are seeking to expand into Poland, Latvia and Lithuania through the acquisition of Poland's second largest cinema operator by number of screens, Multikino. Approximately 97% of Multikino's cinemas are multiplexes and all are fully digital. In addition, we operate a 14-screen cinema in Dublin, Ireland, a 9-screen cinema in Faro, Portugal and a 16-screen cinema in Taipei, Taiwan, each of which is a multiplex cinema and has stadium seating.

On a pro forma basis, assuming the CinemaxX Acquisition and Multikino Acquisition had occurred on April 5, 2012, our revenue and Adjusted EBITDA for the 53 weeks ended April 4, 2013 would have been £588.0 million and £110.3 million, respectively. In addition, we would have had approximately 67.1 million admissions to our cinemas for the 53 weeks ended April 4, 2013. See ''*Unaudited Pro Forma Combined Financial Information*.''

Geographic segments

We account for our operations in three main geographic segments:

- the United Kingdom (which includes our U.K. business as well as Apollo, which was acquired in May 2012 and consolidated from May 10, 2012);
- Continental Europe, which includes our Irish and Portuguese businesses, CinemaxX in Germany and Denmark, which was acquired in 2012, and consolidated from August 7, 2012 and, following the completion of the Multikino Acquisition, will include operations in Poland, Latvia and Lithuania. In operational terms, our Irish business is managed and operated as part of our U.K. business, but as a euro-denominated territory, Ireland is included within Continental Europe for accounting and financial purposes; and
- other markets, which represents our business in Taiwan.

As at and for the 18 weeks ended April 4, 2013, the United Kingdom, Continental Europe and other markets represented 57.5%, 41.1% and 1.4% of our revenue and had (net liabilities)/net assets of £(248.4) million, £164.8 million and £(0.3) million, respectively. As at and for the 53 weeks ended November 29, 2012, the United Kingdom, Continental Europe and other markets represented 79.6%, 18.6% and 1.8% of our revenue and had (net liabilities)/net assets of £(151.4) million, £80.3 million and £(0.4) million, respectively. For further information regarding our revenue by geographic segment, see note 2 of our Consolidated Financial Statements.

Current Trading

For the 18 weeks ended April 4, 2013, we generated revenue of £186.5 million, EBITDA of £33.7 million and had total admissions of 19.6 million. Although our full results for the 26 weeks ended May 30, 2013 have not yet been completed, based on our management accounts for the 26 weeks ended May 30, 2013, we expect to report revenue of approximately £263 million and EBITDA of approximately £48 million (excluding Multikino). In addition, we estimate our total admissions for the 26 weeks ended May 30, 2013 were 27.5 million (excluding Multikino). These results reflect a relatively slow period in April across the industry, primarily as a result of a weaker film slate as compared to earlier in the year, followed by stronger performance in May driven principally by recent popular releases such as *Iron Man 3, Star Trek Into Darkness* and *Fast & Furious 6.* We generally have experienced stronger performance in the second half of our financial year.

The above preliminary estimates are based on our management accounts which are principally prepared in accordance with U.K. GAAP and are not intended to be a comprehensive statement of our financial or operational results for the 26 weeks ended May 30, 2013. These preliminary estimates were prepared based on a number of assumptions and judgments and, as a result, reflect a certain level of uncertainty and are subject to revision. Our actual results for the 26 weeks ended May 30, 2013 may vary from these preliminary estimates, and such variations could be material. See ''*Forward-Looking Statements*'' and ''*Risk Factors*'' in this offering memorandum for a discussion of various factors which could affect our future performance and results of operations.

Principal factors affecting results of operations and financial performance

Box Office Revenues

The largest component of our total consolidated revenue is box office revenue. Our box office revenue is a function of our average net ticket price and total admissions. Our average net ticket price, total admissions, which comprises both paid and unpaid admissions, and certain other key operational data, are presented below for the periods indicated.

	As at or for the					
	18 week period ended April 4, 2013	18 week period ended March 29, 2012(1)	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011(1)(2)	52 week period ended November 25, 2010(1)	52 week period ended November 26, 2009(1)
Average ticket price(3)(£)	6.54	5.55	5.89	5.49	5.38	5.07
Total admissions(4) (in millions)	19.6	12.0	45.0	36.1	38.7	35.8
Total revenue per person(5)(£)	9.53	7.76	8.47	7.78	7.97	7.60
Total concession spend per person(6)(£)	2.06	1.74	1.93	1.81	1.88	1.88
Number of cinemas(7)	116	71	119	71	70	68
Number of screens(7)	1,075	699	1,096	699	679	659

(1) The data for the 18 weeks ended March 29, 2012, 49 trading weeks ended November 24, 2011, the 52 weeks ended November 25, 2010 and the 52 weeks ended November 26, 2009, do not include any amounts related to Apollo or CinemaxX.

(2) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

(3) Calculated as total box office revenue in the period (net of VAT), divided by total admissions in the period.

(4) Includes paid and unpaid admissions in the period.

(5) Calculated as total revenue for the period (net of VAT), divided by total admissions in the period.

(6) Calculated as total concession revenue for the period (net of VAT), divided by total admissions in the period.

(7) Presented as the number at period end.

Average Ticket Prices

Our ticket pricing levels vary by cinema location and other variables including time of day, day of the week and type of customer for each film, resulting in higher ticket prices in certain circumstances and in increased use of discounts in others. Premium offerings in the United Kingdom, such as VIP seats, Vue Xtreme screens and 3D film offerings also serve to increase average ticket prices. While targeted discounts such as ''Super Saver Tuesdays,'' ''Orange Wednesdays'' and the ''Kids AM'' programs reduce average ticket prices, we believe these discounts boost total admissions volume and therefore overall box office revenue. Premium offerings in Germany such as surcharges for 3D films, longer films and blockbusters, plus seat location surcharges, have also served to increase average ticket prices. CinemaxX generally benefits from German cinemas having higher average ticket prices than in the United Kingdom, and as a result our group average ticket price has increased since the acquisition of CinemaxX in August 2012.

The film slate of available movies in a given period also affects our box office revenue and average ticket prices through variations in the mix of different ticket types sold. Certain films tend to attract an adult audience that will purchase higher-priced adult tickets, whereas other films are intended for children or seniors, whose tickets are sold at a discount as compared to standard adult tickets. Certain films are also more likely to be shown in formats which enhance revenue, such as 3D or Vue Xtreme.

We recently introduced a strategic ticket price restructuring in the United Kingdom, following a series of detailed trials at test sites. This strategic ticket price restructuring has had the effect of increasing non-peak prices significantly, and we believe should produce revenue benefits going forward.

Total Admissions

Our total admissions are substantially affected by the quality and success of the films we offer, and seasonal and other factors, each as explained further in the factors below. The number of cinemas and screens we operate also affects our total admissions. We have increased the number of cinemas and screens we operate from 66 cinemas featuring 643 screens as at November 28, 2008 to 116 cinemas featuring 1,075 screens as at April 4, 2013. We have achieved this growth organically by opening six new cinemas with 66 new screens since November 28, 2008 and through acquisitions, most recently of Apollo (which ultimately added a net nine cinemas and 56 screens) and CinemaxX (which added 34 cinemas and 292 screens). This increase in the number of cinemas and screens has contributed to growth in our total admissions from 35.8 million for the 52 weeks ended November 26, 2009 to 45.0 million for the 53 weeks ended November 29, 2012, which is partly attributable to our acquisitions of the Acquired Businesses during 2012. Following the completion of the Multikino Acquisition, we expect our total cinemas will increase by 30 and our total screens will increase by 246.

Film Quality and Success

The unexpected emergence of a successful film, or the failure of an expected success, can lead to volatility in our box office revenue across financial periods. Our results are therefore dependent on the film slate and popularity of the films released in a given period, which in turn depends on production from the movie industry and local content in each country. Consequently, we are dependent upon the degree to which successful productions are released by major U.S. studios, the British film industry and the film industry in Germany. For example, in the 53 weeks ended November 29, 2012 a relatively poor summer period with a weak slate of films was followed by the release of the record-breaking Bond film *Skyfall*, which provided a strong end to the financial year. Some of the volatility inherent in the slate of films has historically been smoothed by the release of successful film franchises.

Seasonal and Other Factors

Our revenue has historically been affected by the following seasonal and other factors:

Distribution release schedules. Generally, the major film distributors release the films they expect to be most successful during holiday periods, concentrated particularly in the summer months and around the Christmas holidays. The timing of such film releases has had, and is expected to continue to have, a significant effect on our results of operations, and the results of one quarter are therefore not necessarily indicative of results for the next quarter or for the same period in the following year.

Weather. Weather and weather forecasts may also influence attendance levels and directly affect our revenue. In general, rainy or otherwise inclement weather tends to positively impact admissions. The onset of sunny weather after a gloomy period can reduce attendance for a short period of time, as some potential customers pursue outdoor leisure activities instead of visiting the cinema. For example, according to the Met Office, 2011 was the warmest and driest spring in the United Kingdom in 100 years, which we believe adversely impacted attendance generated by films that were competing with the unseasonably warm weather. Less frequently, extremely poor weather conditions, such as winter snow storms that result in road closures or limited public transportation options may also reduce our admissions figures. December 2010 was, according to the Met Office, the coldest December in the United Kingdom for 100 years, producing early and severe snowfall which impacted box office revenues from high-profile films released during the holiday season. Furthermore, the impact of weather on attendance can be particularly positive or negative if the relevant weather coincides with the opening weekend of a significant release, as a substantial portion of a film's box office revenue is typically earned in its opening weekend.

Competing entertainment or unexpected events. Major social, political, cultural or sporting events impact our revenue to the extent that they reduce total admissions. Although film distributors attempt to take such events into account when scheduling film releases, the specific timing of major events can still have an impact on total admissions. For example, the 2012 Olympic and Paralympic Games took place in London, where we generate a significant portion of our revenue, and led to a reduction in admissions in London and other cinemas for the duration of the Games. Additionally, the rioting that took place in London and other U.K. cities during the summer of 2011 led to lower attendance and revenue than would otherwise have been expected during the summer season.

Concessions

Concession sales form the second largest source of our revenue. Concession revenue is impacted by the types and length of films which we play, the exhibition format and general economic conditions. For example, in some geographic markets, longer films are shown with intermissions, which generally benefits concession sales. In addition, we believe certain types of films, for example superhero films such as *Iron Man* or *The Avengers*, generally attract customers who are more likely than others to spend on concessions. We believe that price conscious customers who purchase discount tickets are also more likely to spend less on concessions.

General economic conditions are also a factor as these impact consumer spending patterns, including the proportion of customers who are attracted to discount tickets. Although attendance levels have remained relatively stable, including during the most recent economic downturn, concession volumes across the industry appear to have been adversely affected as consumers have less discretionary income due to the current economic climate.

The cost of sales we incur for concession sales varies by product type, but in general concession revenue tends to have strong margins. We seek to manage our concessions costs by negotiating prices for our products directly with suppliers in each market.

Screen Advertising Revenue

Screen advertising revenue generally varies depending on the type of films screened, the minutes and value of advertising sold, the number of attendees who view the film, and the placement of the advertisement in relation to the start time of the film. Screen advertising revenues are generally more directly correlated to the overall economic environment as compared to, for instance, admission volumes. Under our contractual arrangements, our advertising revenues have a minimal amount of cost of sales associated with them, resulting in an enhanced benefit to our profitability when screen advertising income increases.

Operating Margins

Our ability to maintain operating margins as we increase total admissions and revenue depends upon the success of strategies aimed at optimizing the relationship between average ticket prices and total admission volumes, while increasing customers' average spend on concession items, and managing our staff and film rental expenses. In addition to the average ticket prices achieved by a given film, a film's profitability for us also depends on the margins we achieve between tickets sold and the film rental costs we pay to distributors. The film license agreements we negotiate with distributors are the single largest component of our expenses, and are negotiated on a film-by-film basis, and as a result the percentage of box office revenue that is paid to film distributors will vary, depending on the expected quality of the film and the period during which it is shown in our cinemas.

Certain of our expenses vary, according to total admissions and levels of box office revenue. Our film rental costs, for example, are calculated with reference to box office revenue, and therefore a significant portion of our costs tends to decrease during periods of low admissions. We also manage our staff costs in order to match, to the extent possible, staffing levels with admissions levels. For example, we have the ability to reduce the operating hours of our cinemas during quiet periods, thus reducing staff costs and utility costs. We also have the ability to manage discretionary costs, such as marketing, non-essential expenses and supplies, and the timing of certain repair and maintenance expenses, so that these cost outlays are in line with admission volumes.

Certain of our expenses do not vary with admissions or box office revenues. For example, property rentals (excluding turnover rents), depreciation and amortisation are generally costs that are not influenced by changes in levels of admissions or box office revenues. We endeavor to mitigate the risk to financial performance from low attendance by generating revenues from non-film sources such as screening of alternative content and hiring our facilities for conferences. In addition, we apply a rigorous approach to property management so as to optimize our negotiation of rents, property leases and costs of new cinema sites.

Doughty Hanson Acquisition

We were acquired by Doughty Hanson at the end of 2010. This acquisition was funded by £255 million of senior debt plus £223 million of shareholder loans and equity. As a result, our consolidated results of operations for the 49 trading weeks ended November 24, 2011 and for the 53 weeks ended November 29, 2012 reflect significant interest charges and amortization of goodwill charges relating to the Doughty Hanson acquisition.

Foreign Currency Fluctuations and Translation

We operate internationally and are exposed to foreign exchange fluctuations arising from various currency exposures primarily with respect to pounds sterling and the euro. After the completion of the Multikino Acquisition, we will also be exposed to fluctuations of both pounds sterling and euros against the Polish złoty, Latvia lats and Lithuanian litas. As a result, our reported results of operations and financial condition are affected by exchange rate fluctuations due to both transaction and, more significantly, translation risk. See ''*Risk Factors—Risks Relating to Our Business and the Industry—Fluctuations in exchange rates may adversely affect our results of operations*.''

Transaction risk arises when our subsidiaries execute transactions in a currency other than their functional currency. On a consolidated basis, we consider the Group's transaction foreign exchange risk to be low, primarily because each of our geographic segments receive revenue and incur most expenses in their functional currencies, and thus benefit from a natural hedge. Going forward, after the completion of the Multikino Acquisition, our operations in Poland, Latvia and Lithuania will be subject to transaction risk as a result of receiving revenue in złoty, lats and litas, respectively, while paying property rental costs in euros.

Translation risk arises because the Group prepares its consolidated financial statements in pounds sterling whereas our subsidiaries operating outside the United Kingdom prepare their financial statements in currencies other than pounds sterling. We are therefore exposed to translation risk on the preparation of our Consolidated Financial Statements when we translate the financial statements of our subsidiaries which have a functional currency other than pounds sterling. Translation risk in our operations to date has exposed us to fluctuations in the value of pounds sterling as compared to the euro and, to a limited extent, against the new Taiwan dollar and Danish Krone. Going forward, after the completion of the Multikino Acquisition, our operations in Poland, Latvia and Lithuania will subject us to translation risk as a result of their financial statements being prepared in złoty, lats and litas, respectively. We will be exposed to risk in the translation of lats and litas to złoty, and the translation of złoty to pounds sterling, in the preparation of our Consolidated Financial Statements.

Given our increasing focus on markets outside the United Kingdom, we expect the translation effect of exchange rate fluctuations on our reported results of operations to increase over time. We do not currently hedge our foreign currency exposure.

For further discussion of the effects of fluctuations in the pounds sterling to euro and other relevant foreign exchange rates, see ''*—Qualitative and Quantitative Disclosure about Market and Operating Risk—Foreign exchange risk*'' below.

Factors Affecting Comparability

Financial Periods

Our financial statements are generally prepared for either a 52- or 53-week period ending on a Thursday within one week of November 30, which results in financial years which have either 52 or 53 weeks. Our consolidated balance sheet as at November 24, 2011 and our consolidated profit and loss account and cash flow statement for the period from incorporation of Vue Entertainment International Limited on October 26, 2010 to November 24, 2011 include our trading results from December 21, 2010 (the date upon which it indirectly acquired 100% of the ordinary shares of Vue Entertainment Investment Limited). As a result, our consolidated profit and loss account and cash flow statement for the period ended November 24, 2011 included in this offering memorandum refer to the 56 weeks from October 26, 2010 but actually only include trading results for 49 weeks.

Accordingly, our results for the 53 weeks ended November 29, 2012, the 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010 are not directly comparable to one another.

Effects of the Acquired Businesses on our historical Consolidated Financial Statements

We have recently undertaken significant acquisitions in both our United Kingdom and Continental Europe geographic segments. These acquisitions were financed by bridging loans of £16.5 million and €94.9 million (including the Doughty Hanson cash bridge mentioned below) provided by our current shareholders, plus a €90.0 million standalone term loan facility, all of which were repaid at the time of the refinancing of our bank loans on December 17, 2012, with the exception of the Doughty Hanson €30 million cash bridge loan (plus attributable interest), which will be repaid on the Vue Acquisition Completion Date.

Specifically:

- effective May 10, 2012, we acquired Apollo Cinemas Limited in the United Kingdom, and we currently operate nine of Apollo's cinemas;
- effective August 7, 2012, we acquired 30 cinemas in Germany and three cinemas in Denmark upon our purchase of a 91.34% stake in CinemaxX, Germany's second largest cinema operator by number of screens. As at April 4, 2013, we held 97.47% of the ordinary shares of CinemaxX. We expect to acquire the remaining ordinary shares of CinemaxX from the minority shareholders later in 2013, and have set aside sufficient funds to acquire the remaining ordinary shares at the initial offer price of €6.45 per share. Once complete, this acquisition will have the effect of increasing the level of goodwill on our consolidated balance sheet and, consequently, incurring a higher level of amortization charges going forward. Upon acquisition of the remaining ordinary shares of CinemaxX, we will also no longer need to account for the related minority interest on our consolidated income statement; and
- effective January 1, 2013, CinemaxX acquired a cinema in Raschplatz, Germany which it had previously managed that added 10 screens to our portfolio.

Since acquiring the Acquired Businesses, we have been actively integrating them into the existing corporate, operational and financial structures of Vue in order to share best practices and identify and realize synergies where possible. These integration initiatives relate to, among other things, our financial reporting procedures, property management and revenue enhancing capital expenditure processes as well as overall cinema operations.

Our consolidated profit and loss account for the 53 weeks ended November 29, 2012 includes the results of operations of the Acquired Businesses since their respective dates of acquisition, and our consolidated balance sheet at November 29, 2012 includes the financial position of the Acquired Businesses in full. As a result, our financial statements as at and for the 53 weeks ended November 29, 2012 vary significantly from those of earlier periods.

Assuming the completion of the Multikino Acquisition (see ''*The Transactions—The Multikino Acquisition*''), our consolidated results for the 52 weeks ended November 28, 2013 will reflect a full year of consolidated results of the Acquired Businesses and the partial results of Multikino from the date of the completion of the Multikino Acquisition. In addition, our results may be affected by other items, particularly our ability to realize synergies, including through improved efficiencies at cinemas and roll-out of Vue's best practices in relation to film scheduling and pricing across the larger group, reconfiguration of our newly acquired cinemas, reduction of central and administrative costs, and procurement synergies from expenditures on building multiplex facilities. As a result, due to the acquisitions of the Acquired Businesses and Multikino, our financial statements in the future will vary significantly from the historical Consolidated Financial Statements contained in this offering memorandum.

At the date of this offering memorandum, the acquisition accounting in respect of the Vue Acquisition and the Multikino Acquisition has not been calculated, and therefore has not been reflected in the Consolidated Financial Statements. Acquisition accounting will require us to determine the fair values of identifiable assets and liabilities as at the closing date of each acquisition, with the difference between the sum of these fair values and the cost of the acquisition being recognized as goodwill in our consolidated balance sheet. This valuation exercise in respect of the Multikino Acquisition and the Vue Acquisition may result in significant adjustments to the historical values of property, plant and equipment, other assets, liabilities and intangible assets, resulting in significant changes to depreciation and amortization expenses and to debt fees being written off in our profit and loss account.

Factors Affecting Future Results

The Transactions

The Vue Acquisition and the Multikino Acquisition are each subject to the satisfaction of certain conditions and may not be completed by the Issue Date. For details of the Vue Acquisition and the Multikino Acquisition, see ''*The Transactions.*''

The Issuer is incurring a substantial amount of new debt to finance both the Vue Acquisition and the Multikino Acquisition. On a pro forma basis, after giving effect to the Transactions, as at April 4, 2013, the Issuer's pro forma total third party borrowings would have been approximately £558.4 million (exclusive of capitalized debt issuance costs and OID). As a result of this increased third party borrowings, the Issuer's interest expense will significantly increase in future periods. On a pro forma basis, after giving effect to the Transactions, the Issuer's estimated cash interest expenses related to the Notes and the Revolving Credit Facility would have been £38.4 million for the 53 week period ended April 4, 2013. Accordingly, the Issuer's financial results following completion of the Transactions may differ significantly from our previously reported financial results. As at April 4, 2013, on a pro forma basis, after giving effect to the Transactions, we estimate that the Issuer will record debt issuance costs of £17.5 million (excluding OID) in connection with the Offering and the Revolving Credit Facility, which will be amortized over the period of the respective borrowings. See ''*The Transactions—The Financing.*''

Pro forma for the Transactions, we expect that approximately 54% of the third party borrowings incurred under the Issuer's financing arrangements in connection with the Transactions will be denominated in pounds sterling and we believe that 46% will be denominated in euros and other currencies. Therefore, changes in foreign currency exchange rates may affect the value of the Issuer's liabilities when reported in pounds sterling and, therefore, the Issuer's financial condition and results of operations.

The pro forma effects of the Transactions are presented elsewhere in the offering memorandum under ''*Unaudited Pro Forma Combined Financial Information*.''

Description of key components of results of operations

The key elements of our consolidated results of operations are set out below:

Turnover

Turnover is net of sales taxes, such as value added tax and comprises, in order of impact on overall turnover:

- box office revenue, which is the revenue we receive from ticket sales;
- concession sales from the resale in our cinemas of soft drinks, popcorn, confectionery and other retail products; and
- screen advertising and other income.
  - Screen advertising income is earned for sale of advertising time in all our markets.
  - Other income comprises booking fees charged for online and telephone bookings; corporate sales income from off-screen advertising, corporate events and the bulk sale of tickets to companies; and other sundry revenue, which includes the revenue we receive from sponsorship from discount ticket days and advertising of Sony digital projectors.

Cost of Sales

Our principal cost of sales is the cost of renting the films that we show from film distributors, which fluctuates with box office revenue due to the fact that rental costs are generally paid as a percentage of box office revenue. Our film rental costs are therefore generally higher for successful films and can also vary according to the length and value of a film's run. Film rental rates vary by country and can vary on a film-by-film and on a cinema-by-cinema basis.

The second largest component of cost of sales is the cost of purchasing concession products from our various suppliers.

Other elements of cost of sales include marketing, royalties and authors' rights costs, credit card charges and 3D licensing fees.

Administrative Expenses

Our administrative expenses include both cash and non-cash items. Our cash administrative expenses are significant, and include property-related costs including rent, staff costs, utility costs, equipment rental payments, repairs and maintenance, IT and other expenses, such as head office costs. Non-cash items primarily comprise depreciation of tangible fixed assets and amortization of goodwill.

Interest Payable and Similar Charges

Interest payable and similar charges comprise interest payable, financing fees and similar financing charges. Interest payable includes both cash interest, paid to third party lenders, and also non-cash rolled up interest which is incurred on shareholder loans, and added to principal each year rather than paid as cash interest.

Tax Charge

The charge for taxation is based on our profit or loss on ordinary activities, and takes account of taxation deferred or accelerated because of timing differences between the treatment of certain items for taxation and accounting purposes. The most significant such difference is the treatment of ''capital expenditure,'' for which depreciation allowable for taxation purposes (called capital allowances in the United Kingdom) differs from depreciation for accounting purposes.

Consolidated results of operations—Vue

The following table presents the consolidated profit and loss account for Vue for the periods presented:

	18 week period ended April 4, 2013	18 week period ended March 29, 2012	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011[(1)]	52 week period ended November 25, 2010
			(£ in thousands)		
Turnover from continuing operations					
Turnover from existing operations	107,169	93,222	309,684	281,088	308,415
Turnover from CinemaxX	72,984	—	59,423[(2)]	—	—
Turnover from Apollo	6,326	—	11,573[(3)]	—	—
Total turnover	**186,479**	**93,222**	**380,680**	**281,088**	**308,415**
Cost of sales	(69,284)	(32,500)	(141,165)	(99,874)	(107,350)
Administrative expenses	(102,468)	(61,111)	(221,621)	(166,385)	(169,058)
Operating profit	**14,727**	**(389)**	**17,894**	**14,829**	**32,007**
Profit/(Loss) on disposal of fixed assets	89	193	139	411	(225)
Interest receivable and similar income	111	21	124	86	474
Interest payable and similar charges	(24,355)	(18,227)	(56,790)	(46,110)	(44,636)
Profit/(Loss) on ordinary activities before taxation	**(9,428)**	**(18,402)**	**(38,633)**	**(30,784)**	**(12,380)**
Tax (charge)/credit	(3,309)	1,379	(2,616)	(2,646)	(3,487)
Minority interests	(274)	—	(175)	—	—
Loss for the financial period	**(13,011)**	**(17,023)**	**(41,424)**	**(33,430)**	**(15,867)**
EBITDA[(4)]	**33,705**	**14,033**	**64,303**	**53,588**	**60,642**
Adjusted EBITDA[(4)]	**39,166**	**14,176**	**66,773**	**55,852**	**61,543**
Adjusted EBITDA Margin (%)[(4)]	**21.0**	**15.2**	**17.5**	**19.9**	**20.0**
EBITDAR[(4)]	**65,650**	**32,931**	**132,115**	**102,823**	**112,873**
Adjusted EBITDAR[(4)]	**71,111**	**33,074**	**134,585**	**105,087**	**113,774**

(1) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

(2) Reflects turnover from the date of acquisition, on August 7, 2012.

(3) Reflects turnover from the date of acquisition, on May 10, 2012.

(4) EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, EBITDAR and Adjusted EBITDAR are supplemental measures of our financial and operating performance used by management that are not required by, or prepared in accordance with, U.K. GAAP or IFRS. These measures are prepared by management because they are believed to provide a view of our recurring operating performance that is unaffected by our capital structure and allows management to readily view operating trends and identify strategies to improve operating performance. The EBITDA measures presented may not be comparable to similarly titled measures used by other companies. We encourage you to review our financial information in its entirety and not to rely on a single financial measure. See ''*Presentation of Financial and Other Information—Other Financial Measures*'' for an explanation of certain limitations to the use of these measures. For a reconciliation of each of the above measures to our Consolidated Financial Statements, see ''*Summary Historical and Pro Forma Combined Financial Information and Operating Data*.''

Results of operations of Vue for the 18 weeks ended April 4, 2013 and March 29, 2012

Turnover

The following table sets forth our turnover from existing business and acquired entities and certain operational data for the 18 weeks ended April 4, 2013 and March 29, 2012:

	As at and for the 18-week periods ended	
	April 4, 2013	March 29, 2012
	(£ in thousands)	
Turnover from continuing operations		
Turnover from existing operations	107,169	93,222
Turnover from CinemaxX	72,984	—
Turnover from Apollo	6,326	—
Total turnover	**186,479**	**93,222**
Operational data		
Average ticket price[1] (£)	6.54	5.55
Total admissions[2] (in millions)	19.6	12.0
Total concession spend per person[3] (£)	2.06	1.74
Total revenue per person[4] (£)	9.53	7.76
Number of cinemas[5]	116	71
Number of screens[5]	1,075	699

(1) Calculated as total box office revenue in the period (net of VAT), divided by total admissions in the period.

(2) Includes paid and unpaid admissions in the period.

(3) Calculated as total concession revenue for the period (net of VAT), divided by total admissions in the period.

(4) Calculated as total revenue for the period (net of VAT), divided by total admissions in the period.

(5) Presented as the number at period end.

Turnover increased by £93.3 million, or 100.0%, to £186.5 million in the 18 weeks ended April 4, 2013 from £93.2 million in the 18 weeks ended March 29, 2012. This increase was due primarily to the acquisition of CinemaxX in August 2012, as well as the acquisition of Apollo in May 2012. CinemaxX has a higher average ticket price, a higher total concession spend per person, and a higher total revenue per person; consequently, the acquisition of CinemaxX resulted in an increase of these within the Group.

Excluding the contributions from CinemaxX and Apollo, turnover in our existing business increased by £13.9 million, or 15.0%, to £107.2 million in the 18 weeks ended April 4 2013, principally due to an increase in average ticket prices for the existing business as a result of increased 3D attendance and the impact of our strategic pricing initiatives. Total admissions and average ticket prices also increased as a result of strong performing films such as *Skyfall*, *The Hobbit* and *Les Miserables*. Of these, *The Hobbit* was shown in 3D.

Concession revenues in our existing business also increased as a result of higher total admissions and increased concession spend per person.

Advertising revenue in our existing business also increased, as a result of the continuing impact of *Skyfall* and the release of *Twilight* in December 2012, both of which prompted advertisers to increase their spend.

Other income increased primarily as a result of card handling fees from advanced bookings for blockbuster films noted above, as well as income from large format posters, from May 2012, and from an increase in revenue from corporate conferencing events.

Segment analysis for the 18 week periods ended April 4, 2013 and March 29, 2012

The following table sets forth turnover for our United Kingdom, Continental Europe and other markets segments in the 18 weeks ended April 4, 2013 and March 29, 2012:

	As at and for the 18 week periods ended	
	April 4, 2013	March 29, 2012
	(£ in thousands)	
Turnover from continuing operations		
Turnover from existing operations	100,813	86,909
Turnover from Apollo	6,326	—
Total U.K. turnover	**107,139**	**86,909**
Turnover from existing operations	3,689	4,086
Turnover from CinemaxX	72,984	—
Total Continental Europe turnover	**76,673**	**4,086**
Other markets turnover	2,667	2,227

United Kingdom turnover increased by £20.2 million, or 23.3%, to £107.1 million in the 18 weeks ended April 4, 2013 from £86.9 million in the 18 weeks ended March 29, 2012. This increase reflected, in part, the acquisition of Apollo in May 2012. Excluding turnover from Apollo, U.K. turnover in the existing business increased by £13.9 million, or 16.0%, to £100.8 million in the 18 weeks ended April 4, 2013 from £86.9 million in the 18 weeks ended March 29, 2012, principally due to increased box office revenue from higher admissions generated from strong performing films including *Les Miserables* and *The Hobbit*, and an increase in average ticket price, as noted above, as compared to the prior period.

Continental Europe turnover increased by £72.6 million to £76.7 million in the 18 weeks ended April 4, 2013 from £4.1 million in the 18 weeks ended March 29, 2012. This increase was due entirely to the acquisition of CinemaxX in August 2012. Excluding turnover from CinemaxX, Continental Europe turnover in the existing business decreased by £0.4 million, or 9.7%, to £3.7 million in the 18 weeks ended April 4, 2013 from £4.1 million in the 18 weeks ended March 29, 2012, principally due to lower admissions in Ireland as a result of a new competitor in Ireland. This was partially offset by an increase in average ticket prices in Ireland and Portugal.

Turnover from other geographical markets increased by £0.4 million, or 19.8%, to £2.7 million in the 18 weeks ended April 4, 2013 from £2.2 million in the 18 weeks ended March 29, 2012, due to an increase in both admissions and average ticket price in Taiwan.

Cost of Sales

The following table sets forth our cost of sales in the 18 weeks ended April 4, 2013 and March 29, 2012:

	As at and for the 18 week periods ended	
	April 4, 2013	March 29, 2012
	(£ in thousands)	
Cost of sales from continuing operations		
Cost of sales from existing operations	(38,788)	(32,500)
Cost of sales from the Acquired Businesses	(30,496)	—
Total cost of sales	**(69,284)**	**(32,500)**

Cost of sales increased by £36.8 million, or 113.2%, to £69.3 million in the 18 weeks ended April 4, 2013 from £32.5 million in the 18 weeks ended March 29, 2012. This increase was primarily due to additional cost of sales from the acquisitions of CinemaxX in August 2012 and Apollo in May 2012, which diluted our gross profit margin. Excluding the cost of sales from CinemaxX and Apollo, cost of sales in our existing business increased by £6.3 million, or 19.3%, to £38.8 million in the 18 weeks ended April 4, 2013, principally due to higher film rental costs, driven by higher total admissions and increased box office revenue. The increase in other costs related to various elements of other income, primarily card handling fees from an increased number of advanced bookings.

Administrative expenses

The following table sets forth our administrative expenses in the 18 weeks ended April 4, 2013 and March 29, 2012:

	As at and for the 18 week periods ended	
	April 4, 2013	**March 29, 2012**
	(£ in thousands)	
Administrative expenses from continuing operations		
Administrative expenses from existing operations	(65,389)	(61,111)
Administrative expenses from the Acquired Businesses	(37,079)	—
Total administrative expenses	**(102,468)**	**(61,111)**

Administrative expenses increased by £41.4 million, or 67.7%, to £102.5 million in the 18 weeks ended April 4, 2013 from £61.1 million in the 18 weeks ended March 29, 2012. This increase was primarily due to the acquisition of CinemaxX in August 2012 and Apollo in May 2012. Excluding the administrative expenses from CinemaxX and Apollo, administrative expenses in our existing business increased by £4.3 million, or 7.0%, to £65.4 million in the 18 weeks ended April 4, 2013, principally due to higher rent resulting from certain rent payments being tied to box office revenue, which generally improved in the 18 weeks ended April 4, 2013, and non-recurring costs in the form of refinancing fees for the refinancing of our bank loans in December 2012, and an increase in our onerous lease provision as a result of the impact of the refinancing on the weighted cost of capital used to calculate that provision.

Interest Payable and Similar Charges

Interest payable and similar charges increased by £6.1 million, or 33.6%, to £24.4 million in the 18 weeks ended April 4, 2013 from £18.2 million in the 18 weeks ended March 29, 2012. This increase in interest payable and similar charges was due primarily to the additional debt incurred relating to the acquisitions of CinemaxX and Apollo plus interest payable on the existing shareholder loans.

Tax charge

Tax charge on ordinary activities increased by £4.7 million to £3.3 million in the 18 weeks ended April 4, 2013 from a tax credit of £1.4 million in the 18 weeks ended March 29, 2012. This increase in tax charge on ordinary activities was primarily the result of stronger trading results in the 18 weeks ended April 4, 2013, in addition to the impact on the Group's results of the higher effective tax rate on profits from German operations.

Results of operations of Vue for the 53 weeks ended November 29, 2012 and the 49 trading weeks ended November 24, 2011

Turnover

The following table sets forth our turnover from existing business and acquired entities and certain operational data for the 53 weeks ended November 29, 2012 and 49 trading weeks ended November 24, 2011:

	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011[1]
	(£ in thousands, unless otherwise indicated)	
Turnover from continuing operations		
Turnover from existing operations	309,684	281,088
Turnover from CinemaxX	59,423[2]	—
Turnover from Apollo	11,573[3]	—
Total turnover	**380,680**	**281,088**
Operational data[4]		
Average ticket price[5] (£)	5.89	5.49
Total admissions[6] (in millions)	45.0	36.1
Total concession spend per person[7] (£)	1.93	1.81
Total revenue per person[8] (£)	8.47	7.78
Number of Cinemas[9]	119	71
Number of Screens[9]	1096	699

(1) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

(2) Reflects turnover from the date of acquisition, which was August 7, 2012.

(3) Reflects turnover from the date of acquisition, which was May 10, 2012.

(4) Reflects data from the Acquired Businesses from the date of acquisition.

(5) Calculated as total box office revenue in the period (net of VAT), divided by total admissions in the period.

(6) Includes paid and unpaid admissions in the period.

(7) Calculated as total concession revenue for the period (net of VAT), divided by total admissions in the period.

(8) Calculated as total revenue for the period (net of VAT), divided by total admissions in the period.

(9) Presented as the number at period end.

Turnover increased by £99.6 million, or 35.4%, to £380.7 million in the 53 weeks ended November 29, 2012 from £281.1 million in the 49 trading weeks ended November 24, 2011. This increase was due primarily to additional turnover from the acquisitions of CinemaxX in August 2012 and Apollo in May 2012. The acquisition of CinemaxX resulted in increases to our average ticket price, total concession spend per person, and total revenue per person, as CinemaxX benefits from higher average prices than our existing business.

Excluding the contributions from CinemaxX and Apollo, turnover in our existing business increased by £28.6 million, or 10.2%, to £309.7 million in the 53 weeks ended November 29, 2012, principally due to an increase in box office revenue. This increase in box office revenue in our existing business primarily reflects attendance from a full 53 weeks of trading in the 53 weeks ended November 29, 2012, compared to only 49 weeks of trading in the 56 weeks ended November 24, 2011 and the impact of opening Stratford in September 2011, which increased our screens by 17 and contributed an entire year of turnover in the 53 weeks ended November 29, 2012. Box office revenue in our existing business also grew due to strong average ticket price growth resulting from our strategic pricing initiatives and customary price increases, and favorable movement from a reduced proportion of discount tickets. The increase in box revenue was partially offset by weaker summer admissions in 2012 as a result of an underperforming summer film slate (films such as *John Carter* and *Battleship* performed poorly) and lower demand during the London 2012 Olympics and Paralympics and the 2012 European football championship.

Concession revenues in our existing business also increased in the 53 weeks ended November 29, 2012, from a slight increase in total concession spend per person and the increase from 49 to 53 weeks of trading.

Advertising revenue in our existing business also increased in the 53 weeks ended November 29, 2012, due to the combined impact of Digital Cinema Media's (''DCM'') conversion to digital operations and the impact of *Skyfall*, which attracted significant advertising revenues, as well as the increase from 49 to 53 weeks of trading.

Segment analysis for the 53 weeks ended November 29, 2012 and the 49 trading weeks ended November 24, 2011

The following table sets forth turnover for our United Kingdom, Continental Europe and other markets segments in the 53 weeks ended November 29, 2012 and the 49 trading weeks ended November 24, 2011:

	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011(1)
	(£ in thousands)	
Turnover from continuing operations		
Turnover from existing operations	291,661	259,940
Turnover from Apollo	11,573	—
Total U.K. turnover	**303,234**	**259,940**
Turnover from existing operations	11,310	14,251
Turnover from CinemaxX	59,423	—
Total Continental Europe turnover	**70,733**	**14,251**
Other markets turnover	6,713	6,897

(1) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

United Kingdom turnover increased by £43.3 million, or 16.7%, to £303.2 million in the 53 weeks ended November 29, 2012 from £259.9 million in the 49 trading weeks ended November 24, 2011. This increase was due partially to the additional turnover generated as a result of the acquisition of Apollo in May 2012. Excluding turnover from Apollo from May 10, 2012, U.K. turnover in the existing business increased by £31.7 million, or 12.2%, to £291.7 million in the 53 weeks ended November 29, 2012 from £259.9 million in the 49 trading weeks ended November 24, 2011, principally due to the reasons provided above.

Continental Europe turnover increased by £56.5 million to £70.7 million in the 53 weeks ended November 29, 2012 from £14.3 million in the 49 trading weeks ended November 24, 2011. This increase was due primarily to the acquisition of CinemaxX in August 2012. Excluding turnover from CinemaxX from August 7, 2012, Continental Europe turnover in the existing business, decreased by £2.9 million, or 20.6%, to £11.3 million in the 53 weeks ended November 29, 2012 from £14.3 million in the 49 trading weeks ended November 24, 2011.

Turnover from other geographical markets decreased by £0.2 million, or 2.7%, to £6.7 million in the 53 weeks ended November 29, 2012 from £6.9 million in the 49 trading weeks ended November 24, 2011.

Cost of Sales

The following table sets forth our cost of sales in the 53 weeks ended November 29, 2012 and the 49 trading weeks ended November 24, 2011:

	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011[(1)]
	(£ in thousands)	
Cost of sales from continuing operations		
Cost of sales from existing operations	(112,859)	(99,874)
Cost of sales from the Acquired Businesses	(28,306)	—
Total cost of sales	**(141,165)**	**(99,874)**

(1) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

Cost of sales increased by £41.3 million, or 41.3%, to £141.2 million in the 53 weeks ended November 29, 2012 from £99.9 million in the 49 trading weeks ended November 24, 2011. This increase was due primarily to the increase in turnover from the Acquired Businesses, and these Acquired Businesses also incur a higher cost of sales as a percentage of turnover than the existing business. Excluding the impact of the Acquired Businesses, cost of sales in our existing business increased as a result of organic growth in box office revenue due to the performance of certain films, such as *Skyfall*, which commanded a relatively high film rental cost, and higher 3D licensing fees resulting from increasing the number of 3D screens.

Concession cost of goods sold also increased, as a result of higher concession sales. Another contributing factor to the increased cost of sales was the increase in the period from 49 to 53 trading weeks.

Administrative Expenses

The following table sets forth our administrative expenses in the 53 weeks ended November 29, 2012 and the 49 trading weeks ended November 24, 2011:

	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011[(1)]
	(£ in thousands)	
Administrative expenses from continuing operations		
Administrative expenses from existing operations	(183,824)	(166,385)
Administrative expenses from the Acquired Businesses	(37,797)	—
Total administrative expenses	**(221,621)**	**(166,385)**

(1) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

Administrative expenses increased by £55.2 million, or 33.2%, to £221.6 million in the 53 weeks ended November 29, 2012 from £166.4 million in the 49 trading weeks ended November 24, 2011. This increase was due primarily to higher rentals under operating leases on cinema sites of £67.8 million, as compared to £49.2 million in the 49 trading weeks ended November 24, 2011, principally due to rental costs of the Acquired Businesses.

Excluding the impact of the Acquired Businesses, administrative expenses in our existing business increased principally due to the increase in this period from 49 to 53 trading weeks. Also contributing to the increase in administrative expenses in our existing business was a higher level of depreciation on tangible fixed assets, principally relating to the larger network of cinemas and to upgrades at Vue's U.K. cinemas. Depreciation increased to £30.2 million as compared to £24.9 million in the 49 trading weeks ended November 24, 2011. In addition, the 53 weeks ended November 29, 2012 included a full year of property rental expense and operating costs for Westfield Stratford, which opened in September 2011.

Staff costs increased by £11.9 million, or 33.1%, to £48.1 million in the 53 weeks ended November 29, 2012 from £36.2 million in the 49 trading weeks ended November 24, 2011. The average number of employees rose to 3,940 during the 53 weeks ended November 29, 2012 as compared to 3,267 during the 49 trading weeks ended November 24, 2011 as a result of the Apollo and CinemaxX acquisitions and opening Westfield Stratford. The increase in this period from 49 to 53 trading weeks also contributed to the increase in staff costs. These increases were partly mitigated by staffing efficiencies enabled by the digital screen roll-out in our existing business, which resulted in a decline in staff costs per admission as digital screens do not require projectionists.

Interest Payable and Similar Charges

Interest payable and similar charges increased by £10.7 million, or 23.2%, to £56.8 million in the 53 weeks ended November 29, 2012 from £46.1 million in the 49 trading weeks ended November 24, 2011. This increase was due primarily to the additional debt relating to the acquisitions of CinemaxX and Apollo plus interest payable on the existing shareholder loans, as well as the increase in the period from 49 to 53 trading weeks.

Tax charge

Tax charge on loss on ordinary activities remained stable at £2.6 million in the 53 weeks ended November 29, 2012 from £2.6 million in the 49 trading weeks ended November 24, 2011. An explanation of these changes may be found in note 9 of our audited consolidated financial statements for the 53 week period ended November 29, 2012.

Results of Operations of Vue for the 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010

Turnover

The following table sets forth our turnover from existing business and certain operational data for the 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010:

	As at and for the	
	49 week trading period ended November 24, 2011[(1)]	52 week period ended November 25, 2010
Turnover (£'000)	**281,088**	**308,415**
Operational data		
Average ticket price[(2)] (£)	5.49	5.38
Total admissions[(3)] (in millions)	36.1	38.7
Total concession spend per person[(4)] (£)	1.81	1.88
Total revenue per person[(5)] (£)	7.78	7.97
Number of Cinemas[(6)]	71	70
Number of screens[(6)]	699	679

(1) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

(2) Calculated as total box office revenue in the period (net of VAT), divided by total admissions in the period.

(3) Includes paid and unpaid admissions in the period.

(4) Calculated as total concession revenue for the period (net of VAT), divided by total admissions in the period.

(5) Calculated as total revenue for the period (net of VAT), divided by total admissions in the period.

(6) Presented as the number at period end.

Turnover decreased by £27.3 million, or 8.9%, to £281.1 million in the 49 trading weeks ended November 24, 2011 from £308.4 million in the 52 weeks ended November 25, 2010. This decrease was due primarily to a reduction in concession and screen advertising revenue in the U.K., in the context of relatively stable box office revenue.

Box office revenue remained relatively stable between periods. The 49 trading weeks ended November 24, 2011 was characterized by a favorable slate of successful films releases, including 3D releases such as *Harry Potter and the Deathly Hallows—Part 2* and *Pirates of the Caribbean: On Stranger Tides*, and popular British films such as *The Inbetweeners* and *The King's Speech*. Additionally, average ticket prices increased slightly during the period, reflecting customary ticket price increases. Ticket price increases and the benefits from the favorable film slate were largely offset by unusual weather patterns in the United Kingdom. Admissions in the trading months of December and April were impacted by severe snowfalls and unseasonably warm weather, respectively. Rioting in the United Kingdom in 2011 also had a negative impact on admissions, particularly in London, where we have a significant presence. Year-on-year performance was also impacted by having only 49 trading weeks in this period, as opposed to 52 trading weeks ended November 25, 2010, and by 2010 being a strong comparable period due to a high proportion of 3D films including *Avatar*, *Alice in Wonderland* and *Toy Story 3*.

Concession revenues decreased in the 49 trading weeks ended November 24, 2011, driven by the presence of only 49 trading weeks, a reduction in overall admissions and a reduction in concession spend per person. The reduction in concession spend per person was due, in part, to an increased proportion of discount customers who, we believe, typically spend less on concessions (such as ''Kids AM'' and ''Orange Wednesday'' customers).

Screen advertising revenue was subject to a significant decrease in the 49 trading weeks ended November 24, 2011, due to the presence of only 49 trading weeks and the expiration of the favorable contract with our previous U.K. advertising supplier, Pearl & Dean, which included a minimum guarantee payments that provided protection against a declining on-screen advertising market. On January 1, 2011, we changed our U.K. contract supplier to DCM, operating under a revenue share arrangement with no minimum guarantee.

Segment analysis for the 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010

The following table sets forth turnover for our United Kingdom, Continental Europe and other markets segments in the 49 trading weeks ended November 24, 2011 and 52 weeks ended November 25, 2010:

	49 week trading period ended November 24, 2011(1)	52 week period ended November 25, 2010
	(£ in thousands)	
United Kingdom turnover	259,940	289,062
Continental Europe turnover	14,251	14,598
Other markets turnover	6,897	4,755

(1) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

United Kingdom turnover decreased by £29.1 million, or 10.1%, to £259.9 million in the 49 trading weeks ended November 24, 2011 from £289.1 million in the 52 weeks ended November 25, 2010, principally due to the reasons provided above.

Continental Europe turnover decreased by £0.3 million, or 2.4%, to £14.3 million in the 49 trading weeks ended November 24, 2011 from £14.6 million in the 52 weeks ended November 25, 2010. In Continental Europe, admissions decreased, primarily due to increased competition in 3D as competitors rolled out digital technology, reducing the advantage we had accrued by introducing such offerings in 2010. Average ticket prices increased, as we raised 2D pricing to close the gap in the premium paid for 3D tickets.

Turnover from other geographical markets increased by £2.1 million, or 45.0%, to £6.9 million in the 49 trading weeks ended November 24, 2011 from £4.8 million in the 52 weeks ended November 25, 2010, primarily due to significant growth in admissions in Taiwan.

Cost of Sales

Cost of sales decreased by £7.5 million, or 7.0%, to £99.9 million in the 49 trading weeks ended November 24, 2011 from £107.4 million in the 52 weeks ended November 25, 2010. This decrease was due primarily to lower film rental and concession costs, which were themselves the result of lower U.K. admissions and concession sales. The presence of only 49 trading weeks in the period, as compared to 52 weeks in the prior period, also contributed to the decrease in cost of sales.

Administrative Expenses

Administrative expenses decreased by £2.7 million, or 1.6%, to £166.4 million in the 49 trading weeks ended November 24, 2011 from £169.1 million in the 52 weeks ended November 25, 2010, primarily due to lower levels of depreciation on owned assets and leasehold properties and lower rentals under operating leases on land and buildings. This decrease was partly offset by amortization of goodwill relating to the acquisition of Vue Entertainment Investment Limited (£13.4 million charged for the period, of £289.4 million over an estimated economic life of 20 years).

Staff costs decreased by £3.7 million, or 9.2%, to £36.2 million in the 49 trading weeks ended November 24, 2011 from £39.9 million in the 52 weeks ended November 25, 2010 despite a slight increase in the average number of employees to 3,267 during the 49 trading weeks ended November 24, 2011 as compared to 3,234 for the 52 weeks ended November 25, 2010. This decrease on staff costs was due in part to headcount reductions resulting from our digitalization program, as the digital screen roll-out commenced during the 49 trading weeks ended November 24, 2011. The presence of only 49 trading weeks in the period, as compared to 52 weeks in the prior period, also contributed to the decrease in administrative expenses.

Interest Payable and Similar Charges

Interest payable and similar charges increased by £1.5 million, or 3.3%, to an expense of £46.1 million in the 49 trading weeks ended November 24, 2011 from an expense of £44.6 million in the 52 weeks ended November 25, 2010. This increase in interest payable and similar charges was due to debt arising from the Doughty Hanson acquisition in December 2010, including the write-off of the residual amount of unamortized, capitalized issue costs relating to our previous financing structure.

Tax Charge

Tax charge on loss on ordinary activities decreased by £0.8 million, or 24.1%, to £2.6 million in the 49 trading weeks ended November 24, 2011 from £3.5 million in the 52 weeks ended November 25, 2010 due to the reduction in operating profit, the shorter trading period, and a reduction in the corporation tax rates.

Our effective income tax rate for the 49 trading weeks ended November 24, 2011 was 26.67%, compared to 28.0% in the 52 weeks ended November 25, 2010.

Liquidity and Capital Resources

Overview

Historically, our principal sources of liquidity have been cash flows from operating activities, which include revenues generated through box office admissions, concessions sales and screen advertising, sometimes supplemented by use of borrowings under the Existing Bank Facility and our existing working capital facility. Our principal uses of cash are acquisitions, working capital, operating expenses such as property rent and staff costs, cinema improvements and other capital expenditures and debt servicing costs.

Following the Transactions and the application of the proceeds therefrom, the Issuer's debt service obligations will consist primarily of interest payments on the Notes and principal and interest payments on the amounts drawn under the Revolving Credit Facility. We believe that the Issuer's available cash balances, combined with the Issuer's cash flows from operating activities and borrowing capacity under the Revolving Credit Facility, will be sufficient to meet its expected general liquidity needs and debt service obligations for the next 12 months. However, the Issuer will be highly leveraged and have significant debt service obligations, and we cannot provide assurance that the Issuer's business will generate sufficient cash flows from operations to meet its liquidity needs, including making payments in the Notes or on other debt when due.

The Issuer's ability to generate cash from operations will depend on its future operating performance, which is in turn dependent on various factors, including but not limited to those described under

''—*Principal factors affecting results of operations and financial performance*,'' many of which are beyond the Issuer's control. Furthermore, the Issuer's liquidity will also be affected by the quantity, quality and timing of film releases. For example, film distributors generally release the films which they anticipate will be the most successful during the summer and Christmas holiday seasons. Consequently, we have typically generated higher revenues during such periods. Furthermore, if the Issuer's cash flow from operating activities is lower than expected, or the Issuer's capital expenditure requirements exceed our projections, the Issuer may be required to seek additional financing, which may not be available on commercially reasonable terms, if at all. The Issuer's ability to arrange financing generally and its cost of capital will depend on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions and capital markets, restrictions in the instruments governing the Issuer's debt and its general financial performance. See ''*Risk Factors—Risks Relating to Our Financial Profile—Our substantial leverage and debt service obligations could adversely affect our business and prevent us from fulfilling our obligations with respect to the Notes*'' and ''*—Risks Relating to Our Financial Profile—We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate sufficient cash depends on many factors beyond our control, and we may be forced to take other actions to satisfy our debt obligations, which may not always be successful*.''

We maintain cash and cash equivalents to fund the day-to-day requirements of our business. We hold cash primarily in pounds sterling and euro. As at April 4, 2013, we had £54.2 million in net cash in hand and at bank. This total includes the Restricted Cash in CinemaxX, which due to the timing of certain legal procedures relating to the Squeeze Out and the German Company Conversion is currently restricted. Accordingly, at the Vue Acquisition Completion Date, Midco will lend to the Issuer pursuant to the Bridge Loan Agreement an amount £34.1 million equal to the Restricted Cash. See ''*Certain Relationships and Related Party Transactions—Bridge Loan Notes*'' and ''*The Transactions—The Financing*.'' As at April 4, 2013 we also had £4.0 million of cash in CinemaxX, held as security for various property lease obligations.

Outstanding Indebtedness

As at April 4, 2013, total amounts outstanding under our Existing Bank Facility and our existing working capital facility and other third party loans was £385.8 million (net of capitalized issue costs), plus accrued interest of £2.1 million. In addition we had amounts due to our shareholders in respect of preference shares, loan notes and bridge loans amounting to £312.5 million in aggregate, including accrued interest of £66.5 million. As a result of the Transactions, substantially all of our indebtedness will be repaid. See ''*Capitalization*,'' ''*The Transactions*'' and ''*Use of Proceeds*.''

Following the completion of the Transactions, the Issuer will be highly leveraged and have significant debt service obligations. As at April 4, 2013 on a pro forma basis for the Transactions, the Issuer would have had approximately £558.4 million of third party borrowings (exclusive of capitalized debt issuance costs and OID), of which approximately £550.7 million would have been represented by the Notes. In addition on a pro forma basis, the Issuer would have £467.1 million of loans, specifically the Issuer Loan and Bridge Loan. See ''*Certain Relationships and Related Party Transactions—Issuer Loan*'' and ''*Certain Relationships and Related Party Transactions—Bridge Loan*.'' As at April 4, 2013 on a pro forma basis for the Transactions, the Issuer would have had £39.8 million in cash and cash equivalents on hand including the Restricted Cash as described above.

We anticipate that the Issuer's high leverage will continue for the foreseeable future. Following the transactions, we expect that the Issuer's principal sources of liquidity will be cash flow from operations, cash at bank and the Revolving Credit Facility. For further information regarding liquidity arrangements, please refer to the section entitled ''*Description of certain financing arrangements*.''

Cash Flow Summary

The following table summarizes the principal components of our consolidated cash flows for the periods presented:

	18 week period ended April 4, 2013	18 week period ended March 29, 2012(1)	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011(1)(2)	52 week period ended November 25, 2010(1)
	(unaudited)				
			(£ in thousands)		
Net cash inflow from operating activities	9,158	2,112	62,040	30,731	68,441
Net cash inflow from returns on investments and servicing of finance	(7,982)	(9,865)	(24,020)	(11,111)	(22,458)
Taxation paid / received	649	(82)	(1,538)	366	(1,109)
Net Cash outflow for capital expenditure and other financial investments	(11,523)	(3,568)	(139,292)	(465,826)	(15,951)
Net cash inflow/(outflow) from financing activities	(259)	(4,315)	146,740	463,843	(28,013)
Increase/(Decrease) in cash	**(9,957)**	**(15,718)**	**43,930**	**18,003**	**910**

(1) The data for the 18 weeks ended March 29, 2012, 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010 do not include any amounts related to Apollo or CinemaxX.

(2) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

Net cash inflow from operating activities

Net cash inflow from operating activities consists of profit before interest and tax, as adjusted for changes in working capital and non-cash items such as depreciation and amortization.

Net cash inflow from operating activities increased by £7.0 million to £9.2 million in the 18 weeks ended April 4, 2013 from £2.1 million in the 18 weeks ended March 29, 2012, mainly due to improved trading performance from the existing business in the United Kingdom, as well as the impact of the Acquired Businesses. Performance was partially offset by adverse working capital movement from payments made to trade creditors and related trade accrual movements, particularly in relation to film rental liabilities relating to *Skyfall*, which were accrued as at 29 November 2012 and paid in the following period.

Net cash inflow from operating activities increased by £31.3 million, or 101.9%, to £62.0 million in the 53 weeks ended November 29, 2012 from £30.7 million in the 49 trading weeks ended November 24, 2011. Film rental suppliers are paid after the film is shown which means that working capital will fluctuate with the quality of the film slate. The strong performance of Skyfall referred to above resulted in higher levels of accrued film rental liabilities at 29 November 2012 compared with the liabilities relating to films shown in November 2011. As a consequence net cash flows from operating activities increased primarily as the result of the acquisition of the Acquired Businesses, as well as the improved working capital movement on trade creditors within our existing business, and due to the presence of a full 53 weeks of trading in the 53 weeks ended November 29, 2012, compared to only 49 weeks of trading in the 49 trading weeks ended November 24, 2011.

Net cash inflow from operating activities decreased by £37.7 million, or 55.1%, to £30.7 million in the 49 trading weeks ended November 24, 2011 from £68.4 million in the 52 weeks ended November 25, 2010. This decrease was primarily the result of the payment of creditors relating to both the payment of fees following the acquisition of the group by Doughty Hanson in December 2010 and the payment of film rental liabilities in 2011 following the strong film slate in November 2010, which included *Harry Potter and the Deathly Hallows: Part 1*. Also contributing to the decrease was the presence of only 49 weeks of trading in the 49 trading weeks ended November 24, 2011, as compared to a full 52 weeks of trading in the 52 weeks ended November 25, 2010.

Net cash outflow from returns on investments and servicing of finance

Net cash outflow from returns on investments and servicing of finance consists of cash interest paid on our indebtedness, net of cash interest received on our cash and cash equivalents. Under our existing financing facilities we can pay interest either monthly, quarterly or half-yearly. Therefore, the amount of interest paid in any period depends on our choice of interest roll-up period.

Net cash outflow from returns on investments and servicing of finance decreased by £1.9 million to an outflow of £8.0 million in the 18 weeks ended April 4, 2013 from an outflow of £9.9 million in the 18 weeks ended March 29, 2012, primarily due to a seven-month interest payment falling due in the 18 weeks ended March 29, 2012 compared to a three-month interest payment in the 18 weeks ended April 4, 2013. The decrease was partly offset by the higher interest and a syndicate waiver fee resulting from new financing facilities relating to the acquisition of Apollo and CinemaxX in the 18 weeks ended April 4, 2013.

Net cash outflow from returns on investments and servicing of finance increased by £12.9 million, or 116.2%, to an outflow of £24.0 million in the 53 weeks ended November 29, 2012 compared to an outflow of £11.1 million in the 49 trading weeks ended November 24, 2011. This increase was due to timing of interest payments, as described above.

Net cash outflow from returns on investments and servicing of finance decreased by £11.3 million, or 50.5%, to an outflow of £11.1 million in the 49 trading weeks ended November 24, 2011 compared to an outflow of £22.5 million in the 52 weeks ended November 25, 2010. This decrease was primarily due to the timing of interest payments in the first year after the Doughty Hanson acquisition, offset by the termination of previous swap arrangements in November 2010.

Net cash outflow for capital expenditure and other financial investments

Net cash outflow for capital expenditure and other financial investments consists of investments in subsidiaries, investments and disposals in property, plant and equipment and fixtures, disposals of real estate and other changes and disposals. See ''—*Capital Expenditures*'' below.

Net cash outflow for capital expenditure and other financial investments increased by £8.0 million to an outflow of £11.5 million in the 18 weeks ended April 4, 2013 from an outflow of £3.6 million in the 18 weeks ended March 29, 2012 due primarily to the acquisition of a further 2.3% interest in the share capital of CinemaxX.

Net cash outflow for capital expenditure and other financial investments decreased by £326.5 million, or 70.1%, to an outflow of £139.3 million in the 53 weeks ended November 29, 2012 compared to an outflow of £465.8 million in the 49 trading weeks ended November 24, 2011. This decrease was primarily the result of lower levels of investment in subsidiaries, following the December 2010 acquisition of Vue Entertainment Investment Limited.

Net cash outflow for capital expenditure and other financial investments increased by £449.9 million to an outflow of £465.8 million in the 49 trading weeks ended November 24, 2011 compared to an outflow of £16.0 million in the 52 weeks ended November 25, 2010. This increase was primarily the result of the December 2010 acquisition of Vue Entertainment Investment Limited.

Net cash inflow to/(outflow from) financing activities

Net cash inflow/(outflow) from financing activities mainly consists of proceeds from borrowings, repayments from borrowings and settlement of derivatives, share repurchases and the issue of shares.

Net cash outflow from financing activities decreased by £4.1 million to £0.3 million in the 18 weeks ended April 4, 2013 from £4.3 million in the 18 weeks ended March 29, 2012 primarily due to the repayment of £4.7 million of loan notes in the 18 weeks ended March 29, 2012.

Net cash inflow from financing activities decreased by £317.1 million, or 68.4%, to an inflow of £146.7 million in the 53 weeks ended November 29, 2012 compared to an inflow of £463.8 million in the 49 trading weeks ended November 24, 2011. This decrease in inflow was primarily the result of new bank loan facilities and loan notes taken out in the 49 trading weeks ended November 24, 2011, partly offset by shareholder loans taken out to fund the purchase of the Acquired Businesses in the 53 weeks ended November 29, 2012.

Net cash inflow from financing activities was £463.8 million in the 49 trading weeks ended November 24, 2011 compared to an outflow of £28.0 million in the 52 weeks ended November 25, 2010. This change was primarily due to bank loan borrowings and the issue of loan notes in connection with the acquisition of Vue Entertainment Investment Limited during the 56 weeks ended November 24, 2011.

Working Capital

Our working capital requirements largely arise from the seasonality of our business. The majority of our customers are members of the public visiting cinema sites, from whom cash is generally collected either on the day of their visit, or shortly thereafter through credit card settlements. Our short-term payables primarily relate to payments to film distributors, landlords for property rents, suppliers of concessions products, fixed asset suppliers and VAT. Our property rents in the United Kingdom are typically paid quarterly. Our short-term receivables include advertising income and are generally lower than our short-term payables. Our working capital is therefore generally a net creditor position.

We have historically funded our peak working capital requirements through available cash balances, funds generated from our operations, sometimes supplemented by use of borrowings under the Existing Bank Facility, and our working capital facility for short-term payables and quarterly rental payments. During our high-volume periods, our business is highly cash-generative as our group revenue is primarily driven by admissions. Depending on the timing of the Vue Acquisition Completion Date, the Issuer may draw on the Revolving Credit Facility up to approximately £15.0 million for working capital purposes and may continue to utilize the Revolving Credit Facility going forward.

Capital Expenditures

We invest our capital in order to maintain and strengthen our competitive position. Capital expenditures include:

- maintenance capital expenditures—capital expenditures for refurbishment work, including refreshing sites, installing new toilets, re-laying carpets and painting;
- revenue enhancing capital expenditures—capital expenditures undertaken to increase admissions, generate incremental revenues, and achieve cost savings; and
- development capital expenditures—capital expenditures on internal site development net of landlord contributions.

The following table shows our historical capital expenditures for the periods presented.

	53 week period ended November 29, 2012	49 week trading period ended November 24, 2011[(1)(2)]	52 week period ended November 25, 2010[(1)]
		(£ in thousands)	
U.K. capital expenditure[(3)]	18,156	16,219	15,951
CinemaxX capital expenditure	4,852	—	—
Total capital expenditures[(4)]	**23,008**	**16,219**	**15,951**

(1) The data for the 49 trading weeks ended November 24, 2011 and the 52 weeks ended November 25, 2010 do not include any amounts related to Apollo or CinemaxX.

(2) Covers the 56 weeks from the date of incorporation of Vue Entertainment International Limited to November 24, 2011, but of which only 49 weeks included trading results.

(3) Includes capital expenditures for Ireland, Portugal and Taiwan, as well as Apollo from the date of acquisition.

(4) The capital expenditure figures presented do not include contributions from landlords of £1.3 million in the 53 weeks ended November 29, 2012, £8.2 million in the 49 trading weeks ended November 24, 2011 and £5.8 million in the 52 weeks ended November 25, 2010 relating to the maintenance and development of our sites, pursuant to contractual arrangements.

Our historical capital expenditure has related primarily to purchases of fixed assets, acquisition of assets used in cinemas, cinema refurbishment and other related costs.

In the periods under review, our historical capital expenditure (excluding maintenance capex) has related primarily to:

- the development of the four new Vue cinemas which were opened at Westfield London, Bury the Rock, Westfield Stratford and Halifax;
- the full digital conversion of our United Kingdom and Irish cinemas, which began in June 2011 and was completed in summer 2012;
- in Germany, initiatives to enhance certain cinemas; and

- initiatives to increase admissions, such as additional screens at the existing cinemas, and cost rationalization plans, such as energy-saving initiatives.

We expect total capital expenditures in 2013 and 2014 to be higher than in 2012 as a result of the full year effect of the acquisitions of Apollo, CinemaxX and Multikino, and increased new site development in these two years, although we expect the total will be less than £40 million per annum (net of landlord contributions, including the full-year effect of CinemaxX and Apollo and including Multikino). In 2012, total capital expenditures net of landlord contributions amounted to £21.7 million (excluding Multikino). In Germany, planned capital expenditures include those related to upgrading all CinemaxX cinemas to be fully digital by the end of July 2013. Across the Group, planned revenue-enhancing capital expenditures include additional VIP seating and additional screens. We believe that a significant portion of our capital expenditure investments are discretionary.

For further information, see ''*Risk Factors—Risks Relating to Our Business and the Industry—Acquiring or expanding existing cinemas may require additional financing, and we cannot be certain that we will be able to obtain new financing on favorable terms, or at all.*''

Contractual obligations and commercial commitments

The table below sets forth the Issuer's contractual obligations and commercial commitments as at April 4, 2013, pro forma for the Financing, that are expected to have an impact on the Issuer's liquidity and cash flow in future periods. The information presented in this table reflects management's estimates of the contractual payment streams of its current obligations as at April 4, 2013, pro forma for the Financing, which may differ significantly from the actual payments made under these obligations.

	Payments due by period				
	Less than 1 year	**1–4 years**	**5–7 years**	**More than 7 years**	**Total**
			(£ in thousands)		
Notes offered hereby(1)	—	—	550,663	—	550,663
Revolving Credit Facility(2)	—	—	—	—	—
Issuer Loan(3)	—	—	—	433,000	433,000
Bridge Loan(4)	34,100	—	—	—	34,100
FFA Loan(5)	264	532	—	—	796
Finance lease obligations(6)	53	16	—	—	69
Operating lease obligations(7)	330	3,384	84,672	—	88,386
Total	**34,747**	**3,932**	**635,335**	**433,000**	**1,107,014**

(1) Including principal payments in respect of the Notes offered hereby. See ''*Description of the Notes*.'' The aggregate principal amount of the Floating Rate Notes has been converted into pounds sterling at a rate of €1.15693 to £1.00 as at July 10, 2013.

(2) Represents the £50.0 million Revolving Credit Facility. Depending on the timing of the Vue Acquisition Completion Date, the Issuer may draw on the Revolving Credit Facility up to approximately £15.0 million for working capital purposes and may continue to utilize the Revolving Credit Facility going forward. See ''*Description of Certain Financing Arrangements—Revolving Credit Facility*.''

(3) Represents the loan of up to £433 million extended to the Issuer by Midco, pursuant to shareholder loan agreements between the Issuer and Midco, on or prior to the Vue Acquisition Completion Date. See ''*Certain Relationships and Related Party Transactions—Issuer Loan*.''

(4) Represents the loan of £34.1 million extended to the Issuer by Midco, pursuant to the Bridge Loan, the proceeds of which will have been advanced to Midco from Finco through an intercompany loan and/or share subscription. The proceeds that Finco will provide to Midco will have been advanced to Finco pursuant to the issuance of the Bridge Loan Notes. See ''*Certain Relationships and Related Party Transactions—Bridge Loan*.''

(5) Represents an interest free loan provided by the German Federal Film Board.

(6) Consists of payments under our finance leases; does not include payments under finance leases within Multikino.

(7) Consists of payments under our operating leases for various property and equipment and primarily represent minimum payments under cinema and office lease agreements; does not include payments under operating leases within Multikino.

The table does not include outstanding purchase contracts with product suppliers, payments due under arrangements relating to provisions of services, maintenance (including Information Technology), cleaning and utilities, contingent liabilities or local working capital facilities entered into in the ordinary course of business.

In the normal course of business, we make various commitments to purchase goods and services from specific suppliers, including commitments to contractors, service providers and suppliers related to our capital expenditure. As at April 4, 2013, we had contractually committed approximately £25.9 million to our capital expenditure programs.

Off Balance Sheet Obligations

As at April 4, 2013, we do not have any off-balance sheet arrangements other than operating leases of approximately £88.4 million, as disclosed in the notes to our Consolidated Financial Statements and summarized in ''—*Contractual Obligations and Commercial Commitments*.''

Group Cash Management

Cash management in the UK and Ireland is managed closely with monthly and weekly cash forecasts, predicting revenues and expenditures. Any surplus cash not required to service our working capital, debt or our capital expenditure program is invested in short-term UK money market or bank deposit accounts. Portugal and Taiwan manage their own cash balances, and the Group oversees their cash by sweeping cash back to the UK once they exceed limits set by the Group. CinemaxX also prepares cash forecasts to manage its requirements, but as at the date of this offering memorandum, the Group is not sweeping this cash back to the UK due to the presence of the Minority Interest.

Intercompany Funding

Whenever finance requirements become necessary within the Group, we attempt to address the necessary financing from internal sources before seeking outside financing. This intercompany funding is effected either through intercompany loans or equity injections, with the form of investment depending on the subsidiary's circumstances and country-specific company law. We have established intercompany loans between most of our U.K. and international operating businesses.

Qualitative and Quantitative Disclosure about Market and Operating Risk

We are exposed to various market and operating risks, including interest rate, credit, liquidity and foreign exchange rate risks associated with our underlying assets, liabilities, forecast transactions and firm commitments. Our overall financial risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial position and performance. Management is responsible for managing exposure to market risk that arises in connection with operations and financial activities, including interest rate, credit, liquidity and foreign exchange rate risks.

Furthermore, we are exposed to liquidity risks relating to credit risks and market risks or a weakening of business or financial market disturbances.

The following sections discuss our most significant exposures to market risk. The following discussions do not address other risks that we face in the normal course of business.

Interest Rate Risk

We manage our net exposure to interest rate risk through the proportion of fixed rate financial debt and variable rate financial debt in our total financial debt portfolio. To manage this mix, we may enter into interest rate swap agreements, in which we exchange periodic payments based on a notional amount and agreed upon fixed and variable interest rates and into forward contracts, in which we exchange fixed amounts of foreign currency and fixed amounts of euro.

Our financial liabilities issued at floating rates, including the Floating Rate Notes, will expose us to cash flow interest rate risk, while financial liabilities issued at fixed rates expose us to fair value interest rate risk. To manage the exposure to changes in interest rates and to lower the overall costs of financing, we will consider using interest rate swaps to exchange the interest rate exposure on a portion of the indebtedness from a floating interest rate to a fixed interest rate or from a fixed interest rate to a floating interest rate, as applicable. Such instruments may not cover our full exposure to interest rate risks. We will also consider hedging our obligations under the Revolving Credit Facility, as appropriate.

On March 10, 2011 we entered into two swaps with a notional value at November 29, 2012 of £181.0 million and €20.0 million. These swaps terminate on February 28, 2014. Under these swaps, we receive or pay interest depending on whether the variable rate (based in LIBOR and EURIBOR, respectively) is greater or less than the fixed rates of 2.31% and 2.56%, respectively. In total, at 29 November 29, 2012 these swaps covered 62% of our senior debt facilities.

On March 13, 2013 the Group entered into two swaps with a notional value of £35 million and €70 million. Under these swaps, the Group receives or pays interest depending on whether the variable rate (based in LIBOR and EURIBOR) is greater or less than the fixed of 0.535% and 0.385%, respectively. Both the swaps have a termination date of February 28, 2015. There has been no change in the terms or interest on the swaps previously in place, and disclosure can be found in the consolidated financial statements of the Company as at and for the 53-week period ended November 29, 2012.

Credit risk

Credit risk is the risk of financial loss arising from the counterparty's inability to repay or service debt in accordance with the contractual terms. Credit risk includes both the direct risk of default and the risk of a deterioration of creditworthiness, as well as concentration risks. Although we are generally in a net credit position and have limited operation credit risk (see ''—*Working Capital*'' above), we believe we have appropriate credit policies, procedures and authorization guidelines in place to manage and monitor credit risk.

Credit risk relating to cash and cash equivalents, derivative financial instruments and financial deposits and money market funds arises from the risk that the counterparty becomes insolvent and, accordingly, is unable to return the deposited funds or execute the obligations under the derivative transactions as a result of the insolvency. To mitigate this risk, wherever possible we conduct transactions and deposits funds with investment-grade rated financial institutions and monitor and limit the concentration of transactions with any single party.

Foreign exchange risk

Our reported results of operations and financial condition are affected by exchange rate fluctuations due to both transaction and translation risks. Given our increasing focus on non-U.K. markets and the recent volatility of other currencies against pounds sterling, the effect of exchange rate fluctuations on our reported results of operations could increase over time. Our exposure to currency exchange rate fluctuations is of several types, as summarized below:

- Transaction risk arises when our subsidiaries execute transactions in a currency other than their functional currency. On a consolidated basis, we consider the Group's transaction foreign exchange risk to be low, primarily as a result of the natural hedge of our foreign currency income and expenses.
- Our Consolidated Financial Statements are prepared in pounds sterling. We are therefore exposed to translation risk on the preparation of our Consolidated Financial Statements when we translate the financial statements of our subsidiaries which have a functional currency other than pounds sterling. A portion of our assets, liabilities, revenue and costs are denominated in various currencies other than pounds sterling, principally euro (from CinemaxX Germany operations, Portugal and Ireland), and going forward, in złoty, lats and litas after the Multikino Acquisition. As a result, our consolidated results of operations, which are reported in pounds sterling, are affected by currency exchange rate fluctuations. During the 18 weeks ended April 4, 2013, we generated 57.5% of our revenue in pounds sterling, 41.1% in euro and 1.4% in other currencies. Strength in pounds sterling will reduce the reported results of operations of our non-U.K. businesses and conversely weakness in pounds sterling will increase the reported results of operations of our non-U.K. businesses. These transactions could affect the comparability of our results between financial periods or result in changes to the carrying value of our assets, liabilities and shareholders' equity. A 5% fluctuation in pounds sterling to euro exchange rate, with all other variables held in constant, would have resulted in a £1.5 million to £1.6 million impact on our operating profit for the 53 weeks ended April 4, 2013.

We do not currently hedge our foreign currency exposure.

Liquidity Risk

Liquidity risk, also called funding risk, is that we may have difficulty in obtaining funds in order to be able to meet both our day-to-day operating requirements and our debt servicing obligations (interest and debt repayment).

We monitor our liquidity requirements and mitigate liquidity risk by ensuring we maintain sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

Cash flow forecasting is performed by management of our operating entities which is consolidated by our finance team. These rolling forecasts are monitored to ensure our cash and liquidity requirements are sufficient to meet operational needs while maintaining sufficient headroom on our undrawn committed borrowing facilities. This enables our management to monitor compliance with borrowing limits and debt covenants on our borrowing facilities.

Critical accounting policies

Our preparation of the Consolidated Financial Statements requires management to make assumptions, undertake estimates and exercise judgment that affect the reported amount of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the fiscal period. All assumptions, expectations and forecasts used as a basis for certain estimates within the Consolidated Financial Statements represent good-faith assessments of our future performance for which management believes there is a reasonable basis. Estimates and judgments used in the determination of reported results are continuously evaluated.

Assumptions, estimates and judgments are based on historical experience and on various other factors that management believes to be reasonable in the circumstances. Actual results may differ from these estimates under different assumptions or conditions. We have discussed the development and selection of these critical accounting policies and estimates with our independent auditors and the following assumptions, estimates and judgments are considered important to understand our financial position. Our significant accounting policies are set out in the notes to the Consolidated Financial Statements included in note 1 to the Consolidated Financial Statements.

Revenue recognition

Revenue is reported net of sales tax, such as value added tax and comprises primarily ticket and concession sales and screen advertising income. Revenue from ticket sales is reported in the period in which the film is shown. Income from screen advertising guaranteed income is recognized evenly over the period to which it relates. Other screen advertising income is recognized as generated via contracts with third party sales houses. In the United Kingdom, our contract is with DCM, a third party sales house which administers screen advertising revenues on behalf of a large proportion of the United Kingdom cinema market. In Germany, our main contractor for screen advertising is the company WerbeWeischer. Concession revenue is recognized at the time of sale.

Impairment of fixed assets

The need for any fixed asset impairment provision is assessed by comparison of the carrying value of an income generating unit, which normally comprises the portfolio of cinemas that operate within a market place, against a value in use or net realizable value that is lower than the net book value. The value in use has been calculated using a discounted cash flow methodology in accordance with applicable Financial Reporting Standards.

The discounting rate used in assessing the value in use of the assets is the estimated weighted average cost of capital employed by us, adjusted as necessary for any particular risks of the subsidiary being reviewed. The weighted average cost of capital employed by us has been calculated as the weighted average of the internal rate of return applied in the equity funding and our bank debt interest rate.

There have been no significant impairments made of fixed assets. However, events or circumstances could arise which may result in a theater's asset carrying value to not be recoverable.

Intangible assets

Goodwill is the difference between the aggregate of the fair value of those separately identifiable assets and liabilities acquired and the fair value of the purchase consideration.

Goodwill is capitalized and amortized over its useful life, which in the opinion of the directors is 20 years. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Pensions

Pension contributions (which are made to a defined contribution Group Personal Pension Plan) are charged to the profit and loss account as incurred. These contributions are invested separately from the Group's assets.

Operating lease arrangements

Operating lease rentals are charged to the profit and loss account as incurred. Lease incentives are amortized over the shorter of the period to the next rent review date or over the remaining term of the lease.

Finance lease arrangements

Where we enter into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a ''finance lease.'' The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future installments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element, which reduces the outstanding obligation for future installments.

Current and deferred taxation

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantially enacted at the balance sheet date, together with any adjustment in respect of tax payable for previous periods. Deferred tax is recognized in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is regarded as recoverable and therefore recognized only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Pre-opening and initial cinema development expenses

In accordance with accounting pronouncement Urgent Issues Task Force (''UITF'') Abstract 24— ''Accounting for Start up Costs,'' pre-opening costs are written off in the period in which they are incurred.

Expenditure of a capital nature, as set out in Financial Reporting Standard (''FRS'') 15—''Tangible Fixed Assets,'' is capitalized from the date on which the Board approves the development of the cinema site.

Onerous leases

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 by it. The unavoidable costs of the lease reflect the net cost of exiting from the contract and are measured as the lower of the net present value of the cost of continuing to operate the lease and any penalties or other costs of exiting from it.

BUSINESS

Overview

We believe we are Europe's second largest cinema operator by number of screens with operations predominantly in the United Kingdom and Germany. We have grown our portfolio through a combination of new cinema developments and acquisitions of cinemas in the United Kingdom and internationally. We currently operate 115 cinemas with 1,072 screens located across six countries. In addition, we have recently entered into an agreement to acquire Multikino, the second-largest cinema operator in Poland by number of screens. After the completion of the Multikino Acquisition, we will operate 145 cinemas with 1,318 screens located across nine countries.

We believe our cinema portfolio in the United Kingdom represents the newest, most modern chain of cinemas in the country. In the United Kingdom, 98% of our cinemas are multiplexes, 94% have stadium seating and all are fully digital. We also recently completed the acquisition of Apollo in the United Kingdom to strengthen our position in the United Kingdom and to take advantage of certain economies of scale. After disposing of five cinemas with 27 screens, the Apollo acquisition added nine cinemas with 56 screens to our portfolio, all of which have stadium seating and are fully digital, modern multiplexes. In the United Kingdom, all of our cinemas use Sony Digital Cinema 4K digital projection technology, which provides eight times the resolution of 2K digital projectors. We have a broad reach in the United Kingdom and we estimate that over 60% of the population lives within a 30-minute drive of a Vue cinema. According to Rentrak/EDI, our GBOR market share in the United Kingdom was approximately 24% for the year ended December 31, 2012. We operate six of the top 20 grossing box office cinemas in the United Kingdom, with a strong presence in the key London and West End markets, including our Westfield London site which was the highest grossing box office cinema in the United Kingdom for the 53 weeks ended April 4, 2013.

We have leveraged our strong operational knowledge and experience with successful integrations of acquisitions, primarily in the United Kingdom, to enter new European markets through selective strategic acquisitions of leading cinema operators. These European markets are generally more fragmented and less developed than the United Kingdom and we believe they offer opportunities for consolidation and growth. In August 2012, we established our presence in Germany and Denmark through the acquisition of CinemaxX, Germany's second largest cinema operator by number of screens. Our cinemas in Germany are typically situated in premium city center locations within the 20 largest German cities where population densities are highest. We believe that all of our German cinemas offer state-of-the-art facilities and, after completion of our digital rollout program by the end of July 2013, all of our cinemas in Germany will have 4K digital projection technology. We also are seeking to expand into Poland, Latvia and Lithuania through the acquisition of Poland's second largest cinema operator by number of screens, Multikino. Approximately 97% of Multikino's cinemas are multiplexes and all are fully digital. In addition, we operate a 14-screen cinema in Dublin, Ireland, a 9-screen cinema in Faro, Portugal and a 16-screen cinema in Taipei, Taiwan, each of which is a multiplex cinema and has stadium seating.

On a pro forma basis, assuming the CinemaxX Acquisition and Multikino Acquisition had occurred on April 5, 2012, our revenue and Adjusted EBITDA for the 53 weeks ended April 4, 2013 would have been £588.0 million and £110.3 million, respectively. In addition, we would have had approximately 67.1 million admissions to our cinemas. See ''*Unaudited Pro Forma Combined Financial Information*.''

Our Competitive Strengths

We believe the following competitive strengths position us strongly in our markets:

A Leading Market Position in Highly Attractive European Markets

We believe we are Europe's second largest cinema operator by number of screens. Upon completion of the Multikino Acquisition, we will operate in nine countries and will be the only major cinema operator with a market leading presence in both Western and Eastern Europe, which we believe positions us to take advantage of the stability of markets in Western Europe while also offering the ability to capitalize on growing markets in Eastern Europe. The majority of our cinemas are located in the United Kingdom and Germany, which are the largest and third largest cinema markets in Europe by GBOR, respectively. We are one of the top three cinema operators in the United Kingdom by GBOR and one of the top two cinema operators in Germany as measured by number of screens. According to Dodona Research, in the United Kingdom, total market GBOR grew from approximately £944 million in 2009 to approximately

£1,099 million in 2012 and in Germany total market GBOR grew from approximately €976 million in 2009 to approximately €963 million in 2012. In Poland, Multikino is the second largest cinema operator as measured by number of screens. In Poland, total GBOR grew from approximately PLN 681 million in 2009 to approximately PLN 711 million in 2012 according to Dodona Research. We believe these markets should continue to grow and provide opportunities for increasing our revenue.

Our operations in multiple attractive European markets provide us with certain economies of scale and the benefits of operating leverage across markets. We believe our multi-territory presence across select attractive markets mitigates film revenue fluctuations and improves our negotiating position with our key commercial counterparties, including film distributors, concessions suppliers, landlords, technology providers and advertisers who we believe consider us a valuable and important partner. We believe that our established relationships have enabled us to secure commercially attractive contract terms with leading international suppliers. For example, we recently extended our relationship with Sony Digital Cinema outside of the United Kingdom to Germany and Denmark, where they will be providing their 4K digital technology to our CinemaxX cinemas. We believe we are now Sony Digital Cinema's largest customer outside of the United States. We believe the available choices, flexibility and caliber of our commercial partners enhance our consumer offering, brand image and positioning.

Conveniently Located, High Quality Venues and Modern, State-of-the-Art Cinema Facilities

We believe our cinemas are well-located to maximize potential admissions. For example, we estimate that over 60% of the population in the United Kingdom lives within a 30-minute drive of a Vue cinema. We also have cinemas in the United Kingdom that are situated in flagship commercial locations with high foot fall, such as Westfield London, Westfield Stratford City and Leicester Square. In Germany, our cinemas are typically situated in premium city center locations within the 20 largest German cities where population densities are highest.

We believe that we operate one of the most modern and technologically advanced cinema portfolios in Europe. In the United Kingdom, 98% of our cinemas are multiplexes, which allows for greater film flexibility in terms of time, format and selection and provides certain cost efficiencies as employee staffing per screen in multiplexes is typically lower as compared with non-multiplex cinemas. In the United Kingdom, 94% of our screens have stadium seating, which provides unobstructed views of the screen, and all of our cinemas are fully digital, which provides consistent presentation quality to customers and greater flexibility in terms of content for cinema operators. Across the Group, following the completion of the Multikino Acquisition, 97% of our cinemas will be multiplexes and 94% of our cinemas will have stadium seating. In addition, we believe that the average age of our cinemas in the United Kingdom is lower than that of our primary competitors. In Germany, we have continued to invest in refurbishment in recent years and plan to complete the process of upgrading all of our German cinemas to 4K digital projection technology by the end of July 2013. In the United Kingdom, we also have developed a proprietary super-sized screen format, Vue Xtreme, which allows us to show large-screen content without paying royalties and licensing fees for alternative branded large-screen technology.

Proven Operational Excellence

We apply a rigorous and analytical approach to our cinema operations where we focus on revenue enhancement and cost optimization. For example, we constantly review our ticket pricing structure and believe we have been able to increase our box office revenue in our cinemas in the United Kingdom through recent changes to our pricing strategy, such as the introduction of ''peak'' and ''off-peak'' pricing and the introduction of our ''Super Saver Tuesday'' offer. Our pricing strategy also entails increasing pricing flexibility by cinema location based on variables including time of day, day of the week and type of customer for each film, resulting in ticket price increases in certain circumstances and in increased use of discounts in others. We aim to maximize revenue by offering premium propositions, such as VIP seating in the United Kingdom or differentiated costs by seating location in Germany, for customer segments that value these elements while selectively using discounts, such as ''Kids AM'' to drive admissions volume. These strategies have positively impacted our average ticket price. We also analyze film scheduling in order to deliver the ''right'' film, on the ''right'' screen at the ''right'' time in order to achieve optimal attendance. Film scheduling changes have been systematically tested and have driven increases in our admissions and box office revenue while decreasing variable staff costs as compared to a control group of our cinemas.

We also improved our cost structure by applying best practices across our cinemas. For example, we have applied a disciplined approach to our cost components by employing competitive tendering processes, for both capital expenditures and for supply costs. We also seek to manage our staff costs in order to match, to the extent possible, staffing levels with admissions levels. We also renegotiate our lease costs where possible and have invested in energy savings initiatives to reduce electricity and other utility costs across our cinemas. We have also optimized costs by leveraging our pan-European platform to establish strong relationships with key suppliers such as Sony Digital Cinema.

Additionally, for the 53 weeks ended November 29, 2012, our capital expenditures (net of landlord contributions) were £21.7 million, which includes CinemaxX and Apollo following their acqusitions, but excludes Multikino. We expect capital expenditures in 2013 and 2014 to be less than £40 million per annum (net of landlord contributions, including the full-year effect of CinemaxX and Apollo and including Multikino). We believe a significant portion of our capital expenditure investments is discretionary.

Track Record of Profitable Growth

We have grown our cinema portfolio through a combination of organic growth and acquisitions across geographies. Since November 2005, we have developed 17 new cinemas with 165 screens in the United Kingdom. We believe we have been able to maximize operating results in terms of total admissions, average ticket price, concession spend per person and return on investment by strategically selecting the ''right'' place, building the ''right'' size and paying the ''right'' rent for our new builds. For example, our new cinemas range from Vue Stratford City in London, which is a 17-screen, 63,500 square-foot, state-of-the-art multiplex as part of an approximately £1.5 billion commercial development project for the 2012 London Olympics, to Vue Halifax, which is a 9-screen, 27,100 square-foot cinema located within an approximately £55 million mixed use development project in Halifax town center. As a result of this rigorous approach to capital expenditure, since 2006, we have progressively reduced the average number of years to pay back our initial investment in new cinema developments.

We believe we have grown our GBOR market share in the United Kingdom faster than our primary competitors over the last five years. Further, we believe that in the United Kingdom as a result of the quality of our cinemas and our focus on efficient utilization of our screens and the timing and placement of films, we have on average over the last five years earned higher GBOR per screen than our primary competitors.

We believe we have extensive experience and a successful track record of value accretive acquisitions. These acquisitions have allowed us to consolidate in our existing markets and expand into new markets in Europe that are attractive because they remain fragmented and have significant growth potential. We believe our selective and disciplined approach has resulted in tangible operating performance gains for our acquisitions. Target acquisitions need to demonstrate clear financial and strategic logic in terms of payback targets and investment hurdles, and a potential for operational improvement and accelerated growth. The table below summarizes our acquisitions since 2003.

Name	Location	Date	No. of cinemas	No. of screens
Warner Village Cinemas	United Kingdom	May 2003	36	353
Cinemark	United Kingdom	April 2004	2	17
Independent Operator (Accrington)	United Kingdom	August 2004	1	4
Independent Operator (Oxford)	United Kingdom	April 2005	1	9
Ster Century	United Kingdom and Ireland	May 2005	7	86
Village Roadshow	United Kingdom	June 2006	5	35
Hoyts (Wood Green)	United Kingdom	December 2009	1	6
Apollo	United Kingdom	May 2012	14	83
CinemaxX(1)	Germany and Denmark	August 2012	34	292
Multikino	Poland, Lithuania and Latvia	Pending	30	246

(1) Includes one cinema with 10 screens in Raschplatz, Germany, which CinemaxX previously managed and was acquired as of January 1, 2013.

Attractive Business Model with Strong Revenue and Cash Generation Capabilities

We believe our business model is attractive with strong revenue and cash generation capabilities due to our critical position in the film distribution chain and the film industry's historic resilience. Cinema operators are an integral component of revenue generation for film distributors. According to the British Film Institute 2012 Statistical Yearbook, approximately 26% of a film's total revenue in the United Kingdom is earned in cinemas. According to the Cinema Exhibitors' Association, in the United Kingdom, the amount of time a film is exclusively licensed for cinematic display prior to licensing for other distribution channels has generally stabilized over the last five years leading to a more stable and predictable revenue stream. Furthermore, a successful cinema release supports a film's revenue generation in channels after its initial theatrical release, such as DVD, Blu-ray, pay-per-view and cable.

We believe attending the cinema remains one of the most popular and affordable out-of-home entertainment options for consumers. The market has been relatively resilient even during economic downturns. For example, based on GDP data from the IMF and GBOR data from the Cinema Exhibitors' Association and the Germany Federal Film Board, as real GDP decreased in the United Kingdom and Germany, respectively, between 2007 and 2009, GBOR increased over the same period in both these markets. We believe our conveniently located, state-of-the art cinemas, as well as our strong market positions in the United Kingdom and Germany, have enabled us to maintain stable and consistent cash flows. In addition, we offer premium propositions to customers, such as VIP seating, 3D and our super-sized screen format, Vue Xtreme, to generate revenue, while selectively using discounts to drive admissions volume. As a result, our average admissions levels and average ticket prices have remained relatively stable, including during the most recent economic downturn.

We believe our attractive business model has resulted in strong revenue and cash flow generation. We also have a history of delevering. After both the management buyout backed by Bank of Scotland Integrated Finance in 2006 and our acquisition in 2010 by Doughty Hanson, we maintained strong cash flow generation and were able to successfully delever.

Experienced Founder-led Senior Management Supported by Committed Shareholders

We were founded by our CEO, Tim Richards, in 1998 who was joined by our deputy CEO and CFO, Alan McNair, in 1999 and our COO, Steve Knibbs, in 2003. This senior management team has over 80 years of combined experience in the film industry and has grown the Company from six cinemas at the end of 2002 to 145 cinemas, upon the completion of the Multikino Acquisition. This team has also successfully integrated over 23 newly developed sites and 130 acquired sites since the founding of the Company. Our senior management remains significantly invested in the company and has reinvested at each stage of ownership change. We also expect to derive further benefit from the experience and financial support of OMERS and AIMCo, two of the largest and most experienced institutional investors in Canada, who both have extensive operational experience in Europe and North America.

Our Strategy

Continue to Focus on Operational Discipline and Excellence Across our Cinema Portfolio

We have emphasized data-driven analytical rigor throughout our organization, and intend to continue to do so, in order to make sound, evidence-based, informed decisions at all levels. We believe this has been a key strength in the past and we plan to continue to extend these best-practices to our acquired cinemas in Germany, Denmark, and upon completion of the Multikino Acquisition, Poland, Latvia and Lithuania.

We will continue to focus on our operational strengths where historically we have been successful. For example, in 2012, in order to improve film scheduling, we analyzed and identified key drivers and conducted controlled scheduling trials at 24 cinemas in the United Kingdom for nine weeks. As a result, we were able to implement strategic changes that increased admissions and revenue at these cinemas while decreasing variable staff costs. We then rolled out these strategies throughout our United Kingdom cinemas and plan to do the same across our cinema portfolio to deliver the ''right'' film, on the ''right'' screen, at the ''right'' time. We believe this approach to film scheduling should allow us to continue to increase film revenue across all of our operations. We also intend to continue to focus on improving our pricing strategy by increasing pricing flexibility to provide greater options for our customers and to expand upon certain premium propositions, such as adding VIP seating in Germany.

We also intend to continue to apply a disciplined approach to all of our cost components. We have controlled our costs through a combination of competitive tendering processes, for both capital expenditures and for supply costs, which we intend to apply across our entire cinema portfolio. We also plan to continue our flexible staffing strategy to adjust employee-related costs in response to variations in admissions levels and to continue to invest in energy savings initiatives to reduce electricity and other utility costs across our cinemas. We also plan to renegotiate lease terms to reduce rental costs where possible. We believe we can continue to apply these costs strategies across our historical cinema portfolio and implement these practices across our acquired cinemas. We also intend to continue to incentivize certain managers and staff with bonuses based on profitability.

Pursue Growth Opportunities

We are focused on cash flow maximization and enhancing our industry leadership. We plan to pursue growth opportunities from our existing cinemas by attracting new customers and maximizing revenue from existing customers, opening new cinemas in the near term, as well as continue to evaluate and pursue selective acquisitions.

We seek to provide a wide range of customer propositions from value offers to premium offers in order to both attract new customers and maximize revenue from existing customers. We plan to continue to deliver an innovative cinema experience, with packaged, branded and tailored offerings supported by high quality standards that drive and protect revenue streams. For example, in the United Kingdom, we have ''Kids AM'' for children as well as ''Over 18s Screenings'' for adults. We also intend to screen film and alternative content to improve utilization generally in periods of low film demand and to provide unique content offerings for customers, such as opera, concerts, ballet and sporting events at premium pricing levels.

We believe a key component in customer choice is cinema location and our new cinema openings are tailored for their specific catchment requirements. For example, we seek to develop cinemas in areas with complementary services, such as in retail malls with restaurants and other leisure activities or in areas with access to car parks. We actively monitor new cinema developments and maintain a shortlist of potential locations. We intend to continue to apply rigorous analytics of local catchment population, propensity to visit the cinema, income levels and local competition to ensure each cinema's configuration closely matches market capacity of the catchment area. We also believe that our experiences managing landmark cinemas, such as Westfield London, Westfield Stratford City and Leicester Square, and our experience in lease negotiation and capital expenditure control should enable us to minimize development costs to achieve superior payback periods on new cinemas.

We will continue to seek value-enhancing growth based on disciplined and sustainable strategies, including the careful evaluation, selection and pursuit of strategic opportunities throughout Europe. As with our acquisitions in the United Kingdom and Germany, we may seek to acquire cinema operators in Europe or elsewhere where we believe we can realize attractive returns on investment and generate significant free cash flow. We believe that certain markets in Europe remain fragmented and with our proven track record of identifying and integrating acquisitions successfully, we are well-placed to take advantage of strategic opportunities.

Provide an Exceptional Cinema Experience Delivered by Friendly and Helpful Cinema Staff

We aim to be the first choice for cinema entertainment in our markets. We seek to continue to differentiate our cinema experience by expanding and improving our customer propositions. In addition to location and price, we believe that customers also choose cinemas based on the quality of the cinema experience. We are focused on creating a consistent brand image, synonymous with a state-of-the-art cinematic experience. We are also focusing on customer satisfaction in terms of ease of booking tickets, premium viewing options and offering a wide range of concessions.

As the film industry produces franchise blockbusters that take advantage of premium formats such as 3D, we believe we can gain customers with our modern, state-of-the-art stadium-seated cinemas with digital technology such as Sony Digital Cinema 4K, which differentiates our cinema offering from less modern cinemas. We plan to continue to provide 3D formats and Vue Xtreme, which has super-sized screens and enhanced sound systems, as well as completing our digital investment with Sony Digital Cinema to provide 4K technology to our customers in Germany and Denmark.

We also plan to continue our emphasis on customer choice in terms of pricing, film selection and amenities. For example, we intend to continue offering in the United Kingdom and across our cinema portfolio both premium pricing options such as VIP seating where customers can enjoy larger, more luxurious seating in prime locations in the auditorium, as well as customer discount propositions such as ''Kids AM'' and ''Super Saver Tuesday'' in the United Kingdom. In addition, we intend to continue to offer customer propositions like internet booking and mobile applications that allow customers greater flexibility and ease in purchasing their tickets.

We plan to continue to emphasize customer satisfaction and focus on training and motivating our employees to provide an exceptional cinema experience. For example, we have cinema incentive plans that reward employees based on cinema profitability and customer service standards. We also provide our cinema employees with a modular training program that covers all aspects of running a cinema, including cinema management. Additionally, in order to gain critical customer insight, we employ a number of internal and external sources that provide detailed pictures of customer behavior, trends and attitudes. Listening to customers and understanding their behavior is core to our ability to deliver successful new offers, enhance existing offers and to better predict demand in the future. We actively track customer service metrics to check we are delivering high quality service to our customers with our friendly and helpful staff. We intend to extend these customer-focused training and tracking initiatives to our newly acquired cinemas.

History

We were founded by our CEO, Tim Richards, in 1998. Tim's business partner, current deputy CEO and CFO, Alan McNair joined him in 1999. Both had extensive prior senior management experience in the industry in the United Kingdom and internationally. The company was set up as Spean Bridge International Cinemas (SBC) with the support of Boston Ventures, a venture capital fund, and by the end of 2002, had opened four cinemas in the United Kingdom, one in Portugal and one in Taiwan.

In 2003, SBC acquired Warner Village Cinema's U.K. circuit, which comprised 36 cinemas with 353 screens. Funds for the acquisition were provided by the existing investor and new investors. Following this acquisition, SBC changed its name to Vue Entertainment and became the operator of the second largest cinema chain by number of screens in the United Kingdom. The combined 400-screen state-of-the-art stadium seating multiplex cinema portfolio including the flagship Leicester Square cinema was fully rebranded as ''Vue'' within six months. The Vue portfolio continued to grow both organically and through a series of acquisitions including the acquisition of Ster Century in 2005, which at the time operated the highest grossing cinema in the United Kingdom and Ireland at the Liffey Valley Shopping Centre in Dublin.

In 2006, we completed a management buyout backed by Bank of Scotland Integrated Finance and simultaneously acquired the five cinemas we had been managing under contract for Village Roadshow. Between 2006 and the end of 2010, we developed an additional 14 cinemas in the United Kingdom, adding 133 screens to the portfolio and acquired Hoyts' 6-screen Wood Green cinema, bringing our portfolio to 70 cinemas and 679 screens.

Between 2010 to 2011, we achieved several significant milestones including opening two market-leading cinemas in London, our 14-screen cinema at Vue Westfield London in 2010 and our 17-screen cinema at Vue Westfield Stratford City in 2011, which were the number one and five cinemas, respectively, in the United Kingdom for the 53 weeks ended April 4, 2013, as measured by GBOR. During that time, we were acquired by Doughty Hanson at the end of 2010. In 2012, we completed the acquisition of Apollo in the United Kingdom and CinemaxX in Germany and Denmark. Apollo added nine cinemas and 56 screens in the United Kingdom after disposal of five cinemas with 27 screens, further strengthening our position in the United Kingdom. CinemaxX represents our first significant international acquisition, adding 34 cinemas located in Germany and Denmark to our portfolio. More recently, we have entered into an agreement to acquire Multikino in Poland, which will make us the only cinema operator with a market-leading presence across both Western and Eastern Europe.

Our Markets and Competition

Our principal markets are the United Kingdom, Germany and, after the completion of the Multikino Acquisition, Poland. We also operate cinemas in Denmark, Ireland, Portugal and Taiwan and, after completion of the Multikino Acquisition, Latvia and Lithuania.

Cinema remains an integral channel for distribution of films in terms of revenue for film production companies. Cinema is also vital in establishing a film's value when marketed through other channels, such as network, rental, cable and satellite television, in-home television, DVDs, video-on-demand, pay-per-view services or streaming and downloads via the Internet. Cinema has exhibited relatively limited long-term admissions volatility and has demonstrated GBOR growth over the last decade despite competing technologies and economic downturns. Additionally, GBOR has also typically been resilient to macroeconomic fluctuations. For example, based on GDP data from the IMF and GBOR data from the Cinema Exhibitors' Association and the Germany Federal Film Board, as real GDP decreased in the United Kingdom and Germany, respectively, between 2007 and 2009, GBOR increased over the same period in both these markets.

Cinemas are subject to varying degrees of competition in the geographic areas in which they operate. Competition on the individual cinema level focuses on attracting and retaining customers, and competition on the cinema operator level focuses on achieving favorable film licensing terms, pricing strategies and finding new cinemas sites. The cinema industry also faces competition for customers' leisure time and disposable income from other forms of out-of-home entertainment, including sporting events, music concerts, theater, restaurants and family leisure attractions such as theme parks. Cinemas also compete, to a lesser degree, with other in-home distribution channels for filmed entertainment, such as cable television, film rentals, pay-per-view and home video systems.

The cinema and film industry are in the process of converting from celluloid film-based media to digital media. Digital media provides a superior visual experience for customers, and allows for greater flexibility in content programming as it allows operators to present additional formats, such as digital 3D, and pre-recorded materials for corporate bookings and alternative content including sporting and cultural events. Digital media also allows for greater flexibility in scheduling as changing from one film to another, or from one content to another, is easier than with celluloid film.

United Kingdom

The cinema market in the United Kingdom is the largest in Europe in terms of GBOR and is relatively consolidated. The top three cinema operators in the United Kingdom are Cineworld, Odeon and Vue. The market also has smaller multiplex operators and independent cinema operators, which generally operate non-multiplex cinemas. According to Rentrak/EDI, our GBOR market share in the United Kingdom was approximately 24% for 2012.

According to Dodona Research, the United Kingdom has high multiplex penetration with approximately 75% of all screens being in multiplex cinemas. Cinema operators have, in recent years, invested heavily in digital conversion, with 92% of screens in the United Kingdom converted to digital as of December 31, 2012, compared to 17.5% as of December 31, 2009, according to the Cinema Exhibitors' Association.

The table below shows GBOR, admissions, gross average ticket price and number of screens in the United Kingdom for the following calendar years:

Year	GBOR	Admissions	Gross Average Ticket Price	Number of Screens
	(£ in millions)	(in millions)	(£)	
2008	850.2	164.2	5.18	3,610
2009	944.0	173.5	5.44	3,665
2010	988.3	169.2	5.84	3,671
2011	1,039.0	171.6	6.06	3,767
2012	1,099.1	172.5	6.37	3,817

Source: Dodona Research

Germany

The cinema market in Germany is the third largest in Europe in terms of GBOR and is relatively fragmented. Other than our acquisition of CinemaxX in 2012, the last significant event in market development was UCI Kinowelt's acquisition of KPE Multiplextheater in 2008. The top three cinema operators in Germany, according to Dodona Research, are Cinestar, CinemaxX and UCI, with a combined holding of less than a quarter of screens for the year ended December 31, 2012.

Despite significant waves of investment in the 1990s and the early 2000s with new market entrants, according to Dodona Research, multiplex penetration remains low at approximately 28% of all screens in Germany. According to Dodona Research, with approximately 25% of Germans living more than 25 kilometers from a multiplex, multiplex accessibility is also low. However, despite the relatively low multiplex penetration and accessibility, according to Dodona Research, multiplexes represent approximately 48% of admissions in Germany, which we believe demonstrates their attractiveness to customers and, as a result, provides an opportunity for new cinema development. The total number of screens in Germany has been decreasing as a result of the phase-out of traditional cinemas. Cinema operators in Germany continue to convert to digital technology, though at a slower rate than in the United Kingdom, with only 65% of screens in Germany converted to digital as of December 31, 2012, according to Media Salles.

The majority of cinema admissions in Germany are to international films; however local German-language films also drive admissions. According to Dodona Research, approximately 100 German-language films are released each year and generally account for approximately 20% of total German admissions.

The table below shows GBOR, admissions, gross average ticket price and number of screens in Germany for the following calendar years:

Year	GBOR	Admissions	Gross Average Ticket Price	Number of Screens
	(€ in millions)	(in millions)	(€)	
2008	794.7	129.4	6.14	4,810
2009	976.1	146.3	6.67	4,734
2010	920.4	126.6	7.27	4,699
2011	958.1	129.6	7.39	4,640
2012	963.1	129.0	7.47	4,580

Source: Dodona Research (estimated for 2012)

Poland

The cinema market in Poland is the second largest cinema market in Central and Eastern Europe (excluding Turkey) by GBOR and is relatively consolidated, according to Media Salles. The top three cinema operators in Poland are Cinema City, Multikino and Helios, combined accounting for approximately 85% of admissions, according to Dodona Research.

According to Dodona Research, approximately 62% of all screens are in multiplex cinemas in Poland. Admissions have generally increased in line with increasing multiplex accessibility according to Dodona Research.

The majority of cinema admissions in Poland are to international films, however local Polish-language films also drive admissions, which, on average, account for approximately 20% of admissions, according to Dodona Research. Each of the three main cinema operators, including Multikino, also distributes Polish-language films to the market.

The table below shows GBOR, admissions, gross average ticket price and number of screens in Poland for the following calendar years:

Year	GBOR	Admissions	Gross Average Ticket Price	Number of Screens
	(PLN in millions)	(in millions)	(PLN)	
2008	548.0	33.8	16.21	1,043
2009	681.3	39.2	17.38	1,061
2010	703.0	37.5	18.75	1,076
2011	716.2	38.7	18.51	1,122
2012	711.3	38.5	18.48	1,150

Source: Dodona Research

Our Cinemas

We currently operate 115 cinemas with 1,072 screens across six countries. In the United Kingdom and Ireland, we operate under the Vue brand. After the completion of the Multikino Acquisition, we will operate 145 cinemas with 1,318 screens located across nine countries. In Germany, we operate under the CinemaxX brand and expect to operate under the Multikino brand in Poland, Latvia and Lithuania upon completion of the Multikino Acquisition. In Portugal and Taiwan, we continue to operate under our original SBC brand.

The significant majority of our cinemas are in the United Kingdom, Germany, and after completion of the Multikino Acquisition, Poland. Denmark is managed as part of the CinemaxX portfolio of cinemas acquired in August 2012 and Portugal and Taiwan are managed as part of our Vue cinema portfolio. As part of the Multikino Acquisition, we will acquire a cinema in each of Latvia and Lithuania, which would be managed as part of the Multikino portfolio of cinemas.

Below is a summary of our cinemas in each of the countries where we operate as of April 4, 2013:

Country	Brand	Cinemas	Screens
United Kingdom[(1)]	Vue	79	741
Germany	CinemaxX	31	267
Denmark	CinemaxX	3	28
Ireland	Vue	1	14
Portugal	SBC	1	9
Taiwan	SBC	1	16
Total		**116**	**1,075**

(1) In May 2013, we disposed of one cinema with three screens for operational reasons, which we had acquired in connection with acquisition of Apollo.

Below is a summary of Multikino's cinemas as of April 4, 2013:

Country	Brand	Cinemas	Screens
Poland	Multikino	28	231
Latvia	Multikino	1	8
Lithuania	Multikino	1	7
Total		**30**	**246**

The United Kingdom

We are the third largest cinema operator in the United Kingdom by GBOR. We have grown our cinema chain in the United Kingdom through new cinema developments and strategic acquisitions. Our cinemas are also situated in flagship commercial locations with high foot fall, such as Westfield London, Westfield Stratford City and Leicester Square. For the 53 weeks ended April 4, 2013, Vue Westfield London and Vue Westfield Stratford City were the number one and five cinemas, respectively, according to Rentrak/EDI in the United Kingdom as measured by GBOR. Our cinemas are located across the United Kingdom, with a larger presence in London and other metropolitan areas. In the United Kingdom, all of our cinemas offer VIP seating where customers can enjoy larger, more luxurious seating in prime locations in the auditorium, and Vue Xtreme, which has larger screens and enhanced sound systems. Vue Xtreme is our proprietary large-screen format, which we designed internally and use without having to pay royalties and licensing fees for alternative branded large-screen technology.

Germany

We are the second largest cinema operator in Germany by number of screens. Our cinemas in the German market, which operate under the CinemaxX brand, are similar to our Vue cinemas in the United Kingdom as we believe they are high quality, modern multiplexes with stadium seating. Our cinemas in Germany are in premium city center locations, and we are located in the 20 largest cities where population densities are highest. Approximately 90% of our cinemas in Germany are sites that CinemaxX designed and developed with the remainder acquired from third parties. We believe these cinemas are state-of-the-art facilities and consequently we are able to provide our customers with what we believe to be an enhanced viewing experience. In addition, CinemaxX has spent over €30 million in refurbishment and upgrades relating to digitization, sound, seating and flooring since 2009. In Germany, we offer a number of premium options, including films in 3D (MAXXIMUM 3D), films with premium sound (MAXXIMUM Sound) and films delivered at a higher frame rate (MAXXIMUM HFR).

Poland

Multikino is the second largest cinema operator in Poland by number of screens. Multikino has been a pioneer of multiplex cinemas in Poland since 1998 when it opened Poland's first multiplex in Poznań. Most of Multikino's cinemas are located in Poland's largest cities, where it is either the first or second largest multiplex operator. Approximately 97% of Multikino's cinemas are multiplexes and all are fully digital. In addition, in Poland, Multikino is one of the top four leading independent film distributors.

Digital Technology and 3D

Digital Technology

We completed our 4K digital projection rollout program for our cinemas in the United Kingdom and Ireland in August 2012 and we expect to complete our 4K digital rollout program for our cinemas in Germany and Denmark by the end of July 2013. All of Multikino's cinemas in Poland are fully digital.

Digital technology provides improved presentation quality to customers and lower costs to the film distributor as a result of not having to manufacture and deliver actual physical film prints to cinema operators. To help cinema operators finance the cost of conversion to digital projection, film distributors pay fees, generally referred to as ''virtual print fees,'' to operators (or third party intermediaries) based on films presented on approved digital projection platforms. Film distributors pay virtual print fees until a cost recoupment date or threshold has been reached. Multikino continues to receive the benefit of virtual print fees paid directly by film distributors while in other regions where we operate, such as the United Kingdom and Germany, virtual print fees are received by intermediaries. In particular, we have contracted with Sony Digital Cinema to convert our 35mm projection equipment in the United Kingdom and Germany to digital projection equipment. As part of the shared financing of the conversion, Sony Digital Cinema will receive virtual print fees from film distributors for the projectors for the next ten years or until they recoup their investment in the digital conversion.

We were an early adopter of 4K technology across our cinemas in the United Kingdom and Ireland through a strategic partnership with Sony Digital Cinema. 4K technology has an eight-times higher pixel count than the alternative, lower quality, 2K digital technology, which provides a lower quality picture. We believe our digital proposition in the United Kingdom is technologically superior to our competitors' 2K digital capabilities and provides us with a competitive advantage, particularly as an increasing number of movies are filmed in 4K. Furthermore, our strategic partnership with Sony Digital Cinema allowed us to secure favorable terms with attractive pricing. We extended our relationship with Sony Digital Cinema for the rollout of 4K projectors and other digital technology in our cinemas in Germany and Denmark, after the acquisition of CinemaxX in 2012.

3D

In the United Kingdom, 3D has grown from five 3D films released in 2008 to 44 3D films released in 2012, and 3D film quality continues to improve as films are increasingly produced specifically for 3D. We expect the number of films to be released in the 3D format in the next year to be broadly consistent with 2012 levels. We believe 3D-equipped screens provide us with flexibility in film scheduling and provides our customers with increased choice. Typically we schedule 3D films to enable customers to choose from different film formats, such as between 2D and 3D, as well as among other films. Our investment in 3D in the United Kingdom has focused on return on investment and incremental revenue increase from 3D screen capability instead of focusing on a full 3D roll-out across all of our screens. As a result, we believe we have been able to achieve a higher share of 3D GBOR per 3D screen than our primary competitors.

As of April 4, 2013, 30.6% of our United Kingdom screens were equipped with 3D technology, which accounted for 20% of total GBOR for the twelve months ended April 4, 2013. In Germany 56% of our screens are equipped with 3D technology and in Poland 85% of Multikino's screens are equipped with 3D technology. The variation in 3D screen penetration across our cinemas is a function of legacy investment decisions while CinemaxX and Multikino were under previous ownership.

Film Licensing

We license ‘‘first-run’’ motion pictures on a film-by-film and cinema-by-cinema basis from both film distributors owned by major film production companies and from independent film distributors. We pay our film license costs to film distributors typically based on a percentage of box office revenue (net of value added tax), which we negotiate directly with the film distributor. Prior to negotiating terms for a film license, we evaluate the prospects for that film. Criteria considered for each film include: cast, director, plot, performance of similar films and estimated film revenues. We believe that successful licensing depends on knowledge of the historical trends and preferences of customers in a particular market. For example, the German and Polish markets tend to generate larger demand for locally produced films. As a result, we have a film-buying director in each of our main geographical regions who chooses content and negotiates licensing terms.

Box Office Revenues

Ticket sales are our largest source of revenue. We charge premiums for 3D movies, VIP seating, and Vue Xtreme. We also charge certain premiums in Germany, as is standard in the market, for longer films or Higher Frame Rate films, such as *The Hobbit*. Most of our cinemas also offer discounted pricing for matinee shows, as well as for children, teens, families and senior citizens, such as our Kids AM program.

Most of our tickets are sold within the cinema immediately before the start of a film. However a growing proportion of tickets are sold in advance, either over the phone or online, including on mobile devices. For certain movies, online ticket sales can account for over 30% of those films’ sales in the first weekend of release. We believe our advance sales improve customer satisfaction, allowing customers to pre-select their seat location and to pick up their tickets at automated ticket machines located in our cinemas.

Concession

Concession sales are our second largest source of revenue after box office revenue. We primarily focus on traditional cinema offerings such as soft drinks, popcorn and confectionary. These items typically have a higher gross margin than ticket sales.

We design our multiplex cinemas to have more space for concessions in order to make it easier to serve large numbers of customers efficiently. We also strategically locate our concession stands within cinemas to heighten their visibility, aid in reducing queues, allow flexibility to introduce products and improve traffic flow around the concessions stands. In addition, our ‘‘ticket-at-any-till’’ system allows customers to purchase tickets at the concession stands, thereby increasing opportunities to sell concessions.

Examples of initiatives to increase concession sales and margins include optimizing product mix by introducing new products, product sizes and introducing combination offers, training employees to cross-sell and up-sell products, and implementing new pricing strategies and incentive schemes for employees.

Screen Advertising

Screen advertising sales are our third largest source of revenue after box office revenue and concessions. We sell ‘‘on-screen’’ time for advertisements shown before a film starts or during intermissions for longer screenings and ‘‘off-screen’’ advertising which includes our billboard and foyer advertising. We also sell advertising for our website. Screen advertising is a high margin revenue stream, particularly as screen advertising continues to convert to digital formats as digital projector penetration increases and digital advertising media is more easily produced and distributed. We expect screen advertising to remain an important source of revenue for cinema operators.

In the United Kingdom, our screen advertising is sold by DCM, which is the market leader in United Kingdom for cinema advertising. DCM sells screen time and other advertising media and capabilities to advertisers on behalf of contracted operators including its shareholders, Odeon and Cineworld. In addition to screen advertising, DCM also offers sponsorship, promotion and in-foyer poster advertising services.

In Germany, we sell ‘‘on-screen’’ advertising both directly and through an agency, WerbeWeischer. In Poland, Multikino sells ‘‘on-screen’’ advertising directly through Multikino Media.

Alternative Content, Film Distribution and Ancillary Services

We also offer our customers alternative media content in our cinemas. We provide live and pre-recorded content for music and sporting events, gaming and corporate presentations. In the United Kingdom, we screen content for children, such as Thomas the Tank Engine & Friends and Pompeii Live from the British Museum, as well as performances from the Royal Opera House. In Germany, we screen performances from the Berliner Philharmoniker and Bolshoi theatre as well as sporting events such as the Champions League final and the Super Bowl. In Poland, Multikino was the only cinema chain to feature Euro 2012 football matches and currently screens content such as operas, ballets and concerts, including, Nabucco from Opera di Verona, Cinderella from the Dutch National Ballet and Giocconda live from Opera de Paris.

In Poland, Multikino is also one of the top four leading independent film distributors.

In addition, we generate other ancillary revenue through booking fees for tickets, the leasing of screens for private events and car-parking fees.

Marketing and Advertising

Multimedia advertising campaigns for major film releases are organized and financed primarily by film distributors. To market our cinemas, we utilize advertisements, such as movie schedules published in newspapers and over the internet to inform our customers of film selections and show times. We also use social media for the same purpose. In the United Kingdom, we also publish a monthly free magazine, ''Vue Magazine'' to provide customers with information on upcoming movie releases. In addition, we seek to develop customer loyalty through a number of marketing programs. In the United Kingdom, we have discounted family and senior tickets, ''Super Saver Tuesday,'' where we sell discounted tickets on Tuesdays to customers who have signed up for a Super Saver Tuesday card, ''Kids AM,'' where we sell discounted tickets for children and adults on Saturday and Sunday mornings. We also have premium offers, such as ''Over 18s Screenings,'' which are film screenings for adults only. In both the United Kingdom and Poland, we offer ''Orange Wednesday,'' which allows two for one tickets for Orange customers every Wednesday. We also have the CinemaxX Bonus Card in Germany and Club CinemaxX in Denmark, which provide access to exclusive benefits including rewarding spending with points that can be redeemed for tickets and concession items.

Information Technology

In the United Kingdom, our information technology is based on the Vista cinema operating system. The point-of-sale terminals within each cinema in the United Kingdom provide comprehensive information to our corporate office and to our cinema management in near-real time. Reports address all aspects of cinema operations, including concessions sales, fraud detection and film booking. We gather payroll information from our cinemas in the United Kingdom through the use of automated time keeping systems, enabling a comparison of actual to budgeted labor for each cinema. Our systems allow us to properly manage our hourly workforce and schedule the right films at the best times to suit our customers.

We also operate a high traffic website, which receives approximately 5 million visits per month, for show times, movie news, social media and ticket reservations. Our digital projection is integrated into our United Kingdom information technology operations infrastructure, which we constantly monitor remotely to maximize availability. We continue to integrate our Vista system, which is our overall operating system, and our Sony Theatre Management systems, which control the operation of all digital projectors in the circuit, to further enable operational efficiencies.

Our cinemas in Germany and, after the Multikino Acquisition, Poland, operate a variety of other systems, such as COMPESO and AAM Theatre Management System. We plan on reviewing the possibility of replacing these systems with a consistent platform to further enhance efficiencies for these cinemas.

Employees

As of April 4, 2013, we employed approximately 6,000 employees, of which approximately 78% were part time and paid on an hourly wage. We seek to enable all of our employees to meet their short- and long-term goals and we are committed to their development.

In the United Kingdom and Ireland we have cinema incentive plans that reward employees based on cinema profitability and customer service standards. We also provide our cinema employees with a modular training program that covers all aspects of running a cinema, including cinema management. In other countries, we have various elements of these initiatives in place.

In Germany we have several works councils, one joint works council and the VERDI union. Notwithstanding the works councils in Germany, we do not operate any collective agreements in relation to our workforce and there are no trade unions or other collective bodies recognized for bargaining purposes. We believe our employee relations are good and have not experienced any material work stoppages.

Properties

Most of our cinemas are occupied pursuant to leases. In general, our cinema leases are long-term, with original terms typically ranging from 10 to 25 years with various renewal options, usually in intervals of five years. The leases often require escalating minimum rent payments either yearly or every five years, along with additional rent payments based on a percentage of the leased cinema's revenue above a base amount. They also require us to pay for property taxes, maintenance, insurance and certain other property-related expenses. In Germany, some of our leases require us to give bank guarantees as collateral to landlords.

In connection with our acquisition of the Warner Village U.K. Cinema Circuit in 2003, we entered into a deed of undertaking and indemnity (the ''Deed'') in favor of Time Warner Entertainment Limited (''Time Warner'') and VC Eye Pty Limited (''Village''). The Deed was entered into to offer protection to Time Warner and Village in respect of liabilities which they retained pursuant to leases of certain properties that we acquired but for which Time Warner and Village continue to be contingently liable (either as guarantor or original tenant) by virtue of U.K. law. Under the terms of the Deed, Time Warner and Village are entitled to require second ranking security behind all security that a lender receives in connection with any of our financing arrangements. Time Warner and Village have taken second ranking charges over some of our property assets but they have not requested any additional security since 2007. Consequently, assets acquired since then are not charged in their favor.

We lease our corporate headquarters in Chiswick, United Kingdom.

Regulation

Regulators of film distribution are generally country governments. In some cases, regulations require the films of certain film distributors to be offered and licensed to operators, including us, on a film-by-film and cinema-by-cinema basis. As a result, we are not always able to secure a supply of films by entering into long-term arrangements with major film distributors, but must compete for our licenses on a film-by-film and cinema-by-cinema basis.

Depending on location, our operations are also subject to laws regulating such matters as the construction, refurbishment and operation of cinemas as well as wages and working conditions, citizenship, health and sanitation requirements. We are required to obtain licensing for, among other things, the exhibition of films and the sale of alcoholic beverages. In addition, we are often subject to registration requirements related to the sale of food products. We perform internal audits to maintain compliance with local legal and ongoing reporting requirements.

Environmental

Our cinemas are subject to numerous supra-national, national and local environmental laws and regulations. We believe that we are currently in substantial compliance with all applicable environmental and safety regulations. These environmental, health and safety laws and regulations are constantly changing, however, as are the priorities of those who enforce them. We cannot assure you that environmental conditions relating to any of our prior, existing or future properties will not have a material adverse effect on our business, financial condition or results of operations. See ''*Risk Factors—Risks Relating to Our Business and the Industry—We may be subject to liability under laws and regulations in the jurisdictions in which we operate, including environmental laws and regulations*.''

Insurance

We maintain property insurance with respect to our operations that covers our cinemas. We also maintain business interruption and other insurances. We believe that our insurance coverage is customary for similar operations in our industry and is adequate for our business. However, we cannot assure you that all losses and liabilities that we may incur would be recoverable.

Litigation

In the normal course of business, we are party to various legal actions, such as personal injury claims, employment matters and contractual matters. Except as described below, we do not expect any liability arising from any of these legal actions to have a material impact on our results of operations, liquidity, capital resources or financial position. The outcome of legal actions, however, can be difficult to predict with certainty, and we can offer no assurances in this regard.

In Portugal, our subsidiary, SBC Algarve has ceased paying monies due to its landlord under the lease for its cinema site in Faro, Portugal due to poor trading results. VUEL, a dormant Vue company, has provided a corporate guarantee in respect of SBC Algarve's lease obligations subject to a cap of €1.2 million (inclusive of VAT). Arrears now exceed €1 million (gross). The landlord has made two formal demands to VEUL for payment of the outstanding monies. Negotiations with the landlord are ongoing, and to date, no proceedings have been commenced against either SBC Algarve or VEUL. If agreement with the landlord cannot be reached, then the landlord may pursue SBC Algarve and VEUL for monies owed, and we may cease operating in Portugal and incur all costs associated with such closure. See ''*Risk Factors—Risks Relating to Our Business and the Industry—Potential liabilities and costs from litigation could adversely affect our business*'' and ''*Risk Factors—Risks Relating to Our Business and the Industry—We are subject to risk related to our leases*.''

MANAGEMENT

The Issuer

The Issuer was formed as a private limited company under the laws of England and Wales on May 2, 2013 and was reregistered as a public limited company organized under the laws of England and Wales on July 1, 2013, with a company number 8514872, and was formed to facilitate the Vue Acquisition. The Issuer is wholly owned indirectly by Holdco which, following the Vue Acquisition, will be wholly-owned by the AIMCo Entities, the OMERS Entities, the Executive Managers (and their close relatives) and certain of Vue's senior management. The directors of the Issuer are Simon Jones, Mark Redman, Peter Teti and Robert Mah and may be contacted at the registered office of the Issuer. The Issuer's registered office is located at 6 New Street Square, New Fetter Lane, London EC4A 3BF. To the best of the Issuer's knowledge, no potential conflicts exist between any duties to the Issuer of the directors of the Issuer listed above and their private interests or other duties in respect of their management roles.

Vougeot Holdco Limited

The Board of Directors of Vue Entertainment International Limited is currently responsible for the overall management and performance of Vue and for defining and executing our strategy. However, upon completion of the Vue Acquisition, this managerial responsibility will shift to the Board of Directors of Holdco. The Board of Directors of Holdco will include certain current members of the Board of Directors of Vue Entertainment International Limited, in addition to representatives from the AIMCo Entities and OPE Vougeot Holdings Limited (one of the OMERS Entities).

The AIMCo Entities and OPE Vougeot Holdings Limited have the right to appoint directors to the board of Holdco, the number of which depends upon the percentage of B shares they hold and for as long as their total percentage of shareholding respectively, is not less than 18% of the B shares in issue.

The table below sets out the names, positions and appointment dates of the individuals who we currently expect will serve as directors of Holdco upon completion of the Vue Acquisition:

Name	Age	Position
James Timothy Richards	54	Chief Executive Officer
Alan McNair	58	Chief Financial Officer and Deputy Chief Executive Officer
Stephen Knibbs	51	Chief Operating Officer
Mark Redman	45	Chairman of the Board
Simon Jones	31	Investor Director
Robert Mah	47	Investor Director
Peter Teti	46	Investor Director

The following is a summary of the business experience and principal outside business interests of the expected Board of Directors. The business address for each member of the Board is our offices at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS.

James Timothy Richards is Chief Executive Officer of Vue Entertainment International Limited and is expected to be a director of Holdco. Mr. Richards has been the Chief Executive Officer and a member of the Board since founding SBC International Cinemas (which became Vue Entertainment) in 1999. Prior to Vue, Mr. Richards worked at Warner Bros. Studio in Los Angeles, California and was a New York-qualified corporate lawyer in London and New York. Mr. Richards has over 23 years of experience in the cinema exhibition business. He has a law degree from Windsor University and McGill University and Bachelor of Arts in Economics from McGill University.

Alan McNair is Chief Financial Officer and Deputy Chief Executive Officer of Vue Entertainment International Limited and is expected to be a director of Holdco. Mr. McNair has been the Chief Financial Officer and a member of the Board since joining SBC International Cinemas (which became Vue Entertainment) in 1999. Prior to Vue, Mr. McNair was Executive Vice President and Chief Financial Officer of United Cinemas International worldwide and has over 30 years' experience in the entertainment and leisure business, including film distribution, video distribution and international cinema exhibition. He has a Bachelor of Science in Mathematics and Computer Science from Bristol University. Mr. McNair is also a Fellow of the Institute of Chartered Management Accountants (FCMA).

Stephen Knibbs is Chief Operating Officer of Vue Entertainment International Limited and is expected to be a director of Holdco. Mr. Knibbs has been the Chief Operating Officer and member of the Board since

2003. Prior to Vue, Mr. Knibbs worked at Allied Lyons until 1987, when he joined AMC, rising from General Manager to Regional Manager and Operations Director. In 1989, AMC was acquired by Paramount Pictures and Universal Studios and renamed United Cinemas International. At United Cinemas International, Mr. Knibbs was promoted to Managing Director for the United Kingdom and Ireland and Senior Vice President for Northern Europe.

Mark Redman is expected to be Chairman of the Board of Holdco. Mr. Redman joined OPE U.K. in September 2009, where he is currently Senior Managing Director and Head of Europe. Prior to OPE U.K., Mr. Redman 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. Mr. Redman has a Master's Degree in Modern History from Oxford University and is an ACA Chartered Accountant.

Simon Jones is expected to be an Investor Director of Holdco. Mr. Jones joined OPE U.K. in 2010, where he is currently a Director. Prior to joining OPE U.K., Mr. Jones worked within PricewaterhouseCoopers' Corporate Finance advisory practice in London from 2004 to 2010. He has a Bachelor of Science in International Business and French from the University of Warwick and is an ACA Chartered Accountant.

Robert Mah is expected to be an Investor Director of Holdco. Mr. Mah joined AIMCo in December 2010, where he is currently Executive Vice President, Private Investments. Prior to AIMCo, Mr. Mah has worked at Scotia Capital as Managing Director responsible for Investment Banking and, prior to that, Mergers and Acquisitions. He has a Bachelor of Commerce in Finance and Economics from McGill University and a Master's Degree in Business Administration from the University of Toronto's Rotman School.

Peter Teti is expected to be an Investor Director of Holdco. Mr. Teti joined AIMCo in September 2012, where he is currently Senior Vice President, Private Equity and Relationship Investments. Previously, Mr. Teti 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 an ACA Chartered Accountant.

Board Committees

The board committees currently operate at the level of Vue Entertainment International Limited. However, upon completion of the Vue Acquisition, the board committees will operate at the level of Holdco. The exact members and organization of the committees after the Vue Acquisition has not yet been determined as of the date of this offering memorandum.

Audit Committee

Upon completion of the Vue Acquisition, the audit committee will be tasked with:

(a) reviewing the financial statements of Holdco and the consolidated financial statements of the Group before publication and, as necessary, taking advice to be assured that the principles and policies adopted comply with statutory requirements and with the best practices in accounting standards;

(b) consulting with external auditors (and, if any, internal auditors) regarding the extent of their work and reviewing with them all major points arising from the auditor's management letters and the response thereto;

(c) seeking to satisfy itself that the internal control and compliance environment within Holdco and its subsidiaries is adequate and effective; and

(d) recommending to the Board of Directors of Holdco the appointment and level of remuneration of the external auditors.

Members of the audit committee are chosen by the Board of Directors of Holdco. Its membership shall comprise of one representative of OPE Vougeot Holdings Limited (one of the OMERS Entities), one representative of the AIMCo Entities and the Chief Executive Officer. In addition, the Chief Financial Officer shall have the right to attend and speak at (but not vote at) all meetings of the audit committee.

Remuneration Committee

Upon completion of the Vue Acquisition, the remuneration committee will be responsible for dealing with:

(a) all questions concerning the terms of employment of any senior employee (including the terms of his bonus or other remuneration, termination or dismissal);

(b) the issue by Holdco to any employee of (or the granting by Holdco to any employee of the option to acquire) any shares in the capital of Holdco or any beneficial interest therein under any employees' share scheme;

(c) any other arrangement between a Group company and a senior employee or persons connected with a senior employee;

(d) the promotion or increase in remuneration of any employee which would result in that person becoming a senior employee; and

(e) the application of the leaver provisions contained in the articles of association of Holdco.

Members of the remuneration committee are chosen by the Board of Directors of Holdco. Its membership shall comprise of one representative of OPE Vougeot Holdings Limited (one of the OMERS Entities), one representative of the AIMCo Entities and the Chief Executive Officer or the Chief Financial Officer.

Compensation

For 2012, the aggregate compensation paid to the then members of the Board of Directors of Vue Entertainment International Limited was £2.2 million (including cash compensation for salary and bonuses).

PRINCIPAL SHAREHOLDERS

As at the date of this offering memorandum, the issued share capital of the Issuer consisted of 50,001 ordinary shares with a nominal value of £1.00 each, with one share fully paid-up and 50,000 shares paid up to £0.25 each, for a total paid-up share capital of £12,501. All the issued share capital of the Issuer is held by Midco, a private limited company incorporated under the laws of England and Wales, which is a wholly owned subsidiary of Finco, a private limited company incorporated under the laws of England and Wales, which is a wholly owned subsidiary of Holdco, a private limited company incorporated under the laws of Jersey. After the Vue Acquisition, Holdco will be wholly owned by the AIMCo Entities, the OMERS Entities the Executive Managers (and their close relatives) and certain of Vue's senior management. Following the Vue Acquisition, the Issuer will hold all the shares of Vue Entertainment International Limited.

Ownership of Holdco

Upon completion of the Vue Acquisition, the OMERS Entities and the AIMCo Entities are expected to hold 37.12% and 37.12% of Holdco's ordinary share capital, respectively, the Executive Managers (and their close relatives) and certain of Vue's senior management are expected to hold an aggregate of 21.64% of the ordinary share capital of Holdco. The remaining 4.12% of the ordinary share capital of Holdco are expected to be placed in an employee benefit trust.

Upon completion of the Vue Acquisition, the share capital of Holdco will be divided into six classes of shares (five classes of ordinary shares and preference shares). The ordinary shares of Holdco are designated as A, B, C, D and E shares. The A, B, C and D shares each have a nominal value of £0.0001 and the E shares have a nominal value of £200. The OMERS Entities and AIMCo Entities will hold A shares and B shares. Certain members of our management (and their close relatives) will hold C shares, D shares and E shares. James Timothy Richards, in addition to holding ordinary shares, will hold preference shares which will rank *pari passu* with the Loan Notes. See ''*Certain Relationships and Related Party Transactions*.''

The following table sets out certain beneficial ownership information regarding the expected holders of Holdco:

Beneficial Owner	Percentage of Outstanding Ordinary Shares
OMERS Entities	37.12
AIMCo Entities	37.12
Management(1)	21.64
Employee benefit trust	4.12
Total	**100.0**

(1) Executive Managers (and their close relatives) and certain other senior management of Vue.

Subscription and Shareholders' Agreement

On June 9, 2013, the Vougeot Entities, the Executive Managers, certain other senior management, the AIMCo Entities, the OMERS Entities and OMERS, among others, entered into a subscription and shareholders' agreement (''Subscription and Shareholders' Agreement''), which provides for, among other things, the governance of Holdco, the terms under which the AIMCo Entities, the OMERS Entities and OMERS, the Executive Managers, and certain other senior management will subscribe for ordinary shares in Holdco and loan notes issued by Finco, as applicable, and the terms under which James Timothy Richards will subscribe for preference shares in Holdco. Following the Vue Acquisition, the AIMCo Entities and OPE Vougeot Holdings Limited (one of the OMERS Entities) will have the ability to nominate a majority of the directors of Holdco's board of directors.

Some of the key terms of the Subscription and Shareholders' Agreement include the rights of the AIMCo Entities and OPE Vougeot Holdings Limited and the Executive Managers to appoint directors to the board, the composition and responsibilities of the board committees, management undertakings, which include non-compete and non-solicit provisions, conduct of business (including reserved matters which require management to seek investor consent), anti-dilution and the manner and process of exit.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Issuer Loan

The Issuer will enter into shareholder loan agreements with Midco on or prior to the Vue Acquisition Completion Date, pursuant to which Midco will extend up to approximately £433 million of loans to the Issuer. In the event the Multikino Acquisition is not completed, based on the estimated sources and uses of funds as at April 4, 2013, the amount of the Issuer Loan would be reduced by £28.4 million. The Issuer Loan will have a maturity after the Notes, will be deeply subordinated pursuant to the Intercreditor Agreement and will not be subject to any acceleration provisions or financial covenants. Midco will grant security by way of assignment of its rights under the Issuer Loan in favor of the lenders under the Revolving Credit Facility Agreement and the holders of the Notes.

The majority of the proceeds for the Issuer Loan will have been advanced to Midco from Finco on or prior to the Vue Acquisition Completion Date through an intercompany loan and/or share subscription. The proceeds that Finco will provide to Midco will have been advanced to Finco by way of share subscription by Holdco and/or an intercompany loan from Holdco and/or the issuance of the Loan Notes. The Loan Notes will be 11% fixed rate unsecured notes issued by Finco to certain of the Executive Managers (and their close relatives), certain of Vue's senior management, the AIMCo Entities and OMERS. The Loan Notes will rank *pari passu* with each other including on the payment of principal and interest.

The remainder of the Issuer Loan will arise on the acquisition by the Issuer of certain shares in Vue Entertainment International Limited. Initially, pursuant to the Vue Acquisition Agreement, Holdco will acquire certain shares in Vue Entertainment International Limited held by James Timothy Richards. Shortly following the completion of the Vue Acquisition, the shares will be contributed by Holdco to Finco, then by Finco to Midco and then by Midco to the Issuer. The consideration for the transfer by Midco to the Issuer will be left outstanding as an intercompany loan.

Bridge Loan

Due to the timing of certain legal procedures relating to the Squeeze Out and the German Company Conversion, the Restricted Cash will be inaccessible at the Vue Acquisition Completion Date. Accordingly on or about the Vue Acquisition Completion Date, Midco will lend £34.1 million to the Issuer pursuant to the Bridge Loan Agreement. The Bridge Loan will have a maturity after the Notes and will be deeply subordinated pursuant to the Intercreditor Agreement and will not be subject to any acceleration provisions or financial covenants; however, the Intercreditor Agreement will permit payments to be made by the Issuer in respect of the Bridge Loan to the extent such payments are permitted or not prohibited under the RCF Facility Agreement and the Notes Documents (as defined in the Revolving Credit Facility Agreement). Midco will grant security by way of assignment of its rights under the Bridge Loan in favor of the lenders under the Revolving Credit Facility Agreement and the holders of the Notes. The Bridge Loan will rank ahead of all shareholder equity of the Issuer. The proceeds that Midco will lend to the Issuer pursuant to the Bridge Loan Agreement will be advanced to Midco from Finco pursuant to an intercompany loan and/or share subscription. The proceeds that Finco will lend to Midco will have been advanced to Finco pursuant to the issuance of the Bridge Loan Notes. The Bridge Loan Notes will be 11% fixed rate unsecured notes issued by Finco to the AIMCo Entities and OMERS.

Executive Manager Put Agreement

The Executive Manager Put Agreement will be entered into by among others, Holdco, Midco, the Executive Managers, the AIMCo Entities and the OMERS Entities that allows James Timothy Richards and his immediate family member, Alan McNair and Stephen Knibbs (each an ''Executive Put Party'') to serve notice on Holdco and Finco of their intention to exercise a put option, at any time following the five year anniversary of the completion of the Vue Acquisition, provided that there is not a continuing or imminent event of default in relation to the Group under its financing arrangements.

A year following such service of notice, the Executive Put Party will require: (1) Holdco to purchase, repay or redeem up to a quarter (in the case of Alan McNair, up to one half of the C shares and all of his D shares held by him) of his C and D shares held in Holdco; and (2) Finco to purchase, repay or redeem up to a quarter (in the case of Alan McNair, up to one half) of his loan notes (the ''First Executive Put Option'').

In addition, at any time following the exercise of the First Executive Put Option, the Executive Put Party shall be entitled to serve notice on Holdco and Finco of their intention to exercise another put option.

A year following such service of notice, the Executive Put Party will require: (1) Holdco to purchase, repay or redeem up to a quarter (in the case of Alan McNair, up to one half of the C shares held by him) of his C and D shares held in Holdco; and (2) Finco to purchase, repay or redeem up to a quarter (in the case of Alan McNair, up to one half) of his loan notes.

The price to be paid for the C and D shares and Loan Notes shall be calculated at fair market value in accordance with the terms of the respective put option agreement. Each Executive Put Party will enter into a put option deed with Holdco, Finco, the OMERS Entities and AIMCo Entities prior to the Vue Acquisition Completion Date.

Senior Manager Put Agreement

The Senior Manager Put Agreement will be entered into by among others, Holdco, Finco, certain senior managers of Vue, the AIMCo Entities and the OMERS Entities that allows each senior manager party to the Senior Manager Put Agreement (a ''Senior Put Party'') to serve notice on Holdco and Finco of his intention to exercise his put option, at any time following the sixty six month anniversary of the completion of the Vue Acquisition, provided that there is not a continuing or imminent event of default in relation to the Group under its financing arrangements.

Six months following such service of notice, the Senior Put Party will require: (1) Holdco to purchase, repay or redeem up to a quarter of his shares held in Holdco; and (2) Finco to purchase, repay or redeem up to a quarter of his loan notes (the ''First Senior Manager Put Option''). In addition, at any time following a year of the exercise of the First Senior Manager Put Option, the Senior Put Party shall be entitled to serve notice on Holdco and Finco of their intention to exercise another put option. Six months following such service, the Senior Put Party will require: (1) Holdco to purchase, repay or redeem up to a quarter of his shares held in Holdco; and (2) Finco to purchase, repay or redeem up to a quarter of his loan notes.

The price of the C and D shares and the Loan Notes shall be calculated at fair market value in accordance with the terms of the respective put option agreement. Each Senior Put Party will enter into a put option deed with Holdco, Finco, the OMERS Entities and the AIMCo Entities prior to the completion of the Vue Acquisition.

Management Services Agreement

Upon completion of the Vue Acquisition, the Issuer will enter into a management services agreement with OPE, PE12GV (Artist) Ltd. and PE12PX (Artist-Management) Ltd. (the ''Service Providers'') for the provision of services to one or more Group companies under which the Issuer shall pay the Service Providers an advisory fee per year of £400,000 in aggregate plus value added tax (if any).

Advisory Agreement

The Issuer will enter into an advisory agreement with OPE, PE12GV (Artist) Ltd. and PE12PX (Artist-Management) Ltd. where upon completion of the Vue Acquisition, the Issuer shall pay a one-off equity arrangement fee to OPE, PE12PX (Artist-Management) Ltd. and PE12GV (Artist) Ltd. This payment is in respect of the services provided by OPE, PE12GV (Artist) Ltd. and PE12PX (Artist-Management) Ltd. in connection with the Vue Acquisition.

Recharge Deed

The Issuer will enter into a recharge deed with OPE and AIMCo, where OPE and AIMCo shall recharge to the Issuer and the Issuer shall pay to OPE and AIMCo an amount equal to all the costs and expenses which they have incurred or will incur or have paid in respect of purchasing services from third party advisors in connection with the Vue Acquisition.

Management & Advisory Services Agreement

Upon completion of the Vue Acquisition, the Group will enter into a management & advisory services agreement with the Issuer for the provision of services to one or more members of the Group pursuant to which each member of the Group who benefits from such services shall pay to the Issuer a quarterly fee (consisting of a mark-up of 10% over the total current and historical costs incurred by the Issuer in supplying the services to a member of the Group) for each calendar quarter during which the Issuer has provided services to the relevant member of the Group.

The services to be provided by the Issuer will include treasury services (including currency requirements, cash management and daily cash supply support), tax services (including advice and support on contract and trading issues and tax compliance), legal services (including support on contract and trading issues) and human resources support (including advice on training, payroll matters and employment contracts).

DESCRIPTION OF CERTAIN FINANCING ARRANGEMENTS

The following is a summary of the material terms of our principal financing arrangements after giving effect to the Transactions. The following summaries do not purport to describe all of the applicable terms and conditions of such arrangements and are qualified in their entirety by reference to the actual agreements.

Revolving Credit Facility

On or prior to the Completion Date, we, together with the Guarantors, will enter into the Revolving Credit Facility Agreement, which provides for up to £50.0 million of committed financing, all of which can be drawn by way of loans or by way of Ancillary Facilities (as defined in the Revolving Credit Facility Agreement), from and including the date on which all conditions precedent to signing and first utilization under the Revolving Credit Facility Agreement are satisfied.

Amounts drawn under the Revolving Credit Facility may be used for working capital and other general corporate purposes of the Group (including capital expenditure and acquisitions of companies and businesses subject, in the case of acquisitions funded by the proceeds of a loan, to satisfaction of the Permitted Acquisition Conditions (as defined in the Revolving Credit Facility Agreement) but not for (i) the payment of principal or interest under the Notes Documents (as defined in the Revolving Credit Facility Agreement) or any replacement debt replacing the Notes Documents for the payment, prepayment, purchase, defeasement, redemption, acquisition or retirement of the Notes Documents or any replacement debt replacing the Notes Documents or (ii) the payment of any dividend, redemption, repurchase, defeasement, retirement, repayment, premium or any other distribution in respect of our share capital. The initial borrower of the Revolving Credit Facility will be the Issuer. Other members of the Group may also accede to the Revolving Credit Facility as borrowers (each a ''Borrower'' and together with the Issuer the ''Borrowers''). The Revolving Credit Facility will be guaranteed by the Guarantors and the Issuer. The facility agent (the ''Agent'') under the Revolving Credit Facility will be Lloyds TSB Bank plc.

Ancillary facilities

Under the Revolving Credit Facility, a lender may make available an ancillary facility, such as overdrafts, guarantees, short-term loan facilities, derivatives or foreign exchange facilities subject to the satisfaction of certain conditions precedent, to a Borrower in place of all or part of its unutilized commitment under the Revolving Credit Facility.

Repayments and prepayments

The Revolving Credit Facility will terminate on the date falling six years after the date of the closing of the Vue Acquisition. Any amount still outstanding at that time will be immediately due and payable. Subject to certain conditions, the Borrowers may voluntarily prepay their utilizations or permanently cancel all or part of the available commitments under the Revolving Credit Facility by giving three business days' prior written notice to the Agent. Amounts prepaid or repaid may (subject to the terms of the Revolving Credit Facility Agreement) be re-borrowed.

In addition to any voluntary prepayments, the Revolving Credit Facility requires mandatory prepayment in full or in part in certain circumstances, and if applicable, cancellation, including:

(1) with respect to any lender, if it becomes unlawful for such lender to perform any of its obligations under the Revolving Credit Facility;

(2) immediately following a sale of all or substantially all of the assets of the Group (as defined in the Revolving Credit Facility Agreement) whether in a single transaction or a series of related transactions;

(3) following the occurrence of a ''Change of Control'' (as defined in the Revolving Credit Facility Agreement); and

(4) upon a Notes Repurchase (as defined in the Revolving Credit Facility Agreement) and on a pro rata basis where the Notes Repurchase (when taken together with all other Notes Repurchases) exceeds 50% of the original aggregate principal amount of the Initial Notes (as defined in the Revolving Credit Facility Agreement).

Interest and fees

The Revolving Credit Facility will initially bear interest at a rate per annum equal to LIBOR or, in relation to any loan in euro, EURIBOR plus a margin of 3.50% per annum, subject to a margin ratchet based on the Leverage Ratio (as defined in the Revolving Credit Facility Agreement). Each interest period will be one, three or six months (as selected by the Issuer) or such other period as may be agreed between the Agent and the Issuer (acting on the instruction of all of the Lenders). We are also required to pay a commitment fee in arrears on the last day of each successive three month period during the availability period, on available but unused commitments under the Revolving Credit Facility at a rate of 40% of the applicable margin under the Revolving Credit Facility.

We are also required to pay fees related to the issuance of ancillary facilities, letters of credit, and certain fees to the Agent and the Security Agent in connection with the Revolving Credit Facility.

Security and guarantees

The Revolving Credit Facility will be guaranteed, subject to certain customary limitations and the Agreed Security Principles, on a joint and several basis, by each Guarantor.

The Revolving Credit Facility also provides that, from the date falling 20 Business Days after the Closing Date (as defined in the Revolving Credit Facility Agreement) (the ''Initial Test Date''), (i) the aggregate consolidated EBITDA of the guarantors (excluding any guarantor with negative earnings before interest, tax, depreciation and amortization (calculated on the same basis as consolidated EBITDA)) is required to exceed 85% of the Restricted Group's consolidated EBITDA (the ''EBITDA Test'') and (ii) the aggregate turnover of the guarantors is required to exceed 85% of the turnover of the Restricted Group (the ''Turnover Test''), provided that, (A) if either of these requirements are breached solely by reason of a newly acquired company becoming a member of the Group, there shall be no breach if (subject to the Agreed Security Principles) the relevant member of the Group accedes as a guarantor and provides transaction security by no later than 30 Business Days following the relevant acquisition (B) CinemaxX Target Group is excluded from the definition of Group until the CTG Accession Date (as defined in the Revolving Credit Facility Agreement) and (C) if the Multikino Acquisition Closing Date has not occurred by the Initial Test Date, Multikino is excluded for all purposes from the EBITDA Test and Turnover Test on the Initial Test Date but the EBITDA Test and Turnover Test will be retested on the date the Multikino Guarantors accede as Guarantors to the Revolving Credit Facility, including Multikino for these purposes.

Covenants

The Revolving Credit Facility Agreement contains customary and certain deal specific affirmative loan style covenants and restrictive covenants. Set out below is a brief description of such covenants, all of which are subject to customary and certain deal specific exceptions.

Incurrence covenants

The Revolving Credit Facility Agreement contains incurrence covenants that are substantially the same as those applicable to the Notes.

Affirmative covenants

The affirmative covenants require, among other things: (i) the provision of certain financial information, including consolidated annual audited financial information for the reporting group and quarterly and monthly financial reports in respect of the reporting group; (ii) the obtaining, compliance with and maintenance of authorizations required by law or regulation to enable each Obligor to (a) perform its obligations under the finance documents under the Revolving Credit Facility (the ''Finance Documents'') and the Acquisition Documents (as defined in the Revolving Credit Facility Agreement), (b) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document and the Acquisition Documents (as defined in the Revolving Credit Facility Agreement) to which it is a party, and (c) to enable it to own its property and assets and to carry on its business; (iii) compliance in all respects with applicable laws and regulations (including environmental laws); (iv) payment of taxes; (v) preservation of assets; (vi) maintenance of *pari passu* ranking of any unsecured and unsubordinated claims of a Finance Party (as defined in the Revolving Credit Facility) against it under the Finance Documents with the claims of other unsecured and unsubordinated creditors (except where such claims are mandatorily preferred by law); (vii) commercially reasonable steps to preserve and enforce material rights under the Acquisition Documents (as defined in the Revolving Credit Facility); (viii) maintenance of insurances; (ix) the preservation and maintenance of intellectual property; (x) certain further assurances with respect to the Collateral; (xi) ensuring occupational pension schemes are funded to the extent required by applicable law; (xii) access to books, accounts and records, viewing of assets and discussion with management following an Event of Default; (xiii) undertakings and certain conditions subsequent relating to the acquisition of CinemaxX, and (xiv) compliance with sanctions and anti-money laundering laws.

Negative covenants

The Revolving Credit Facility contains certain negative covenants which include, among others, restrictions with respect to: (i) substantially changing the general nature of the business of the Group; (ii) changes of center of main interests; (iii) limitation on activities of certain holding companies; (iv) restrictions (subject to certain exceptions) on entering into certain hedging transactions; (v) restrictions on intra-group dealings of assets subject to transaction security and (vi) restrictions on members of the Group (other than the Issuer) being the issuer or borrower of the Notes and on members of the Group (other than Midco) being the issuer or borrower of any High Yield Notes (as defined in the Revolving Credit Facility Agreement).

Financial covenant

Under the Revolving Credit Facility, we are required to ensure compliance with a minimum Consolidated EBITDA financial covenant (as determined in accordance with the Revolving Credit Facility Agreement).

The financial covenant requires us to ensure that Consolidated EBITDA as at the end of each relevant period shall not be less than £70,000,000. The financial covenant shall only apply to the extent that the aggregate amount of all outstanding loans under the Revolving Credit Facility on the last day of the applicable relevant period is equal to or greater than £15,000,000. This financial covenant will be tested quarterly on a rolling 12-month basis.

In the event that the financial covenant is not complied with, such non-compliance may be cured with the cash proceeds of Additional Shareholder Funding (as defined in the Revolving Credit Facility Agreement) prior to the end of the period 20 business days following the date on which the compliance certificate setting out the calculations in respect of the relevant covenant determination is required to be delivered. There shall be no more than three equity cures over the life of the Revolving Credit Facility and no equity cures may be made in consecutive quarters. The financial covenant referred to above reflects the Revolving Credit Facility Agreement as of the date of this offering circular and may be amended or waived in whole or in part in accordance with the terms of the Revolving Credit Facility Agreement.

Events of default

The Revolving Credit Facility contains customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications) including, among others, non-payment; a cross default with respect to indebtedness above £5 million of any member of the Group; misrepresentation; breach of the financial covenant; breach of other obligations; unlawfulness; repudiation, audit qualification, failure to comply with the Warner Village intercreditor arrangements, and material adverse change and events of default that are substantially the same as those applicable to the Notes, the occurrence of which would allow the lenders to accelerate all or part of the outstanding utilizations and/or terminate their commitments and/or declare all or part of their utilizations payable on demand and/or declare that cash cover in respect of letters of credit and ancillary facilities is immediately due and payable.

Governing law

The Revolving Credit Facility and any non-contractual obligation arising out of or in connection with it will be governed by and construed and enforced in accordance with English law although the incurrence covenants and additional events of default, which are included in the Revolving Credit Facility Agreement and replicate those to be contained in the Indenture, will be interpreted in accordance with New York law (without prejudice to the fact that the Revolving Credit Facility is governed by, and shall be enforced in accordance with, English law).

Intercreditor Agreement

In connection with entering into the Revolving Credit Facility Agreement and the Indenture, we and certain of our other subsidiaries will enter into the Intercreditor Agreement to govern the relationships and relative priorities among: (i) the facility agent (the ''RCF Facility Agent'') on behalf of the lenders under the Revolving Credit Facility and (after its accession, the facility agent on behalf of the lenders under any other the Credit Facilities (as defined below); (ii) the Trustee on behalf of the Noteholders of the Notes; (iii) (following their accession) hedge counterparties under certain hedging agreements; (iv) the arranger of the Revolving Credit Facility; (vi) the security agent named therein; (v) certain intra group creditors and debtors; and (vi) certain direct or indirect shareholders of the Issuer (or subsidiaries thereof which are not members of the Restricted Group or subsidiaries of the Issuer) (''Shareholder Creditors'') in respect of certain structural debt that the Issuer has or may incur in the future (including the shareholder loans provided to the Issuer).

We and each of our subsidiaries that incurs any liability or provides any guarantee, indemnity or other assurance against loss in respect of liabilities to those creditors regulated under the Intercreditor Agreement are referred to in this description as ''Debtors'' (and any documents evidencing such liabilities, the ''Debt Documents'').

The Intercreditor Agreement will set out, among other things:

- the relative ranking of certain indebtedness of the Debtors;
- the relative ranking of certain security granted by the Debtors;
- when payments can be made in respect of certain indebtedness of the Debtors;
- when enforcement actions can be taken in respect of that indebtedness;
- the terms pursuant to which that indebtedness will be subordinated upon the occurrence of certain insolvency events;
- turnover provisions; and
- when collateral and guarantees will be released to permit a sale of the Collateral.

The Intercreditor Agreement will contain provisions relating to future indebtedness that may be incurred by the Debtors provided that it is not prohibited to be incurred by the terms of the Indenture, the Credit Facility Documents, the High Yield Documents, any existing Pari Passu Documents (as defined below) or with the consent of the relevant creditor representatives under each such document, which may rank *pari passu* to the Notes and be secured by the Collateral (the ''Pari Passu Debt,'' the documents evidencing any Pari Passu Debt being the ''Pari Passu Debt Documents'') subject to the terms of the Intercreditor Agreement.

The Intercreditor Agreement will also contain provisions relating to future high yield notes, exchange notes, securities or other debt instruments (including loans, credit and guarantee facilities) (the ''High Yield Notes'') that may be incurred by Midco or any holding company of Midco or any subsidiary of that holding company (not a member of the Restricted Group or a subsidiary of the Issuer) (a ''High Yield Issuer'') ranking with the priority set out below under ''—*Ranking and priority*.'' The High Yield Notes will be secured by the Shared Collateral (as defined below) (the ''High Yield Notes'' and the documents evidencing any High Yield Notes being the ''High Yield Documents'').

In addition, the Intercreditor Agreement will contain provisions relating to credit facilities that meet the requirements of a ''Credit Facility'' under and as defined in the Indenture and which refinance or replace the Revolving Credit Facility in full (together with the Revolving Credit Facility, the ''Credit Facilities'' and the documents evidencing the Credit Facilities and the Revolving Credit Facility being the ''Credit Facilities Documents'' and the lenders under the Credit Facilities and the Revolving Credit Facility being the ''Credit Facility Lenders''). For the purposes of this description, any references to the Credit Facilities or Credit Facility Lenders or Credit Facility Liabilities (as defined below) should be read as including any such refinancing debt and the debt under the Revolving Credit Facility.

The Creditors of the Pari Passu Debt (the ''Pari Passu Creditors'') and the holders of the High Yield Notes (the ''High Yield Noteholders'' and together with the trustee of such High Yield Notes, the ''High Yield Creditors'') will have rights under the Intercreditor Agreement which are summarized below.

The following description is a summary of certain provisions that will be contained in the Intercreditor Agreement. It does not restate the Intercreditor Agreement in its entirety nor does it describe provisions relating to the rights and obligations of holders of other classes of our debt. As such, we urge you to read the Intercreditor Agreement because it, and not the discussion that follows, defines the rights of the Noteholders.

Ranking and priority

The Intercreditor Agreement will provide, subject to the provisions summarized below regarding permitted payments, that the right and priority of payment will rank in right and priority in the following order:

- **first**, all present and future Credit Facility Lender Liabilities, the Creditor Representative Liabilities, the Super Senior Hedging Liabilities, the Arranger Liabilities, the Notes Liabilities and the Pari Passu Debt Liabilities, *pari passu* and without any preference between them;
- **second**, all present and future liabilities and obligations of a member of the Restricted Group that is a guarantor or provides an indemnity to the High Yield Creditors under the High Yield Documents (each, a ''High Yield Guarantor'' and its liabilities being ''High Yield Guarantee Liabilities'') and all present and future liabilities owed by the Issuer to Midco under or in connection with a High Yield Proceeds Loan (''Holdco Liabilities''), *pari passu* and without any preference between them;
- **third**, certain intra group obligations to the intra group lenders (''Intra Group Liabilities''), *pari passu* and without any preference between them; and
- **fourth**, shareholder liabilities (which consists of liabilities owed by a Debtor to any Shareholder Creditor other than the Holdco Liabilities (the ''Shareholder Liabilities'')), *pari passu* and without any preference between them.

The Credit Facility Lenders, the Hedge Counterparties, the Noteholders, the High Yield Creditors and the Pari Passu Creditors will benefit from a common guarantee and (except for the High Yield Creditors) collateral package and no such secured creditor may take the benefit of any guarantee or collateral unless such guarantee or collateral is also offered for the benefit of the other secured creditors from the Restricted Group. The High Yield Creditors will benefit from a collateral package comprising security over any debt instruments used to on loan the proceeds of the High Yield Notes from the relevant High Yield Issuer to the Issuer (where Midco is the High Yield Issuer) or to Midco and then the Issuer (where Midco is not the High Yield Issuer) (a ''High Yield Proceeds Loan'') and security over the shares of the Issuer which is shared with the other secured creditors (the ''Shared Collateral''). The Collateral shall rank and secure the liabilities as follows:

- **first**, the liabilities owed to the Credit Facility Lenders (the ''Credit Facility Lender Liabilities''), the liabilities owed to the creditor representatives (the ''Creditor Representative Liabilities''), the liabilities owed to the arrangers (the ''Arranger Liabilities''), the liabilities owed to the Noteholders (the ''Notes Liabilities''), the liabilities owed to the Pari Passu Creditors (the ''Pari Passu Debt Liabilities'') and the liabilities owed to the hedge counterparties (the ''Hedge Counterparties'') under or in connection with any hedging documents (the ''Hedging Documents'') which document the Super Senior Hedging Liabilities and the Non Super Senior Hedging Liabilities (the ''Hedging Liabilities''), *pari passu* and without any preference between them; and
- **second** (and in respect of the Shared Collateral only), the liabilities owed by the debtors under the High Yield Notes (the ''High Yield Liabilities''),

but, in each case, only to the extent that such Collateral is expressed to secure those liabilities and irrespective of (i) the order of execution, creation, registration, notice enforcement or otherwise, (ii) the date on which the liability arose, (iii) any fluctuation in the amount, or intermediate discharge in whole or part, of any liability.

In addition, the Intercreditor Agreement will provide that the guarantees and Collateral will be released in certain circumstances described further below in ''*—Release of collateral and guarantees—non-distressed disposals*'' and ''*—Release of collateral and guarantees—distressed disposals*.''

Indebtedness under the Credit Facilities and Super Senior Hedging Liabilities will be secured by first priority security interests in the Collateral and receive priority to the proceeds from the Collateral in the event of any enforcement.

Interest rate hedging liabilities in respect of the Credit Facility Lender Liabilities, the Notes Liabilities, the Pari Passu Debt, the High Yield Liabilities and financial indebtedness permitted to be incurred under the Credit Facility Documents, the Indenture, the Pari Passu Debt Documents and the High Yield Notes Documents and currency hedging liabilities, in respect of the Credit Facility Lender Liabilities, the Notes Liabilities, the Pari Passu Debt, and the High Yield Liabilities, and financial indebtedness permitted to be incurred under the Credit Facility Documents, the Indenture, the Pari Passu Debt Documents, the High Yield Notes Documents together with interest rate and currency hedging liabilities in respect of ordinary course and commercial activities and not for speculative purposes and excluding commodity hedging (up to an aggregate notional amount at any time of £10 million), may be secured and rank *pari passu* with the Credit Facilities and receive priority to the proceeds from the Collateral in the event of any enforcement (the ''Super Senior Hedging Liabilities''). All other interest rate and currency hedging liabilities in respect of ordinary course and commercial activities will rank *pari passu* with the Notes Liabilities in respect of enforcement proceeds (the ''Non Super Senior Hedging Liabilities'').

Permitted payments

The Intercreditor Agreement will permit payments to be made by the Debtors under the Credit Facility Documents, the Notes Documents and the Pari Passu Debt Documents, (provided such payments are permitted and not prohibited under such documents). There are also restrictions on payments to Hedge Counterparties except certain specified permitted payments as described below.

The Debtors may make payments of the Notes Liabilities at any other time in accordance with the terms of the Notes Documents subject to (a) (prior to the final maturity date under the Revolving Credit Facility Agreement), any restrictions on note purchases contained in the Revolving Credit Facility Agreement and (b) (prior to the discharge date under any other Credit Facility Document) any provisions in any other outstanding Credit Facility Documents dealing with note purchases.

The Intercreditor Agreement will also permit payments in respect of the High Yield Guarantee Liabilities and to Shareholder Creditors in respect of Holdco Liabilities prior to the later of the date on which all the Credit Facility Liabilities, the Creditor Representative Liabilities owed to the agent under the Credit Facility and the Super Senior Hedging Liabilities have been fully and finally discharged (the ''Super Senior Discharge Date''), the date on which the Notes Liabilities and the Non Super Senior Hedging Liabilities will have been fully and finally discharged (the ''Senior Secured Notes Discharge Date'') and the date on which the Pari Passu Debt Liabilities have been fully and finally discharged (the ''Pari Passu Discharge Date'' and the later of the Senior Secured Notes Discharge Date and the Pari Passu Discharge Date being (the ''Senior Secured Discharge Date'') subject to:

(a) (i) if the payment is of any principal amount (including capitalised interest) of the liabilities under the High Yield Documents (the ''High Yield Liabilities'') which is not prohibited from being paid by the Credit Facility Documents, the Notes Documents and any Pari Passu Debt Document or is a payment of any amount which is not an amount of principal or capitalized interest, (ii) no notice of an event of default under the Credit Facility Documents, the Indenture or the Pari Passu Debt Documents (a ''High Yield Stop Notice'') has been delivered by the relevant creditor representative of such liabilities (in which case, no such payments will be made until the earlier of (a) the date falling 179 days after the delivery of that High Yield Stop Notice, (b) there is a failure to pay principal on the original final stated scheduled maturity date of the High Yield Notes, (c) if a High Yield Standstill Period is in effect, the date on which that High Yield Standstill period expires, (d) the date on which the relevant event of default ceases to be outstanding (provided no event of default has occurred and is continuing under any of the other relevant documents), (e) the date on which the relevant High Yield Stop Notice is cancelled, (f) the Senior Secured Discharge Date and (g) the date on which the High Yield Creditors are permitted to take enforcement action) and (iii) no payment default under any Credit Facility Documents, the Notes Documents and the Pari Passu Debt Documents (above any agreed threshold) has occurred and is continuing;

(b) the Majority Super Senior Creditors and the creditor representatives in respect of the Noteholders and the Pari Passu Creditors give prior consent to that payment being made;

(c) the payment is of amounts owing to the trustee for the High Yield Notes (the ''High Yield Notes Trustee'');

(d) the payment is of administrative and maintenance costs, fees, expenses and taxes of the High Yield Issuer (including in relation to any reporting or listing requirements) under the High Yield Notes, as permitted under the terms of the Credit Facility Documents;

(e) the payment is of costs, consent fees, commissions, underwriter or lead manager fees (including OID), taxes, premiums and any expenses incurred in respect of (or reasonably incidental to) any financing or refinancing of the High Yield Notes in compliance with the Intercreditor Agreement, the Credit Facility Documents, the Indenture and the Pari Passu Debt Documents; or

(f) if the payment is the principal amount of High Yield Liabilities and is paid on or after the final originally scheduled maturity date of such High Yield Liabilities (provided that such maturity date is a date not earlier than 1 year after the originally scheduled maturity date of the Notes and the Revolving Credit Facility) at the time of issuance of such High Yield Notes.

Payments to intra group lenders owed any Intra Group Liabilities (such payments, ''Intra Group Liabilities Payments'') are permitted by the Intercreditor Agreement if at the time of payment no acceleration event has occurred. The Intercreditor Agreement permits Intra Group Liabilities Payments if an acceleration event has occurred if, among other things: (i) prior to the Super Senior Discharge Date, permitted or not prohibited by the RCF Facility Agreement, (ii) prior to the Senior Secured Discharge Date, permitted or not prohibited by the Indenture pursuant to which any Notes remain outstanding, (iii) prior to the Pari Passu Discharge Date, permitted or not prohibited by the Pari Passu Debt Documents, (iv) prior to the High Yield Discharge Date, permitted or not prohibited by the High Yield Documents pursuant to which any High Yield Notes remain outstanding, (v) any managing director of any of the Debtor incorporated in Germany is required by mandatory law to make or to demand payment of the relevant Intra Group Liabilities in order to avoid personal and/or criminal liability, (vi) that payment is made to facilitate payment of the Super Senior Liabilities, the Notes Liabilities, the Pari Passu Debt Liabilities and/or the Non Super Senior Hedging Liabilities or (vii) that payment is made to facilitate payment of the High Yield Liabilities that are permitted to be paid under the terms of the Intercreditor Agreement.

Payments may be made in respect of Shareholder Liabilities and Holdco Liabilities if (i) prior to the Super Senior Discharge Date, permitted or not prohibited by the RCF Facility Agreement, (ii) prior to the Senior Secured Discharge Date, permitted or not prohibited by the Indenture pursuant to which any Notes remain outstanding, (iii) prior to the Pari Passu Discharge Date, permitted or not prohibited by the Pari Passu Debt Documents, (iv) prior to the High Yield Discharge Date, permitted or not prohibited by the High Yield Documents pursuant to which any High Yield Notes remain outstanding or (v) the payment is to be made by the Issuer to the Midco and is equal to and the amount is used for a payment in respect of any High Yield Liabilities then due and payable by the relevant High Yield Issuer (or, in the case of a payment in respect of scheduled interest, such payment will become due and payable within three Business Days) and which is a permitted high yield payment.

Subject to the certain conditions described below, the Debtors may make payments to any Hedge Counterparty in respect of the Hedging Liabilities then due to that Hedge Counterparty under any Hedging Document in accordance with the terms of that Hedging Document: (i) if the payment is a scheduled payment arising under the relevant Hedging Document; (ii) to the extent that the relevant Debtor's obligation to make the payment arises as a result of the operation of certain provisions relating to withholding tax, payments in the contractual currency, judgments, expenses and default interest; (iii) to the extent that the relevant Debtor's obligation to make the payment arises from a non-credit related close-out; (iv) to the extent that the relevant Debtor's obligation to make the payment arises as a result of the operation of a credit related close-out under the Hedging Document which arises as a result of an event relating to a Debtor and where no event of default under any Credit Facilities Document, Notes Document or Pari Passu Debt Document is continuing at the time of that payment; (v) where the relevant payment relates to a close-out or termination arising as a result of a bankruptcy event of default or force majeure termination event with respect to the relevant Hedge Counterparty and where no event of default under any Credit Facilities Document, Notes Document, Pari Passu Debt Document or High Yield Documents is continuing at the time of, or would result from, that payment or (vi) with the consent of the Majority Super Senior Creditors (excluding the Hedge Counterparties which are owed Super Senior Hedging Liabilities) and the Majority Senior Secured Creditors (excluding Hedge Counterparties which are owed Non-Super Senior Hedging Liabilities) of each tranche.

An acceleration event includes the relevant creditor representative exercising any or all of its rights under the acceleration provisions of the Credit Facilities Documents, or any other equivalent acceleration provisions under any of the Notes Documents, the Pari Passu Debt Documents or the High Yield Documents.

Limitations on enforcement by Super Senior Creditors and Senior Secured Creditors

For the purposes of enforcement:

- the Credit Facility Lenders, the Hedge Counterparties (to the extent they are owed Super Senior Hedging Liabilities) and their creditor representatives are referred to as the ''Super Senior Creditors'' and the liabilities being owed to the Credit Facility Lenders, the Creditor Representative of the Credit Facilities and the Hedge Counterparties, which are owed Super Senior Hedging Liabilities (the ''Super Senior Liabilities''); and
- the Noteholders, the Pari Passu Creditors, Non-Super Senior Hedging Liabilities and their creditor representatives are referred to as the ''Senior Secured Creditors.''

The security agent may refrain from enforcing the Collateral or taking any other enforcement action unless instructed by the Instructing Group (as defined below). If any of the Super Senior Creditors or the Senior Secured Creditors wish to enforce the Collateral, either (a) the majority Super Senior Creditors (being 66⅔% by value of the Super Senior Creditors) (the ''Majority Super Senior Creditors'') or (b) the majority Senior Secured Creditors (being more than 50% in value of the Senior Secured Creditors entitled to vote as described in the Intercreditor Agreement) (the ''Majority Senior Secured Creditors'') (in each case acting through their respective creditor representative) (the ''Instructing Group'') must give at least five business days' (or such shorter period as each creditor representative may agree) notice of the proposed enforcement instructions to the creditor representatives for the other creditor classes and the security agent.

If the security agent receives conflicting instructions, then, to the extent instructions from the Majority Senior Secured Creditors have been given, the security agent will comply with such instructions, provided that, if the Super Senior Liabilities have not been fully and finally discharged within six months of the Time Period Start Date (as defined below) or if no enforcement has occurred within three months of the Time Period Start Date (as defined below), then the instructions of the Majority Super Senior Creditors will prevail.

To the extent that the enforcement instructions conflict (and a failure by a creditor representative for the Majority Super Senior Creditors or the Majority Senior Secured Creditors to give any instruction shall be deemed a conflicting enforcement instruction for the purposes of triggering a consultation period and for determining the Instructing Group), the giving of this notice triggers a 30-day consultation period (or such shorter period as the relevant creditor representatives shall agree) (the end of such period being the ''Time Period Start Date'') during which time the creditor representatives for each of the creditor classes must discuss the proposals in good faith with a view to co-coordinating the proposed enforcement instructions.

A creditor representative is not obliged to consult as described above (or shall only be obliged to consult for a shorter period in the case of the second dot point below as the Instructing Group may determine) if:

- the Collateral has become enforceable as a result of a insolvency event in relation to a Debtor; or
- that creditor representative (acting on the instructions of the relevant creditor group) determines in good faith and notifies the other creditor representatives and the security agent that to do so and thereby delay enforcement of the Collateral could reasonably be expected to have a material adverse effect on (A) the security agent's ability to enforce any of the Collateral or (B) the realization proceeds of any enforcement of the Collateral in any material respect;
- a period of not less than three months has elapsed since the date the proposed enforcement instructions were given and no enforcement is being effected by the security agent or the Super Senior Liabilities have not been fully and finally discharged within six months from the date the proposed enforcement instructions were given; or
- the creditor representatives are in agreement that no initial consultation period shall be required.

If consultation has taken place for at least 30 days as described above (or such shorter period as may have been agreed between the relevant creditor representatives) (or was not required to occur as described above), there shall be no further obligation to consult and the security agent may act in accordance with the instructions as to enforcement of the Instructing Group (as described above) and the Instructing Group may issue instructions as to enforcement to the security agent at any time thereafter.

If the Majority Super Senior Creditors or the Majority Senior Secured Creditors (in each case acting reasonably) consider that the security agent is enforcing the Collateral in a manner which is not consistent with the Security Enforcement Principles, subject to the exceptions to the requirement for a consultation period described above, the creditor representative(s) for the Super Senior Creditors or the Senior Secured Creditors (as appropriate) shall give notice to the creditor representative(s) for the other Super Senior Creditors and the Senior Secured Creditors (as appropriate) after which the creditor representative(s) for the other Super Senior Creditors and the Senior Secured Creditors (as appropriate) shall consult with the security agent for a period of 15 days (or such lesser period as the relevant creditor representatives may agree) with a view to agreeing the manner of enforcement provided that such creditor representatives shall not be obliged to consult more than once in relation to each enforcement action.

Any enforcement instructions given must comply with certain collateral enforcement principles (the ''Security Enforcement Principles'') and the collateral enforcement objective, including:

- to achieve the collateral enforcement objective, namely to maximize, to the extent consistent with a prompt and expeditious realization of value from enforcement of the Collateral, the recovery by all of the Super Senior Creditors and the Senior Secured Creditors;
- either all enforcement proceeds will be received in cash by the security agent or, in the case of enforcement by the Majority Senior Secured Creditors, sufficient enforcement proceeds will be received in cash by the security agent to ensure that after distribution in accordance with the Intercreditor Agreement, the Super Senior Liabilities will be repaid in full (unless the Majority Super Senior Creditors agree);
- to the extent that the enforcement is over Collateral with an aggregate book value exceeding £1,000,000, or the enforcement is over Collateral over some or all of the shares in a member of the Restricted Group, the security agent shall, if requested by the Majority Super Senior Creditors or the Majority Senior Secured Creditors, and at the expense of the Company (unless it is incompatible with enforcement proceedings in a relevant jurisdiction) appoint an internationally recognized investment bank or any one of a ''big four'' accounting firm, BDO or Grant Thornton or, if not practicable, from another reputable independent third party professional firm that is regularly engaged in providing valuations of the relevant type of assets, to opine that the consideration received for any disposal is fair from a financial point of view taking into account all relevant circumstances (the ''Financial Advisor's Opinion'');
- the security agent will be under no obligation to appoint a financial advisor or to seek the advice of a financial advisor, unless expressly required to do so by any provision of the Intercreditor Agreement;
- the Financial Advisor's Opinion will be conclusive evidence that the Collateral Enforcement Principles have been met; and
- if any enforcement action of collateral is conducted by way of public or private auction or other competitive sale process, which is conducted with the advice of an independent investment bank or intentionally recognized firm of accountants or a reputable independent third party professional firm which is regularly engaged in such sale processes (a ''Competitive Sales Process''), no Financial Advisor needs to be appointed in respect of such enforcement action.

Limitations on enforcement by High Yield Creditors

Until the Senior Secured Discharge Date, except with the prior consent of or as required by the Instructing Group, no High Yield Creditor shall take or require the taking of any enforcement action in relation to the High Yield Guarantee Liabilities or direct the security agent or otherwise require the enforcement of any of the Shared Collateral, except if:

- a default under any High Yield Documents is continuing and a period (the ''High Yield Standstill Period'') of ending the earlier of (a) 179 days from the date of service of notice in writing of such default from the relevant High Yield Notes Trustee to each of the relevant creditor representatives with respect to the Super Senior Creditors and Senior Secured Creditors, (b) the date the relevant High Yield Guarantor is subject to a insolvency event against whom enforcement action is taken, (c) the date on which any other standstill period expires in respect of such default, and at the end of such period such default is continuing, (d) the date on which the creditor representative for the Credit Facility Lenders, the Noteholders and the Pari Passu Creditors consent to enforcement in respect of such default, (e) the date the Super Senior Creditors or the Senior Secured Creditors take any enforcement action in respect of a High Yield Guarantor provided that a High Yield Creditor may only take the same enforcement action in relation to that High Yield Guarantor as the enforcement action taken by the Super Senior Creditors and/or the Senior Secured Creditors against that Guarantor (and not against any other member of the Restricted Group) and that enforcement action for these purposes shall not include action solely taken to preserve or protect any Collateral as opposed to release it, and (f) a failure to pay the principal amount outstanding at the final stated maturity of the High Yield Notes; and

- the creditor representatives for the Credit Facility Lenders, the Noteholders and the Pari Passu Creditors have received notice of such default,

provided that, if the Security Agent has notified the High Yield Notes Trustee (or any creditor representative in respect of High Yield Creditors) that it is enforcing security over the shares of a High Yield Guarantor, no High Yield Creditor may take enforcement action in relation to such High Yield Guarantor while the security agent is taking steps to enforce that security on the instructions of an Instructing Group where such action might be reasonably likely to adversely affect such enforcement or the amount of proceeds to be derived therefrom.

Limitation on Enforcement of Intra Group Liabilities and Shareholder Liabilities

Creditors in respect of the Intra Group Liabilities or Shareholder Liabilities will not be permitted to take any enforcement action in respect of such liabilities prior to the Final Discharge Date (other than certain specific enforcement action as set out in the Intercreditor Agreement) save that, after the occurrence of an insolvency event in relation to any member of the Restricted Group, each intra group lender or shareholder creditor (as the case may be) may (unless otherwise directed by the security agent or unless the security agent has taken, or has given notice that it intends to take, action on behalf of that intra group lender or shareholder creditor (as the case may be) in accordance with the Intercreditor Agreement) and shall, if so directed by the security agent, exercise any right it may otherwise have against that member of the Restricted Group to:

(a) accelerate any of that member of the Restricted Group's Intra Group Liabilities or Shareholder Liabilities (as the case may be) or declare them prematurely due and payable or payable on demand;

(b) make a demand under any guarantee, indemnity or other assurance against loss given by that member of the Restricted Group in respect of any Intra Group Liabilities or Shareholder Liabilities (as the case may be);

(c) exercise any right of set-off or take or receive any payment in respect of any Intra Group Liabilities or Shareholder Liabilities (as the case may be) of that member of the Restricted Group; or

(d) file claims, or claim and prove in the liquidation of that member of the Restricted Group for the Intra Group Liabilities or Shareholder Liabilities (as the case may be) owing to it.

No Intra-Group Lender incorporated in Germany shall be prevented from exercising any of the rights referred to in this section if and to the extent the exercise of such rights is required by mandatory law to avoid any personal liability of any managing director of that Intra-Group Lender.

Turnover

Subject to certain exclusions, if any Super Senior Creditor, Noteholder, Non-Super Senior Hedge Counterparty, Pari Passu Creditor or High Yield Creditor (or any of their respective creditor representatives) receives or recovers the proceeds of any enforcement of any Collateral except in accordance with ''—*Application of proceeds*'' below, that person must:

- in relation to amounts not received or recovered by way of set-off, hold that amount on trust for the security agent and promptly pay an amount equal to that amount to the security agent for application in accordance with the terms of the Intercreditor Agreement; and

- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the security agent for application in accordance with the terms of the Intercreditor Agreement.

Subject to certain exceptions, if at any time prior to the Final Discharge Date any High Yield Creditor or any Intra Group Lender or Shareholder Creditor (each a ''Subordinated Creditor'') receives or recovers any amount in respect of the High Yield Liabilities or in respect of the Intra Group Liabilities or Shareholder Liabilities (together the ''Subordinated Liabilities'') which it is not permitted to receive or recover by the terms of the Intercreditor Agreement, or receives or recovers the proceeds of enforcement of any Collateral except in accordance with ''—*Application of proceeds*'' below, or receives or recovers any amount in respect of the relevant High Yield Liabilities or (as the case may be) Subordinated Liabilities after the occurrence of a Distress Event or as a result of litigation against a Debtor or member of the Group (other than after the occurrence of an insolvency event in respect of that Debtor or Group member), or receives or recovers any amount in respect of the High Yield Liabilities or Subordinated Liabilities except in accordance with ''—*Application of proceeds*'' below and made as a result of, or after, the occurrence of an insolvency event in respect of the relevant Debtor, that person must:

- in relation to amounts not received or recovered by way of set-off, hold that amount on trust for the security agent and promptly pay an amount equal to that amount to the security agent for application in accordance with the terms of the Intercreditor Agreement; and
- in relation to receipts and recoveries received or recovered by way of set-off, promptly pay an amount equal to that recovery to the security agent for application in accordance with the terms of the Intercreditor Agreement.

Application of proceeds

All amounts from time to time received pursuant to the provisions described under ''—*Turnover*'' above or recovered by the security agent in connection with the realization or enforcement of all or any part of the Collateral or otherwise paid to the security agent under the Intercreditor Agreement for application as set forth below shall be held by the security agent on trust an applied in the following order:

- **first**, (i) *pari passu* and pro rata any sums owing to the security agent, any receiver, attorney or agent of the security agent, any Pari Passu Debt representative in respect of any Pari Passu Debt issued in the form of notes and, any fees, costs, charges, expenses or sums payable to the Trustee for the Notes; then (ii) *pari passu* and pro rata to each creditor representative (to the extent not included in (i) above and excluding any Hedge Counterparty in its capacity as its own creditor representative) of the unpaid fees, costs, expenses and liabilities (and all interest thereon as provided in the relevant Debt Documents) of each such creditor representative and any receiver, attorney or agent appointed by such creditor representative under any collateral document or the Intercreditor Agreement (to the extent that the collateral concerned has been given in favor of such obligations);
- **second**, *pari passu* and pro rata, in or towards payment of all costs and expenses incurred by the Super Senior Creditors in connection with any realization or enforcement of the Collateral taken in accordance with the terms of the collateral documents and the Intercreditor Agreement or any action taken at the request of the security agent;
- **third**, *pari passu* and pro rata in or towards payment between (i) the agent under the Revolving Credit Facility Agreement (the ''RCF Agent'') on its own behalf and on behalf of the lenders under the Revolving Credit Facility Agreement, each creditor representative in respect of a Credit Facility on its own behalf and on behalf of the Arrangers and Credit Facility Lenders under that Credit Facility for application towards the discharge of the liabilities owed to the RCF Agent, the Arranger Liabilities, the liabilities under the Revolving Credit Facility Agreement, Credit Facility Lender Liabilities, the Creditor Representative Liabilities owed to the creditor representatives in respect of each Credit Facility and the Credit Facility Lender Liabilities and the related Arranger Liabilities (in accordance with the terms of the relevant Credit Facility Documents) and (ii) the Hedge Counterparties to the extent they are owed Super Senior Hedging Liabilities;
- **fourth**, *pari passu* and pro rata in or towards payment to the Trustee on behalf of the Noteholders, the Pari Passu Debt representatives on behalf of the Pari Passu Creditors and each of the Non-Super Senior Hedge Counterparties for application towards any unpaid costs and expenses incurred by or on behalf of any Noteholders, Pari Passu Creditors and the Hedge Counterparties in connection

with any realization or enforcement of the Collateral taken in accordance with the terms of the collateral documents and the Intercreditor Agreement or any action taken at the request of the security agent;

- **fifth**, *pari passu* and pro rata in or towards payment to the Trustee on behalf of the Noteholders for application towards the discharge of the Notes Liabilities (in accordance with the Indenture), to the Pari Passu Debt representatives on behalf of the Pari Passu Creditors for application towards the discharge of the Pari Passu Debt (in accordance with the relevant Pari Passu Documents) and to each of the Hedge Counterparties for application towards any Non-Super Senior Hedging Liabilities;
- **sixth**, (from the proceeds of the Shared Collateral only) *pari passu* and pro rata in or towards payment to the High Yield Trustee on behalf of the High Yield Noteholders for application towards any unpaid costs and expenses incurred by or on behalf of any High Yield Noteholders in connection with any realization or enforcement of the Shared Collateral taken in accordance with the terms of the collateral documents and the Intercreditor Agreement or any action taken at the request of the security agent;
- **seventh**, (from the proceeds of the Shared Collateral only) *pari passu* and pro rata in or towards payment to the High Yield Notes Trustee on behalf of the High Yield Noteholders for application towards the discharge of the High Yield Liabilities (in accordance with the relevant High Yield Documents); and
- **eighth**, after the Final Discharge Date, in payment of the surplus (if any) to the Debtors.

Option to purchase

One or more of the Noteholders or Pari Passu Creditors may, following an acceleration event in relation to the Super Senior Liabilities, the Notes, the Pari Passu Debt Liabilities or High Yield Liabilities or enforcement of the Collateral, and subject to various conditions set out in the Intercreditor Agreement (including the grant of an acceptable indemnity against clawback to the Credit Facility Lenders), exercise an option to purchase all (but not part of) the Credit Facilities Liabilities and the Super Senior Hedging Liabilities.

Following an acceleration event in relation to any Super Senior Liabilities, Notes Liabilities, Pari Passu Debt Liabilities or High Yield Liabilities or enforcement of the Collateral (a ''Distress Event''), and subject to various conditions set out in the Intercreditor Agreement (including the grant of an acceptable indemnity against clawback to such Credit Facility Lender, Hedge Counterparty, Senior Secured Creditor or Pari Passu Creditor), one or more of the High Yield Noteholders may, at the expense of such purchasing High Yield Noteholder, acquire or procure the acquisition of all (but not part only) of the rights and obligations of the Credit Facility Lenders, the Hedge Counterparties, the Senior Secured Creditors and the Pari Passu Creditors in connection with the Credit Facility Lender Liabilities under the Credit Facility Documents, the Hedging Liabilities under the Hedging Documents, the Notes Liabilities under the Indenture and the Pari Passu Debt Liabilities under the Pari Passu Debt Documents.

Release of collateral and guarantees—non-distressed disposals

In circumstances where a disposal is not a distressed disposal (including a solvent liquidation or reorganization of any Debtor or member of the Group that results in no person or a different person owning the relevant assets, and such action is otherwise permitted by the Credit Facility Documents, the Notes Documents, the Pari Passu Debt Documents or the High Yield Documents), the Intercreditor Agreement will provide for an automatic release of the security (where effective) and otherwise that the security agent named therein is authorized and instructed:

(a) to release the Collateral or any other claim over the relevant asset; and

(b) if the relevant asset consists of shares in the capital of a member of the Group, to release the Collateral or any other claim over the assets of that Group Member and (where the disposal is to a person which is not a member of the Restricted Group) the assets of any of their subsidiaries,

provided that (i) in the case of a disposal to another member of the Restricted Group, to the extent replacement Collateral is required from the transferee under the relevant Debt Documents, any required replacement collateral is granted by the transferee before or at the same time as the release and, (ii) if required by the terms of the relevant Debt Documents, any proceeds from the disposal are applied in mandatory prepayment of the relevant debt.

Release of collateral and guarantees—distressed disposals

In circumstances where a distressed disposal is being effected, the Intercreditor Agreement will provide that the security agent is authorized and instructed:

(a) to release the Collateral or any other claim over the relevant asset;

(b) if the asset which is disposed of consists of shares in the capital of a Debtor, to release (i) that Debtor and any subsidiary of that Debtor from all or any part of its borrowing liabilities (other than those liabilities owed by the Issuer to the Super Senior Creditors, Noteholders, Pari Passu Creditors and Hedge Counterparties) as described in the Intercreditor Agreement and certain guaranteeing liabilities and other liabilities as described in the Intercreditor Agreement, (ii) any Collateral granted over that Debtor's assets and the assets of any of its subsidiaries and (iii) any other claim of a Debtor or intra group lender over that Debtor's assets or over the assets of any subsidiary of that Debtor;

(c) if the asset which is disposed of consists of shares in the capital of any holding company of a Debtor, to release (i) that holding company and any subsidiary of that holding company from all or any part of its borrowing liabilities (other than those liabilities owed by the Issuer to the Super Senior Creditors, Noteholders, Pari Passu Creditors and Hedge Counterparties) as described in the Intercreditor Agreement, certain guaranteeing liabilities as described in the Intercreditor Agreement and certain other liabilities as described in the Intercreditor Agreement, (ii) any Collateral granted over the assets of any subsidiary of that holding company and (iii) any other claim of a Debtor or intra group lender over that Debtor's assets or over the assets of any subsidiary of that holding company;

(d) if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to dispose of all or any part of that Debtor's or the holding company of that Debtor's borrowing liabilities (other than those liabilities owed by the Issuer to the Super Senior Creditors, Noteholders, Pari Passu Creditors and Hedge Counterparties), certain guaranteeing liabilities and certain other liabilities; and

(e) if the asset which is disposed of consists of shares in the capital of a Debtor or any holding company of a Debtor, to transfer intra group liabilities and debtor liabilities owed by that Debtor or holding company of a Debtor to another Debtor.

Any net proceeds of the disposal must be applied in accordance with the enforcement proceeds waterfall described above under ''—*Application of proceeds*.''

Prior to the High Yield Discharge Date, a distressed disposal is being effected such that the High Yield Guarantees and Shared Collateral will be released, it being a condition of this release that:

(a) either all or substantially all of the consideration for the relevant sale or disposal is cash or the disposal is made pursuant to any process or proceedings approved or supervised by or on behalf of any court of law where there is a determination of value by or on behalf of the court;

(b) either the sale or disposal is made pursuant to (i) a Competitive Process, (ii) any process or proceedings approved or supervised by or on behalf of any court of law where there is a determination of value by or on behalf of the court or (iii) where the security agent has obtained a Financial Advisor's Opinion confirming that the sale, disposal or transfer price is fair from a financial point of view after taking into account all relevant circumstances, including the method of enforcement; and

(c) the claims of each of the Super Senior Creditors, Noteholders, Pari Passu Creditors, Hedge Counterparties and High Yield Noteholders against the relevant entities or assets are irrevocably and unconditionally released or sold or disposed of concurrently with such sale (and are not assumed by the relevant purchaser or by any affiliate of such purchaser) and all Collateral over such relevant entities or assets are released provided that in the event of a sale or disposal of any such claim (instead of a release or discharge) the relevant creditor representative determines acting reasonably and in good faith, that the Super Senior Creditors, Noteholders, Pari Passu Creditors and Hedge Counterparties will recover more than if such claim was released or discharged and the representative in respect of the relevant creditor group serves a notice on the security agent notifying the security agent of the same, in which case the security agent shall be entitled immediately to sell and transfer such claim to such purchaser (or to an affiliate of such purchaser).

The proceeds from the relevant sale or disposal are to be applied accordance with the enforcement proceeds waterfall described above under ''—*Application of proceeds*.''

Amendment

Except for (i) amendments of a minor, technical or administrative nature which may be effected by the security agent and the Company, (ii) amendments made by the relevant creditor representatives (without any further instructions from the relevant creditor groups), the Company and the security agent to cure defects, or typographical errors, or to resolve ambiguities or reflect changes in each case of a minor or technical nature or (iii) amendments which only affects one class of the relevant creditors which could not reasonably be expected to materially and adversely affect the interests of the other classes (in which case only written agreement from that class will be required), the Intercreditor Agreement may be amended with the consent of the Majority Super Senior Creditors, the required percentage of the Noteholders (as set out in the Indenture), the required percentage of the High Yield Noteholders (as set out in the relevant High Yield Indenture) and the required percentage of Pari Passu Creditors (as set out in the relevant Pari Passu Debt documentation), the Issuer and the security agent unless it relates to certain specified matters such as ranking, priority, subordination, turnover, enforcement, disposal proceeds, amendments or the payment waterfall. Such amendments require consent from all of the Credit Facility Lenders, the Trustee (acting in accordance with the Indenture), the High Yield Notes Trustee (acting in accordance with the relevant High Yield Notes Indenture) or other representative or creditor of the additional tranche of high yield debt (as applicable), the Pari Passu Debt representative (acting in accordance with the relevant Pari Passu Debt Documents), each Hedge Counterparty (to the extent that the amendment or waiver would adversely affect the Hedge Counterparties), the Company and the security agent.

No amendment or waiver of the Intercreditor Agreement may impose new or additional obligations on or withdraw or reduce the rights of any party (other than, in the case of the Credit Facility Lenders, the Noteholders, the Pari Passu Creditors and the Hedge Counterparties) in a way which affects creditors of that party's class generally or, in the case of the Debtors or third party creditor, to the extent consented to by the Company) to the Intercreditor Agreement without the prior consent of that party (or, in the case of the Noteholders, the Pari Passu Creditors and the High Yield Creditors in respect of an issue of debt securities, the relevant creditor representative).

To the extent the Debtors wish to enter into Pari Passu Debt or other additional or replacement indebtedness (''Additional Indebtedness'') which is permitted to share in the Collateral pursuant to the Credit Facilities Documents, the Notes, other Pari Passu Debt Documents and the High Yield Documents, then the parties to the Intercreditor Agreement may be required to enter into documentation to implement this (including without limitation a replacement intercreditor agreement on substantially the same terms as the Intercreditor Agreement).

Warner Village Intercreditor Agreement

As referred to above, in connection with our acquisition of the Warner Village U.K. Cinema Circuit in 2003, we entered into a deed of undertaking and indemnity (the ''Deed'') in favor of Time Warner and Village. The Deed was entered into to offer protection in the form of indemnities to Time Warner and Village in respect of liabilities which they retained pursuant to leases of certain properties that we acquired but for which Time Warner and Village continue to be contingently liable (either as guarantor or original tenant) by virtue of English law. Under the terms of the Deed, Time Warner and Village are entitled to require second ranking security (the ''Time Warner Security'') and the documents evidencing the Time Warner Security (the ''Warner Village Security Documents'') subordinated to any security that a lender receives in connection with any of our financing arrangements. Time Warner and Village have taken second ranking charges over some of our property assets but they have not requested any additional security since 2007.

In connection with the Deed, we will, on or prior to the Closing Date, enter into the Warner Village Intercreditor Agreement with, among others, Time Warner, Village and Village Roadshow UK Holdings Pty Limited (the ''Subordinated Creditors'') to govern the relationship and relative priorities among (i) all present and future Credit Facility Lender Liabilities, the Creditor Representative Liabilities, the Arranger Liabilities, the Notes Liabilities, the Pari Passu Debt Liabilities and the Hedging Liabilities (each as defined above) (the ''Senior Creditors'') and (ii) the Subordinated Creditors in respect of the Permitted WV Security (as defined in the Warner Village Intercreditor Agreement) and the present and future sums, liabilities and obligations owing or incurred to the Subordinated Creditors under or in connection with the Time Warner Security (the ''Warner Village Subordinated Debt'') and regulate the rights and obligations of the parties under the Debt Documents and Warner Village Security Documents, which shall in all respects take effect and be subject to the provisions of the Warner Village Intercreditor Agreement.

Limitations on enforcement

The Warner Village Intercreditor Agreement will provide that, until the Senior Discharge Date (as defined in the Warner Village Intercreditor Agreement), unless the Creditor Representatives (as defined in the Intercreditor Agreement) and the Security Agent have previously agreed in writing, no Subordinated Creditor will:

- exercise any power of attorney in any Warner Village Security Document or exercise any other rights under the Warner Village Security Documents the effect of which is the enforcement of any security constituted by the Warner Village Security Documents;
- crystallize, or purport to crystallize, any floating charge in any Warner Village Security Document;
- enforce, or purport to enforce, any Security conferred by the Warner Village Security Documents or appoint or require the appointment of an insolvency representative to any member of the Group or over the assets of any member of the Group.

Undertakings of Obligors

Until the Senior Discharge Date (unless the creditor representatives have previously agreed otherwise in writing), no Obligor may, notwithstanding any provision of the Warner Village Security Documents:

- create or permit to subsist any security over any of its assets as security for any of the Warner Village Subordinated Debt except for the Permitted WV Security; or
- take or omit to take any action whereby the subordinations contemplated by the Warner Village Intercreditor Agreement may be impaired, terminated or adversely affected.

Undertakings of the Subordinated Creditors

Until the Senior Discharge Date (unless the creditor representatives have otherwise agreed in writing), no Subordinated Creditor shall take, accept or receive the benefit of, or permit to subsist in favour of any of them, any security upon any assets of the Issuer or its subsidiaries (the ''Group'') or any guarantee from any member of the Group, whether directly or indirectly, for or in respect of the Warner Village Subordinated Debt except for the Permitted WV Security and except as expressly provided for in the Deed and the sale and purchase agreement dated 12 May 2003 between amongst others, Time Warner, Village, Vue Entertainment Holdings Limited (the ''WV Acquisition Agreement''), in each case, as in force on the date of the Warner Village Intercreditor Agreement.

Ranking and priority

The Warner Village Intercreditor Agreement will provide that the right and priority of payment will rank in the following order:

- first, all present and future Credit Facility Lender Liabilities, the Creditor Representative Liabilities, the Arranger Liabilities, the Notes Liabilities, the Pari Passu Debt Liabilities and the Hedging Liabilities (each as defined above) (the ''Senior Debt''); and
- second, the Warner Village Subordinated Debt.

The Warner Village Intercreditor Agreement will also provide that the collateral package granted in respect of the Debt Documents will rank in all respects prior to all existing security and future security conferred by the Warner Village Security Documents and will secure all of the Debt Documents in priority to the Warner Village Subordinated Debt.

Proceeds of Enforcement of Security

Subject to the rights of any prior or preferential encumbrancers or the Senior Creditors and save as provided by law, the proceeds of enforcement of the security conferred by the security documents securing the liabilities of the Senior Creditors (the ''Senior Security Documents'') and all other amounts paid to any creditor representative or, as the case may be, the Security Agent under the Warner Village Intercreditor Agreement shall be applied in the following order:

- first, in payment to the Senior Creditors and Arrangers in accordance with the provisions as set out in the Intercreditor Agreement; and
- second, in payment of the surplus (if any) to such persons who may be entitled to them,

  and pending such application shall be held on trust by the Security Agent for the beneficiaries entitled thereto.

Amendments to the Warner Village Security Documents

Until the Senior Discharge Date, unless the creditor representatives have agreed to the variation in writing, no Obligor or Subordinated Creditor will vary the terms of any Warner Village Security Document. However, this shall not prevent the making or variation to the terms of any Warner Village Security Document:

- in a manner and to the extent such that the interests of any of the Senior Creditors or the ranking and/or subordination arrangements provided for in the Warner Village Intercreditor Agreement are not adversely affected (as to which a certificate of each creditor representative acting in good faith will be conclusive); or
- which is to reflect a similar variation to any Credit Facility Document, Notes Document, hedging agreement or Pari Passu Debt Document (the ''Senior Documents'') which has been made or given by the relevant creditor representative; and
- at least five business days prior to any such proposed variation, the Subordinated Creditor shall deliver to the Security Agent copies of the documentation which it is proposed will effect such variation.

Release of Security

(1) Without prejudice to paragraphs (2) and (3) below and subject to the indemnity obligations in the Warner Village Intercreditor Agreement and any restrictions on release in the Intercreditor Agreement, the Security Agent may at its sole discretion and without reference to any other Senior Creditor or Subordinated Creditor take such action as it deems necessary or advisable to release any assets from the Security constituted by the Senior Security Documents and the Warner Village Security Documents to the extent that their disposal or release is:

   (i) permitted (or not prohibited) or required by the original form of any Senior Document (other than the Warner Village Intercreditor Agreement); or

   (ii) otherwise permitted or required by the terms of the Warner Village Intercreditor Agreement including pursuant to any instructions given to it in accordance with the paragraph relating to instructions below.

(2) Subject to the indemnity obligations in the Warner Village Intercreditor Agreement and any restrictions on release in the Intercreditor Agreement if, in accordance with the Senior Documents all of the shares in the capital of any Obligor (or all of the shares in any other member of the Group) are disposed of so that any Obligor ceases as a result to be a member of the Group or ceases to be a subsidiary of the Issuer, the security provided over those shares (and over any assets of that Obligor (or member of the Group) (and over any assets of any subsidiary of that Obligor (or member of the Group) being disposed of at the same time) under the Senior Security Documents, the Warner Village Security Documents and any related guarantee and other liabilities under any Senior Document or Warner Village Security Documents (including the Deed) to which the relevant companies being disposed of are subject, will be released by the Security Agent.

(3) Subject to the indemnity obligations in the Warner Village Intercreditor Agreement and any restrictions on release in the Intercreditor Agreement, if any of the circumstances specified below

apply in relation to any asset over which a security has been created under any Senior Security Document and/or Warner Village Security Document those assets will be released from such security and any related guarantee (including the Deed). The Security Agent and the Subordinated Creditors must execute the relevant release documents at the expense of the relevant Obligor promptly upon (and only upon) the Security Agent being satisfied that the release is permitted under this paragraph and is in accordance with the Intercreditor Agreement. The circumstances in which this paragraph applies are:

(i) where a disposal is to be made to a person or persons outside (and which will remain outside) the Group of any assets owned by any Obligor where:

- prior to the Senior Discharge Date, the disposal is in accordance with the Intercreditor Agreement or the Security Agent has received instructions from the relevant Senior Creditors (or a creditor representative on behalf of the relevant Senior Creditors) that comply with the paragraph relating to instructions below instructing it to release the relevant security over such asset; or
- the disposal is permitted or not expressly prohibited by the terms of the relevant Senior Document; or
- such disposal is being made at the request of the Security Agent in circumstances where any security created by the Security Documents has become enforceable; or
- such disposal is being effected by enforcement of a Security Document; or

(ii) where leasehold property is charged under a floating charge contained in any of the Senior Security Documents or Warner Village Security Documents in circumstances where such floating charge breaches the provisions of such lease and prior to the Senior Discharge Date, the Senior Creditors agree to such release or the Security Agent has received instructions from the relevant Senior Creditors (or the relevant Creditor Representative) that comply with the paragraph relating to instructions below, instructing it to release the relevant security over such lease.

(4) In connection with any release contemplated in paragraphs (1), (2) or (3) above, the proceeds of any disposal (or an amount corresponding to it) must be applied in accordance with the requirements of the Senior Documents (if any).

(5) In connection with any release contemplated in paragraphs(1), (2) or (3) above, the Security Agent is authorised by each other Senior Creditor and Subordinated Creditor to execute on behalf of itself and each such Senior Creditor and Subordinated Creditor without the need for any further referral to, or authority from, any Senior Creditor, Subordinated Creditor or other party all necessary releases of any security, liabilities or guarantees (including the Deed) given by any Obligor under any Senior Document or Warner Village Security Document in relation to the disposal of any asset which is permitted or not expressly prohibited or required under or consented to in accordance with the Senior Documents including:

(i) any formal release of any asset which the Security Agent in its absolute discretion considers necessary or desirable in connection with that disposal;

(ii) any release of any liability or guarantee (including the Deed) given under any Senior Document or Warner Village Security Document or any other document referred to therein where all the shares in the capital of the Obligor giving such guarantee (or any holding company of it) are so disposed of in accordance with the terms of and without any breach of the Senior Documents; and

(iii) any release of any security given by any Obligor which is, or is a subsidiary of a company which is, sold in accordance with the terms of and without any breach of the Senior Documents.

Instructions

(1) After any Senior Creditor (or the Security Agent or relevant creditor representative on its behalf) has taken any enforcement action under the Intercreditor Agreement (the ''Enforcement Event'') or after any security constituted by the Senior Security Documents or any part of it is enforced, the Security Agent shall (and is authorised by each other Senior Creditor to) act (or refrain from acting or exercising any right, power, authority or discretion vested in it) in accordance with any instructions

given to it by the relevant creditor representative pursuant to the Intercreditor Agreement and such instructions will override any contrary instructions given by or on behalf of the Subordinated Creditors.

(2) Prior to the occurrence of the matters set out in paragraph (1) above, the Security Agent shall act in accordance with:

(i) the terms of the Warner Village Intercreditor Agreement; or

(ii) instructions received from, or on behalf of the relevant Senior Creditors (or a creditor representative on their behalf) pursuant to the Intercreditor Agreement.

(3) The Security Agent will not be liable to any other Senior Creditor or Subordinated Creditor for any act (or omission) if it acts (or refrains from taking any action) in accordance with the terms of the Warner Village Intercreditor Agreement and, in particular, the Security Agent shall not be liable to the Subordinated Creditors in complying with paragraph on release of security in the Warner Village Intercreditor Agreement or any instructions of any Senior Creditor or the relevant Senior Creditors (or a creditor representative on their behalf) under paragraph (1) above, if such action would have required any consent under any Warner Village Security Document.

(4) Any instructions given to the Security Agent in accordance with the terms of the Warner Village Intercreditor Agreement will be binding on all of the other Senior Creditors and Subordinated Creditors and they shall not be entitled to object to anything done or omitted to be done as a result of such instructions.

(5) Notwithstanding anything contained in the Warner Village Intercreditor Agreement, but subject to the indemnity obligation in the Warner Village Intercreditor Agreement, in the event of a conflict or inconsistency between the Intercreditor Agreement and the Warner Village Intercreditor Agreement in respect of the release of any security constituted by the Senior Security Documents or the Warner Village Security Documents, the parties acknowledge that the release of such security shall be deemed to be permitted (and the Security Agent shall be authorised to release such security) to the extent that the release of the security is in accordance with the Intercreditor Agreement.

Indemnity obligations

Where there is a disposal of assets as contemplated in the paragraphs on release of security above and such disposal is a disposal of a Guaranteed Lease or a Guaranteed Lease Company (as each such term is defined in the Warner Village Intercreditor Agreement), the Security Agent will only be entitled to release the security constituted by the Warner Village Security Documents and any guarantee (including the Deed) where, as regards the purchaser of such Guaranteed Lease or Guaranteed Lease Company, the provisions regarding the undertakings and indemnities to be given in respect of circuit sales and individual multiplex sales in the Deed (to the extent applicable) have been complied with by the relevant member of the Group, if requested by the Subordinated Creditor (acting reasonably).

In circumstances where there is a disposal of assets (other than shares or quotas (''quotas'' being, for the purposes of this paragraph, participations akin to shares in respect of companies incorporated in certain jurisdictions other than the UK)) as contemplated by the paragraphs on release of security above:

- only the assets that are the subject of the disposal may be released from the security constituted by the Warner Village Security Documents; and
- there may be no release in relation to such disposal of assets, of the company or companies which owned such assets immediately prior to such disposal from the obligations contained in the Deed to the extent that such obligations were binding on such company or companies prior to such disposal.

In circumstances where there is a disposal of shares or quotas as contemplated in the paragraphs on release of security above:

- only those shares or quotas and the assets owned by the company (and any of its subsidiaries) whose shares or quotas are being disposed of whether directly or indirectly may be released from the security constituted by the Warner Village Security Documents; and

- the Deed may only be released in such circumstances to the extent that the company (and any of its subsidiaries) whose shares or quotas are being disposed was bound by the Deed prior to such disposal.

The provisions of the paragraphs above shall not apply in any respect following the occurrence of an Enforcement Event.

Subordinated Creditor rights

Neither of the Subordinated Creditors nor any member of their respective Groups (as defined in the Deed) shall be restricted by the terms of the Warner Village Intercreditor Agreement from exercising any rights or remedies they may have under, amongst others, the Deed, Permitted WV Security and the WV Acquisition Agreement (''WV Transaction Documents'') or any other agreement under which any of them enjoy any rights for the time being (excluding, for the avoidance of doubt, the Warner Village Security Documents the rights and remedies under which are regulated by the terms of the Warner Village Intercreditor Agreement), provided that nothing contained in the WV Transaction Documents or any other agreement in relation to the Warner Village Subordinated Debt shall override or supersede the ranking and subordination arrangements contained in the Warner Village Intercreditor Agreement.

The Issuer and the Obligors (as defined in the Warner Village Intercreditor Agreement) undertake in favor of the Subordinated Creditors that they will not agree to increase the aggregate amount of Senior Debt (as defined in the Warner Village Intercreditor Agreement) after the date of such intercreditor agreement which would result in the Issuer being in breach of its obligations under clause (b) of the second paragraph under the caption ''*—Incurrence of Indebtedness and Issuance of Preferred Stock*'' in the ''*Description of the Notes*'', in the form as at the date of the Warner Village Intercreditor Agreement without the prior written consent of the Subordinated Creditors.

Certain Definitions

For purposes of this section ''*—Warner Village Intercreditor Agreement*,''

''Obligor'' means the original obligors under the Warner Village Intercreditor Agreement and any body corporate which may become a party to the Warner Village Security Documents or which guarantees the Warner Village Subordinated Debt (or any part thereof) or grants any security in respect thereof; and

''Permitted WV Security'' means:

- the Warner Village Security Documents;
- in relation to the Warner Village Subordinated Debt only, any security where the Senior Creditors are simultaneously granted a prior ranking security in the same assets from the same person;
- in relation to the Warner Village Subordinated Debt only, any security over the assets of any of any Obligor granted in favour of the Subordinated Creditors in circumstances where each of the following conditions have been met prior to the granting of such security by such Obligor:
  - (i) the Senior Creditors are entitled, under the terms of the Senior Documents, to take such security;
  - (ii) the granting of such security is expressly required by the form of the Deed in force on the date of the Warner Village Intercreditor Agreement;
  - (iii) the Security Agent has been given written notice by the Issuer or by one or more of the Subordinated Creditors of such proposed security; and
  - (iv) a creditor representative has not given written notice to the Issuer or either of the Subordinated Creditors within 60 days of receipt of the notice referred to in (iii) above that it requires a prior ranking security over the assets which are to be subject to the security that it is proposed to be granted to the Subordinated Creditors (but if the notice referred to in this paragraph is so given but the requisite security is not taken by the Security Agent or other Senior Creditor within a timescale considered to be reasonable by all parties in all the circumstances after the giving of such notice then the proposed security taken by the Subordinated Creditors shall be treated as Permitted WV Security for the purposes of this definition).

Hedging Arrangements

We currently maintain certain interest rate and basis swaps. For a description of our current hedging arrangements, see ''*Management's Discussion and Analysis of Financial Condition and Results of Operations—Qualitative and Quantitative Disclosure about Market and Operating Risk—Interest Rate Risk*.'' We currently intend to roll over certain of our existing interest rate and basis swaps in connection with the Transactions with the consent of the hedge counterparties. Pursuant to such roll over, the hedging providers would benefit from security and guarantee rights that rank equally with the rights of the lenders under the Revolving Credit Facility.

FFA Loan

Certain entities in the CinemaxX group have been granted subsidies from the German Federal Film Board (the ''FFA'') in an aggregate amount of approximately €1.5 million. These subsidies have been granted in the forms of loans, most of which have a maturity period between four to six years. Most of the loans were taken in connection with acquisition of plasma screens, undertaking renovation works and refurbishment of cinemas.

Rent Guarantees

Germany

Certain entities in the CinemaxX group have entered into bank guarantee agreements with Hamburger Sparkasse AG, Bayerische Landesbank, R+V Allgemeine Versicherung AG and UniCredit Bank AG in an aggregate amount of approximately €22.6 million. All of these bank guarantees have been used to guarantee the rent obligations of certain CinemaxX group entities under lease agreements. In connection with these bank guarantees, cash collateral is held by the banks providing guarantees. See ''*Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources*.''

Poland

In respect of certain Multikino properties, corporate guarantees were given in favour of the landlord to guarantee the rent obligations. These guarantees are presently provided by International Trading and Investments Holdings S.A Luxembourg (''ITI'') and an affiliate of ITI as group companies of Multikino S.A.. The Multikino Acquisition Agreement imposes an obligation on the buyer to replace these guarantees after completion of the Multikino Acquisition. Replacement guarantees will be offered from Eudialyte Company sp. z o.o. The current aggregate value of these guarantees is approximately €4.15 million.

DESCRIPTION OF THE NOTES

Vougeot Bidco p.l.c. (the ''*Company*'') will issue £300.0 million aggregate principal amount of 7.875% Senior Secured Notes due 2020 (the ''*Fixed Rate Notes*'') and €290.0 million aggregate principal amount of Floating Rate Senior Secured Notes due 2020 (the ''*Floating Rate Notes*'' and, together with the Fixed Rate Notes, the ''*Notes*'') under an indenture (the ''*Indenture*'') among, *inter alios*, the Company, The Bank of New York Mellon, London Branch, as the trustee (the ''*Trustee*'') and Lloyds TSB Bank plc, as the security agent (the ''*Security Agent*''), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the ''*U.S. Securities Act*'').

The gross proceeds of the Offering of the Notes sold on the Issue Date will be used as set forth in this Offering Memorandum under the caption ''Use of Proceeds.'' Pending completion of the Acquisitions and the satisfaction of certain other conditions as described under the caption ''—Escrow of Proceeds; Special Mandatory Redemption,'' the Initial Purchasers will, concurrently with the closing of the Offering of the Notes on the Issue Date, deposit the gross proceeds from the Offering into segregated escrow accounts (the ''*Escrow Accounts*'') pursuant to the terms of an escrow agreement (the ''*Escrow Agreement*''), dated as of the Issue Date, among, *inter alios*, the Company, the Trustee and The Bank of New York Mellon, London Branch, as escrow agent (the ''*Escrow Agent*''). If the conditions to the release of the Escrowed Property (as defined below), as more fully described under the caption ''—Escrow of Proceeds; Special Mandatory Redemption,'' have not been satisfied on or prior to the Escrow Longstop Date or the Extended Escrow Longstop Date (in each case, as defined below), as the case may be, or upon the occurrence of certain other events, the Notes will be redeemed at a price equal to 100% of the aggregate initial issue price of the Fixed Rate Notes and the Floating Rate Notes, plus accrued and unpaid interest from the Issue Date to the Special Mandatory Redemption Date (as defined below) and Additional Amounts (as defined below), if any. See ''—Escrow of Proceeds; Special Mandatory Redemption.''

Following the Vue Acquisition Escrow Release (defined below), the Initial Vue Guarantors will become parties to the Indenture and will Guarantee the Notes on a senior basis within two Business Days (or 15 Business Days for Aurora Cinema (Ireland) Limited) of the Vue Acquisition Completion Date (defined below). Following the Multikino Acquisition Escrow Release (defined below), the Multikino Guarantors will become parties to the Indenture and will Guarantee the Notes on a senior basis within 30 Business Days of the later of (1) the Vue Acquisition Completion Date and (2) the Multikino Acquisition Completion Date as set forth under the caption ''—Certain Covenants—Post-Closing Guarantors and Post-Closing Collateral—Multikino Guarantors.'' On the earlier of (1) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (2) 20 Business Days following the occurrence of a Structure Event, the CinemaxX Guarantors will become parties to the Indenture and will Guarantee the Notes on a senior basis. Prior to the Vue Acquisition Completion Date and the Multikino Acquisition Completion Date, the Company will not control Vue or any of its Subsidiaries or Multikino and any of its Subsidiaries, respectively, and none of Vue nor any of its Subsidiaries, nor Multikino nor any of its Subsidiaries, respectively, will be subject to the covenants described in this ''Description of the Notes.'' As such, we cannot assure you that prior to the Vue Acquisition Completion Date, Vue and any of its Subsidiaries or, prior to the Multikino Acquisition Completion Date, Multikino and any of its Subsidiaries, as the case may be, will not engage in activities that would otherwise have been prohibited by the Indenture had those covenants been applicable to such entities from the Issue Date and prior to the Vue Acquisition Completion Date or the Multikino Acquisition Completion Date, as the case may be.

Certain defined terms used in this description but not defined under the caption ''—Certain Definitions'' have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the caption ''—Certain Definitions.'' In this description, references to (i) the ''Company'' refers only to Vougeot Bidco p.l.c and not to any of its Subsidiaries and (ii) ''we,'' ''our,'' ''us'' refer to the Company and its Restricted Subsidiaries.

Unless the context requires otherwise, references in this ''Description of the Notes'' to the ''Notes'' include the Fixed Rate Notes, the Floating Rate Notes and any Additional Notes (as defined below) that are issued under the Indenture, and references to Additional Fixed Rate Notes and Additional Floating Rate Notes shall be to Additional Notes that are Fixed Rate Notes or Floating Rate Notes, respectively. The Security Documents referred to under the caption ''—Security'' define the terms of the security that will secure the Notes. The Indenture will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Notes and refers to the Escrow Agreement, the Security Documents, the Intercreditor Agreement and the Warner Village Intercreditor Agreement, and certain other agreements relating to the Notes. This description does not restate those agreements in their entirety. We urge you to read the Indenture, the Notes, the Escrow Agreement, the Security Documents, the Intercreditor Agreement and the Warner Village Intercreditor Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Escrow Agreement, the Security Documents, the Intercreditor Agreement and the Warner Village Intercreditor Agreement are available as set forth under the caption ''—Additional Information.''

The registered holder of a Note (each, a ''*Holder*'') will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

As of the Issue Date, all of the Company's Subsidiaries will be ''Restricted Subsidiaries'' for purposes of the Indenture. Under the circumstances described under the caption ''—Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries,'' the Company will be permitted to designate Restricted Subsidiaries as ''Unrestricted Subsidiaries.''

Brief Description of the Notes and the Guarantees

The Notes

The Notes:

- will be general obligations of the Company;
- will be guaranteed by the Guarantors;
- will be secured by first-ranking Liens over the Collateral, but will receive proceeds from enforcement of the Liens over the Collateral only after any obligations under the Revolving Credit Facility and certain priority Hedging Obligations have been paid in full;
- will be secured by a first-ranking Lien over the proceeds in the Escrow Accounts until the fulfillment of the conditions set forth under the caption ''—Escrow of Proceeds; Special Mandatory Redemption'';
- will be *pari passu* in right of payment with all existing and future obligations of the Company that are not subordinated in right of payment to the Notes, including its obligations under the Revolving Credit Facility;
- will be senior in right of payment to all existing and future Indebtedness of the Company that is subordinated in right of payment to the Notes;
- will be effectively subordinated to any existing and future obligations of the Company that are secured by property or assets that do not secure the Notes or that secure the Revolving Credit Facility and certain Hedging Obligations on a priority basis, to the extent of the value of the property and assets securing such obligations; and
- will be structurally subordinated to any existing and future obligations of the Company's Subsidiaries that are not Guarantors.

Guarantees

The Notes will not be guaranteed on the Issue Date, however following (1) the Vue Acquisition Completion Date, the Initial Vue Guarantors will Guarantee the Notes, (2) the Multikino Acquisition Completion Date, the Multikino Guarantors will Guarantee the Notes, and (3) the occurrence of a Structure Event, the CinemaxX Guarantors will Guarantee the Notes, each as set forth below. For a description of certain guarantee limitations, see ''Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations.''

The Guarantee of each Guarantor:

- will be a general obligation of that Guarantor;
- will be secured by first-ranking Liens over the Collateral, but will receive proceeds from enforcement of the Liens over the Collateral only after any obligations under the Revolving Credit Facility and certain priority Hedging Obligations have been paid in full and will be secured by a first-ranking Lien

over the proceeds in the Escrow Accounts until the fulfillment of the conditions set forth under the caption ''—Escrow of Proceeds; Special Mandatory Redemption'';

- will be effectively subordinated to any existing and future obligations of the relevant Guarantor that are secured by property or assets that do not secure such Guarantees, to the extent of the value of the property and assets securing such obligations;
- will be *pari passu* in right of payment with all existing and future obligations of such Guarantor that are not subordinated in right of payment to such Guarantee, including its obligations under the Revolving Credit Facility;
- will be subject to certain restrictions on enforcement of Collateral, including a 30-day consultation period with lenders under the Revolving Credit Facility Agreement and an automatic release of the Guarantee of any Guarantor to the extent such Subsidiary is sold by the Security Agent pursuant to an enforcement action. See ''Description of Certain Financing Arrangements—Intercreditor Agreement; and
- will be senior in right of payment to all existing and future Indebtedness of such Guarantor that is subordinated in right of payment to such Guarantee.

No later than the earlier of (1) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (2) two Business Days (or 15 Business Days in the case of Aurora Cinema (Ireland) Limited) following the Vue Acquisition Completion Date, the Initial Vue Guarantors will accede to the Indenture and will Guarantee the Notes. The Initial Vue Guarantors would have represented 69.7% of Vue's consolidated turnover and 66.6% of Vue's EBITDA for the 53 week period ended April 4, 2013, on a U.K. GAAP basis.

No later than the earlier of (1) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (2) 30 Business Days following the later of (a) the Vue Acquisition Completion Date and (b) the Multikino Acquisition Completion Date, the Multikino Guarantors will accede to the Indenture and will Guarantee the Notes. The Multikino Guarantors would have represented 83.6% of Multikino's consolidated revenue and 93.6% of Multikino's EBITDA for the twelve month period ended March 31, 2013 on an IFRS basis.

We expect that the CinemaxX Guarantors will accede to the Indenture and will Guarantee the Notes no later than the earlier of (1) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (2) 20 Business Days following the occurrence of a Structure Event. Pursuant to the Indenture as described under ''—Certain Covenants—Post-Closing Guarantors and Post-Closing Collateral—CinemaxX Guarantors,'' the Company is required, subject to the exceptions specified thereunder, to use reasonable best efforts to cause Vue Beiteiligungs GmbH to implement a Structure Event (the choice of Structure Event being in Vue Beiteiligungs GmbH's discretion) as promptly as reasonably practicable following the Issue Date. The CinemaxX Guarantors for the period following their acquisition, would have represented 21.6% of Vue's consolidated turnover and 23.8% of Vue's EBITDA for the 53 week period ended April 4, 2013. In aggregate, the Initial Vue Guarantors and the CinemaxX Guarantors would have represented 91.3% of Vue's consolidated turnover and 90.4% of Vue's EBITDA for the 53 week period ended April 4, 2013. Such percentages exclude the pre-acquisition results of CinemaxX.

The Company is a holding company without operations, and, therefore, the Company depends on the cash flow of its Subsidiaries to meet its obligations, including its obligation under the Notes. The Notes will be effectively subordinated to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Company's Subsidiaries that do not provide Guarantees.

Intercreditor Agreement

On or before the Issue Date, the Trustee will enter into an Intercreditor Agreement with, among others, the agents and lenders under the Revolving Credit Facility Agreement and holders of certain Subordinated Shareholder Debt, the Security Agent and certain counterparties to our existing Hedging Obligations. Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility, certain priority Hedging Obligations that are permitted to be incurred by clause (8) of the second paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'' and certain future Indebtedness permitted under the Indenture (subject to the Intercreditor Agreement and any Additional Intercreditor Agreement), if any, and permitted to be secured on the Collateral (see ''—Certain Definitions—Permitted Collateral Liens'') will receive priority with respect to any proceeds received upon any enforcement over any Collateral. Any proceeds received upon any enforcement over any Collateral, after all obligations under the Revolving Credit Facility have been repaid, certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement and any Additional Intercreditor Agreement), if any, and such Super Senior Hedging Liabilities (as described in ''Description of Certain Financing Arrangements—Intercreditor Agreement'') have been discharged from such recoveries, will be applied pro rata in repayment of all obligations under the Indenture and the Notes and any other Indebtedness of the Company and the Guarantors permitted to be incurred and secured by the Collateral on a *pari passu* basis pursuant to the Indenture and the Intercreditor Agreement.

Warner Village Intercreditor Agreement

On or around the Issue Date, the Trustee will enter into the Warner Village Intercreditor Agreement, with, among others, the Security Agent, Time Warner Entertainment Limited and VC Eye Pty Limited. Pursuant to the terms of the Warner Village Counter-Indemnity (as defined in the Warner Village Intercreditor Agreement), Time Warner Entertainment Limited and VC Eye Pty Limited are entitled to receive the benefit of the Permitted WV Security. Pursuant to the terms of the Warner Village Intercreditor Agreement, the rights of Time Warner Entertainment Limited and VC Eye Pty Limited in respect of the Subordinated Security Documents (as defined in the Warner Village Intercreditor Agreement), will be expressly subordinated to the holders of the Notes. The Warner Village Intercreditor Agreement subordinates all present and future sums, liabilities or obligations from time to time due, owing or incurred (actually or contingently) by any member of the group that grants security pursuant to the Subordinated Security Documents to each of the Time Warner Time Warner Entertainment Limited and VC Eye Pty Limited. The Warner Village Intercreditor does not subordinate any contractual claim that Time Warner Entertainment Limited and VC Eye Pty Limited may have in respect of the Subordinated Debt (as defined in the Warner Village Intercreditor Agreement). The Warner Village Intercreditor Agreement will provide that Time Warner Entertainment Limited and VC Eye Pty Limited will not be entitled to enforce security interests granted pursuant to the Subordinated Security Documents until the Super Senior Discharge Date (as defined in the Intercreditor Agreement) has occurred, and any proceeds arising out of the enforcement of the Collateral by the Security Agent, to the extent it also constitutes Permitted WV Security, will only be paid to Time Warner Entertainment Limited and VC Eye Pty Limited after repayment of the Credit Facility Indebtedness, Hedging Obligation Indebtedness and Indebtedness incurred pursuant to the Indenture. See ''Description of Certain Financing Arrangements—Warner Village Intercreditor Agreement.''

Principal, Maturity and Interest

The Company will issue £300.0 million aggregate principal amount of Fixed Rate Notes, and €290.0 million aggregate principal amount of Floating Rate Notes in this Offering. The Company may issue additional Fixed Rate Notes (the ''*Additional Fixed Rate Notes*'') and additional Floating Rate Notes (the ''*Additional Floating Rate Notes*'' and, together with the Additional Fixed Rate Notes, the ''*Additional Notes*'') under the Indenture from time to time after this Offering. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock.'' The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase, except as otherwise provided in the Indenture. The Company will issue Notes in denominations of £100,000 and integral multiples of £1,000 in excess thereof, in the case of the Fixed Rate Notes, and in denominations of €100,000 and integral multiples of €1,000, in the case of the Floating Rate Notes. The Notes will mature on July 15, 2020. Each of the Fixed Rate Notes and Floating Rate Notes will constitute a separate series of Notes, but shall be treated as a single class for all purposes under the Indenture, including in respect of any amendment, waiver or other modification of the Indenture or any other action by the holders of the Notes hereunder, except as otherwise provided in the Indenture.

Fixed Rate Notes

Interest on the Fixed Rate Notes will accrue at the rate of 7.875% per annum. Interest on the Fixed Rate Notes will be payable semi-annually in arrears on February 1 and August 1, commencing on February 1,

2014. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% higher than the interest rate on the Fixed Rate Notes. The Company will make each interest payment to the holders of record on the immediately preceding January 15 and July 15.

Interest on the Fixed Rate Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Floating Rate Notes

The Company will also issue €290.0 million in aggregate principal amount of Floating Rate Notes in this Offering. The Floating Rate Notes will bear interest at a rate per annum (the ''*Applicable Rate*''), reset quarterly, equal to EURIBOR plus 5.25%, as determined by an agent appointed by the Company to calculate EURIBOR for the purposes of the Indenture (the ''*Calculation Agent*''), which shall initially be The Bank of New York Mellon, London Branch.

Interest on the Floating Rate Notes will be payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on October 15, 2013. If a particular interest payment date is not a business day, then the payment date will move to the next business day. Therefore the interest period will be one or more days longer. The Company will pay interest to the Holders of record on the January 1, April 1, July 1 or October 1 immediately preceding the applicable interest payment date, as the case may be. The Floating Rate Notes will bear interest from the Issue Date or, if interest has already been paid, from the date it was most recently paid.

The Calculation Agent will, as soon as practicable after 11:00 a.m., Brussels time, on each Determination Date, determine the Applicable Rate, and calculate the aggregate amount of interest payable on the Floating Rate Notes in respect of the following Interest Period (the ''*Interest Amount*''). The Interest Amount will be calculated by applying the Applicable Rate to the principal amount of the Floating Rate Notes outstanding at the commencement of the Interest Period, multiplying each such amount by the actual number of days in the Interest Period concerned divided by 365.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (*e.g.*, 4.876545% (or 0.04876545) being rounded to 4.87655% (or 0.487655)). All euro amounts used in or resulting from such calculations will be rounded to the nearest euro cent (with one-half euro cent being rounded upwards). The determination of the Applicable Rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be binding on all parties.

The Calculation Agent will, upon the written request of the Holder of any Floating Rate Note, provide the interest rate then in effect with respect to the Floating Rate Notes.

The rights of holders of beneficial interests in the Floating Rate Notes to receive the payments of interest on the Notes will be subject to applicable procedures of Euroclear and Clearstream, as applicable.

Interest will be computed on the basis of a 365-day year and the actual number of days elapsed. Interest on overdue principal and interest and Additional Amounts and premium, if any, will accrue at a rate that is 1% higher than the then Applicable Rate on the Floating Rate Notes.

The Applicable Rate on the Floating Rate Notes will in no event be higher than the maximum rate permitted by applicable law.

Set forth below is a summary of certain of the defined terms used in the Indenture relating to the calculation of interest on the Floating Rate Notes:

''*Determination Date*,'' with respect to an Interest Period, will be the day that is two TARGET Settlement Days preceding the first day of such Interest Period.

''*EURIBOR*,'' with respect to an Interest Period, will be the rate (expressed as a percentage per annum) for deposits in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date that appears on Reuters Screen EURIBOR 01 Page as of 11:00 a.m. Brussels time, on the Determination Date. If Reuters Screen EURIBOR 01 Page does not include such a rate or is unavailable on a Determination Date, the Calculation Agent will request the principal London office of each of four major banks in the Euro-zone interbank market, as selected by the Calculation

Agent to provide such bank's offered quotation (expressed as a percentage per annum) as of approximately 11:00 a.m., Brussels time, on such Determination Date, to prime banks in the Euro-zone interbank market for deposits in a Representative Amount in euro for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such offered quotations are so provided, the rate for the Interest Period will be the arithmetic mean of such quotations. If fewer than two such quotations are so provided, the Calculation Agent will request each of three major banks in London, as selected by the Calculation Agent, to provide such bank's rate (expressed as a percentage per annum), as of approximately 11:00 a.m., Brussels time, on such Determination Date, for loans in a Representative Amount in euro to leading European banks for a three-month period beginning on the day that is two TARGET Settlement Days after the Determination Date. If at least two such rates are so provided, the rate for the Interest Period will be the arithmetic mean of such rates. If fewer than two such rates are so provided, then the rate for the Interest Period will be the rate in effect with respect to the immediately preceding Interest Period.

''*Euro-zone*'' means the region composed of member states of the European Union that at the relevant time have adopted the euro.

''*Interest Period*'' means the period commencing on and including an interest payment date and ending on and including the day immediately preceding the next succeeding interest payment date, with the exception that the first Interest Period shall commence on and include the Issue Date and end on and exclude October 15, 2013.

''*Representative Amount*'' means the greater of (a) €1.0 million and (b) an amount that is representative for a single transaction in the relevant market at the relevant time.

''*Reuters Screen EURIBOR 01 Page*'' means the display page so designated on Reuters (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor).

''*TARGET Settlement Day*'' means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

Paying Agent and Registrar for the Notes

The Company will maintain one or more paying agents (each, a ''*Paying Agent*'') for the Notes, including a Paying Agent in the City of London. The Company will ensure that it maintains a Paying Agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Paying Agent in London will be The Bank of New York Mellon, London Branch.

The Company will also maintain one or more registrars (each, a ''*Registrar*'') for so long as the Notes are listed on the Irish Stock Exchange and its rules so require. The Company will also maintain a transfer agent (a ''*Transfer Agent*'') in London. The initial Transfer Agent will be The Bank of New York Mellon, London Branch. The Registrar and the Transfer Agent will maintain a register reflecting ownership of Definitive Registered Notes (as defined under ''Book-Entry, Delivery and Form'') outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on behalf of the Company.

The Company may change the Paying Agents, the Registrars or the Transfer Agents without prior notice to the holders of Notes. For so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the rules of the Irish Stock Exchange so require, the Company will publish a notice of any change of Paying Agent, Registrar or Transfer Agent in a newspaper having a general circulation in Dublin (which is expected to be the *Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Transfer and Exchange

Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the ''*144A Global Notes*''), and each series of Notes sold outside the

United States pursuant to Regulation S under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the ''*Reg S Global Notes*'' and together with the 144A Global Notes, the ''*Global Notes*'').

Ownership of interests in the Global Notes (the ''*Book-Entry Interests*'') will be limited to Persons that have accounts with Euroclear or Clearstream or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarized below and described more fully under ''Notice to Investors.'' In addition, transfers of Book-Entry Interests between participants in Euroclear or Clearstream will be effected by Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the 144A Global Notes, or the ''*Restricted Book-Entry Interest*,'' may be transferred to a Person who takes delivery in the form of Book-Entry Interests in the 144A Global Notes, as applicable, or the ''*Reg S Book-Entry Interests*,'' only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Any Book-Entry Interest (as defined under ''Book-Entry, Delivery and Form'') that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof, in the case of the Fixed Rate Notes, and minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, in the case of the Floating Rate Notes, upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, as applicable, from the participant that owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Company in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarized below and described more fully under ''Notice to Investors.''

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of £100,000 and integral multiples of £1,000 in excess thereof, in the case of the Fixed Rate Notes, and minimum denominations of €100,000 and integral multiples of €1,000 in excess thereof, in the case of the Floating Rate Notes, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at Euroclear or Clearstream where appropriate, furnish certain certificates and opinions and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange; *provided* that, if the Company or any Guarantor takes delivery of the Definitive Registered Notes pursuant to the transfer or exchange, the holder will not be required to pay such Taxes.

Notwithstanding the foregoing, the Company is not required to register the transfer of any Definitive Registered Notes:

(1) for a period of 15 days prior to any date fixed for the redemption of the Notes;

(2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;

(3) for a period of 15 days prior to the record date with respect to any interest payment date; or

(4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

The Company, the Trustee and the Paying Agents will be entitled to treat the holder of a Note as the owner of it for all purposes.

Additional Amounts

All payments made by or on behalf of the Company under or with respect to the Notes or any of the Guarantors with respect to any Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of (1) any jurisdiction in which the Company or any Guarantor is then incorporated or organized, engaged in business for tax purposes or otherwise resident for tax purposes or any political subdivision thereof or therein or (2) any jurisdiction from or through which payment is made by or on behalf of the Company or any Guarantor (including the jurisdiction of any Paying Agent) or any political subdivision thereof or therein (each, a ''*Tax Jurisdiction*'') will at any time be required to be made from any payments made by or on behalf of the Company under or with respect to the Notes or any of the Guarantors with respect to any Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Company or the relevant Guarantor, as applicable, will pay such additional amounts (the ''*Additional Amounts*'') as may be necessary in order that the net amounts received in respect of such payments by each holder after such withholding, deduction or imposition (including any such withholding, deduction or imposition from such Additional Amounts) will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided*, *however*, that no Additional Amounts will be payable with respect to:

(1) any Taxes, to the extent such Taxes would not have been imposed but for the existence of any present or former connection between the holder or the beneficial owner of the Notes (or between a fiduciary, settlor, beneficiary, partner of, member or shareholder of, or possessor of a power over, the relevant holder, if the relevant holder is an estate, trust, nominee, partnership, limited liability company or corporation) and the relevant Tax Jurisdiction (including, without limitation, being or having been a citizen, resident, or national thereof or being or having been present or engaged in a trade or business therein or having or having had a permanent establishment therein), but excluding any connection arising merely from the holding of such Note, the enforcement of rights under such Note or under a Guarantee or the receipt of any payments in respect of such Note or a Guarantee;

(2) any Taxes, to the extent such Taxes were imposed as a result of the presentation of a Note for payment (where presentation is required) more than 30 days after the relevant payment is first made available for payment to the holder (except to the extent that the holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);

(3) any estate, inheritance, gift, sales, transfer, personal property or similar Taxes;

(4) any Taxes withheld, deducted or imposed on a payment to an individual that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing or complying with or introduced in order to conform to, such directive;

(5) any Taxes imposed on or with respect to a payment made to a holder or beneficial owner of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;

(6) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Guarantee;

(7) any Taxes to the extent such Taxes are imposed or withheld by reason of the failure of the holder or beneficial owner of Notes, following the Company's written request addressed to the holder or beneficial owner (and made at a time that would enable the holder or beneficial owner acting reasonably to comply with that request), to comply with any certification, identification, information or other reporting requirements, whether required by statute, treaty, regulation or published administrative practice of a Tax Jurisdiction, as a precondition to exemption from, or reduction in the rate of deduction or withholding of, Taxes imposed by the Tax Jurisdiction (including, without limitation, a certification that the holder or beneficial owner is not resident in the Tax Jurisdiction), but

in each case, only to the extent the holder or beneficial owner is legally entitled to provide such certification or documentation;

(8) any Taxes imposed on or with respect to any payment by the Company or a Guarantor to the holder if such holder is a fiduciary or partnership or any Person other than the sole beneficial owner of such payment to the extent that Taxes would not have been imposed on such payments had such holder been the sole beneficial owner of such Note; or

(9) any combination of items (1) through (8) above.

In addition to the foregoing, the Company and the Guarantors will also pay and indemnify the holders for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property Taxes, charges or similar levies (including penalties, interest and any other reasonable expenses related thereto) which are levied by any Tax Jurisdiction on the execution, delivery, issuance or registration of any of the Notes, the Indenture or any Guarantee or any other document referred to therein (other than a transfer of the Notes other than the initial resale by the Initial Purchasers) or the receipt of any payments with respect thereto (limited, solely in the case of taxes attributable to the receipt of any payments with respect thereto, to any such taxes imposed in a Tax Jurisdiction that are not excluded under clauses (1) through (5), (7) or (8) above or any combination thereof), or any such Taxes, charges or similar levies imposed by any Tax Jurisdiction as a result of, or in connection with, the enforcement of any of the Notes or any Guarantee.

If the Company or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Guarantee, the Company or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the Company or the relevant Guarantor becomes aware of the obligation to pay Additional Amounts arises less than 45 days prior to that payment date, in which case the Company or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officer's Certificate must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

The Company or the relevant Guarantor will make or cause to be made all withholdings and deductions required by law and will timely remit or cause to be remitted the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. The Company or the relevant Guarantor will use its reasonable efforts to obtain Tax receipts from each Tax authority evidencing the payment of any Taxes so deducted or withheld. The Company or the relevant Guarantor will furnish to the Trustee, within a reasonable time after the date the payment of any Taxes so deducted or withheld is made, certified copies of Tax receipts evidencing payment by the Company or the Guarantor, as the case may be, or if, notwithstanding such entity's efforts to obtain receipts, receipts are not obtained, other evidence of payments (reasonably satisfactory to the Trustee) by such entity. Upon reasonable request, copies of tax receipts or other evidence of payment, as the case may be, will be made available by the Trustee to the holders or beneficial owners of the Notes. If requested by the Trustee, the Company or the Guarantors will provide to the Trustee such information as may be in the possession of the Company or the Guarantors (and not otherwise in the possession of the Trustee) to enable the Trustee to determine the amount of withholding taxes attributable to any particular holder, *provided, however*, that in no event shall the Company or the Guarantors be required to disclose any information that it reasonably deems to be confidential.

Whenever in the Indenture or in this ''Description of the Notes'' there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or Guarantees, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The above obligations will survive any termination, defeasance or discharge of the Indenture, any transfer by a holder or beneficial owner of its Notes, and will apply, *mutatis mutandis*, to any jurisdiction in which any successor Person to the Company or any Guarantor is incorporated, organized, engaged in business for tax purposes or resident for tax purposes or any jurisdiction from or through which such

Person makes any payment on the Notes (or any Guarantee) and any department or political subdivision thereof or therein.

The Guarantees

The Notes will be guaranteed by the companies listed under ''—Brief Description of the Notes and the Guarantees—Guarantees.'' After the Vue Acquisition Completion Date, the Initial Vue Guarantors will accede to the Indenture and Guarantee the Notes; after the Multikino Acquisition Completion Date, the Multikino Guarantors will accede to the Indenture and Guarantee the Notes; and after the occurrence of a Structure Event, the CinemaxX Guarantors will accede to the Indenture and Guarantee the Notes, each as set forth under ''—Brief Description of the Notes and Guarantees—The Guarantees.'' The Guarantees will be joint and several obligations of each Guarantor.

Each of the Guarantees and the amounts recoverable thereunder will be limited to the maximum amount that can be guaranteed by a particular Guarantor without rendering its guarantee voidable or otherwise ineffective under applicable law, including laws relating to fraudulent conveyance, fraudulent transfer, maintenance of share capital, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally, or otherwise to reflect applicable laws, including laws relating to capital maintenance and the liability of directors and officers. By virtue of these limitations, a Guarantor's obligations under its Guarantee or any security interest, as applicable, could be significantly less than amounts payable in respect of the Notes. See ''Risk Factors—Each Guarantee will be subject to certain limitations on enforcement and may be limited by applicable laws or subject to certain defences that may limit its validity and enforceability'' and ''Limitations on Validity and Enforceability of the Guarantees and the Collateral and Certain Insolvency Law Considerations.''

The operations of the Company are conducted through its Subsidiaries and, therefore the Company depends on the cash flow of its Subsidiaries to meet its obligations, including its obligations under the Notes. Not all of the Company's Subsidiaries will guarantee the Notes. The Notes will be effectively subordinated in right of payment to all obligations (including trade payables and lease obligations) of the Company's non-guarantor Subsidiaries. Any right of the Company or any Guarantor to receive assets of any of its non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganization (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Company or such Guarantor is itself recognized as a creditor of the non-guarantor Subsidiary, in which case the claims of the Company or such Guarantor, as the case may be, would still be subordinated in right of payment to any security in the assets of the non-guarantor Subsidiary and any obligations of the non-guarantor Subsidiary senior to that held by the Company or such Guarantor.

Release of the Guarantees

The Guarantees will be released:

(1) in connection with any sale, transfer or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the ''Asset Sale'' provisions of the Indenture;

(2) in connection with any sale, transfer or other disposition of Capital Stock of that Guarantor or any holding company of such Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the ''Asset Sale'' provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale, transfer or other disposition;

(3) if the Company designates any Restricted Subsidiary that is a Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;

(4) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions ''—Legal Defeasance and Covenant Defeasance'' and ''—Satisfaction and Discharge'';

(5) as permitted by the Intercreditor Agreement and any Additional Intercreditor Agreement;

(6) in accordance with the caption ''—Amendment, Supplement and Waiver'';

(7) as a result of a transaction permitted by ''—Merger, Consolidation or Sale of Assets''; or

(8) with respect to the Guarantee of any Guarantor that was required to provide such Guarantee pursuant to the covenant described under the caption ''—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness'' upon such Guarantor being unconditionally released and discharged from its liability with respect to the Indebtedness giving rise to the requirement to provide such Guarantee so long as no Default or Event of Default would arise as a result and no other Indebtedness is at that time guaranteed by the relevant Guarantor that would result in the requirement that such Guarantor provide a Guarantee pursuant to the covenant described under the caption ''—Certain Covenants—Limitation on Issuances of Guarantees of Indebtedness.''

Upon any occurrence giving rise to a release as specified above, the Trustee will execute any documents reasonably required in order to evidence or effect such release, discharge and termination in respect of such Guarantee. Neither the Company nor any Guarantor will be required to make a notation on the Notes to reflect any such release, termination or discharge.

Collateral

General

The Notes will initially be secured by a first-ranking Lien on the Escrowed Property deposited in the Escrow Accounts, as described under the caption ''—Escrow of Proceeds; Special Mandatory Redemption.'' The Escrowed Property that is deposited in the Escrow Accounts will not be pledged to secure any obligations other than the Company's obligations under the Notes. Upon the Vue Acquisition Completion Date and the Multikino Acquisition Completion Date, the first-ranking liens over the Escrowed Property will be released.

Prior to or on the Vue Acquisition Completion Date, the Notes and the Guarantees will be secured by first-ranking Liens over the following Collateral (collectively, the ''*Vue Closing Collateral*''):

- the shares of the Issuer granted by Vougeot Midco Limited;
- certain receivables in respect of intercompany loans advanced by Vougeot Midco Limited to the Issuer;
- certain bank accounts of the Issuer;
- the shares of Vue Entertainment International Limited; and
- assignment of rights in relation to the Vue Acquisition Agreement.

No later than the earlier of (1) the date on which the Revolving Credit Facility is secured by such Liens over the below Collateral and (2) two Business Days (or 15 Business Days for Liens to be granted by Aurora Cinema (Ireland) Limited) following the Vue Acquisition Completion Date, the Notes and the Guarantees will be secured by first-ranking Liens over the following Collateral (collectively, the ''*Vue Post-Closing Collateral*''):

- the shares of the Initial Vue Guarantors;
- the shares in certain Restricted Subsidiaries that are not Initial Vue Guarantors;
- certain bank accounts of the Initial Vue Guarantors;
- certain fixed and current assets of certain of the Initial Vue Guarantors;
- material real property of certain of the Initial Vue Guarantors;
- receivables in respect of certain of the Initial Vue Guarantors (including in certain cases, assignments of rights under certain material contracts and certain insurance policies);
- certain intellectual property of certain of the Initial Vue Guarantors; and
- certain intercompany loans.

No later than the earlier of (1) the date on which the Revolving Credit Facility is secured by such Liens over the below Collateral and (2) 30 Business Days following the later of (a) the Vue Acquisition Completion Date and (b) the Multikino Acquisition Completion Date, the Notes and the Guarantees will be secured by first-ranking Liens over the following additional Collateral (collectively, the ''*Multikino Post-Closing Collateral*''):

- registered pledge over certain of the assets and property rights of the Multikino Guarantors;
- registered and financial pledge over certain of the bank accounts of the Multikino Guarantors;
- registered and financial pledge over the shares of the Multikino Guarantors; and
- certain other material assets of certain of the Multikino Guarantors.

As described under ''—Certain Covenants—Post-Closing Guarantors and Post-Closing Collateral—CinemaxX Guarantors,'' the Company is required, subject to the exceptions specified thereunder, to use its reasonable best efforts to cause Vue Beiteiligungs GmbH to implement a Structure Event (the choice of Structure Event being in Vue Beiteiligungs GmbH's discretion) and, no later than the earlier of (1) the date on which the Revolving Credit Facility is secured by such Liens over the below Collateral and (2) 20 Business Days following the occurrence of a Structure Event, to Guarantee the Notes and to secure the Notes and the Guarantees with first-priority Liens over the following Collateral (such assets, the ''*CinemaxX Post-Closing Collateral*''):

- a global assignment of receivables over certain of the receivables of the CinemaxX Guarantors;
- share pledges over the shares of the CinemaxX Guarantors;
- pledges over certain of the bank accounts of the CinemaxX Guarantors; and
- certain other material assets of certain of the CinemaxX Guarantors.

The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including the holders of the Notes, the lenders under the Revolving Credit Facility Agreement and counterparties to certain Hedging Obligations.

Under the Indenture, the Company and the Restricted Subsidiaries will be permitted to incur certain additional Indebtedness that may share in the Collateral, including additional Permitted Collateral Liens securing Indebtedness on a *pari passu* basis with the Notes, including Indebtedness under the Revolving Credit Facility and certain priority Hedging Obligations (*provided* that the proceeds from any recovery from the enforcement of any security interest will be applied to satisfy the obligations under the Revolving Credit Facility, certain priority Hedging Obligations and certain future indebtedness permitted under the Indenture (subject to the Intercreditor Agreement, the Warner Village Intercreditor Agreement and any Additional Intercreditor Agreement), if any, before being applied to satisfy obligations to holders under the Notes and the Indenture). The amount of such Permitted Collateral Liens will be limited by the covenants described under the captions ''—Certain Covenants—Liens'' and ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock.'' Under certain circumstances, the amount of such additional Indebtedness secured by Permitted Collateral Liens could be significant.

The obligations under the Notes, the Revolving Credit Facility, certain Hedging Obligations and certain future Indebtedness permitted under the Indenture (subject to the Intercreditor Agreement, the Warner Village Intercreditor Agreement and any Additional Intercreditor Agreement), if any, will be secured equally and ratably by first-ranking Liens over the Collateral, however, any proceeds received upon any enforcement over any of the Collateral will only be applied in repayment of the Notes, and all other debt secured on a priority basis with the Notes, after all liabilities in respect of the obligations under the Revolving Credit Facility and certain priority Hedging Obligations and certain future indebtedness permitted by the Indenture (subject to the Intercreditor Agreement, the Warner Village Intercreditor Agreement or any Additional Intercreditor Agreement), if any, have been paid from such recoveries. See ''Description of Certain Financing Arrangements—Intercreditor Agreement'' and ''Description of Certain Financing Arrangements—Warner Village Intercreditor Agreement.''

Under the Security Documents, the Collateral will be pledged by the Company and the Guarantors to secure the payment when due of the Company's and the Guarantors', as applicable, payment obligations under the Notes, the Guarantees and the Indenture. The Security Documents will be entered into by, *inter alios*, the Security Agent or its nominee(s), who will act as Security Agent for the lenders under the Revolving Credit Facility Agreement, counterparties to the Hedging Obligations, the Trustee and for the holders of Notes.

Each holder of Notes, by accepting a Note, shall be deemed (1) to have authorized the Trustee to enter into the Intercreditor Agreement, the Warner Village Intercreditor Agreement and the Security Agent to enter into the Security Documents, the Intercreditor Agreement and the Warner Village Intercreditor Agreement, and (2) to be bound thereby. Each holder of Notes, by accepting a Note, appoints the Trustee or the Security Agent, as the case may be, as its agent under the Security Documents, the Intercreditor Agreement and the Warner Village Intercreditor Agreement, and authorizes it to act as such.

The holders of the Notes are not a party to the Security Documents, and therefore holders may not, individually or collectively, take any direct action to enforce any rights in their favor under the Security Documents. The holders may only act through the Security Agent, as applicable. The Security Agent will agree to any release of the security interest created by the Security Documents that is in accordance with the Indenture, the Intercreditor Agreement and the Warner Village Intercreditor Agreement without requiring any consent of the holders. The Trustee will have the ability to direct the Security Agent to commence enforcement action under the Security Documents in certain circumstances. See ''Description of Certain Financing Arrangements—Intercreditor Agreement'' and ''Description of Certain Financing Arrangements—Warner Village Intercreditor Agreement.''

Subject to the terms of the Indenture, the Revolving Credit Facility Agreement and the Security Documents, the Company and the Guarantors, as the case may be, will be entitled to exercise any and all voting rights and to receive and retain any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares of stock resulting from stock splits or reclassifications, rights issue, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of the shares that are part of the Collateral until the occurrence of an Acceleration Event (as defined in the Intercreditor Agreement).

The value of the Collateral securing the Notes and the Guarantees may not be sufficient to satisfy the Company's and the Guarantors' obligations under the Notes and the Guarantees, and the Collateral securing the Notes and the Guarantees may be reduced or diluted under certain circumstances, including the issuance of Additional Notes and the disposition of assets comprising the Collateral, subject to the terms of the Indenture. See ''Risk Factors—The Proceeds from the enforcement of the Collateral may not be sufficient to satisfy the obligations under the Notes.''

No appraisals of the Collateral have been prepared by or on behalf of the Company or the Guarantors in connection with this Offering of the Notes. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture and the Security Documents following an Acceleration Event (as defined in the Intercreditor Agreement), would be sufficient to satisfy amounts due on the Notes or the Guarantees. By its nature, some or all the Collateral may be illiquid and may have no readily ascertainable market value. Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all. See ''Risk Factors—It may be difficult to realize the value of the Collateral.''

''The Security Documents will be governed by the law of the jurisdiction to which the relevant Collateral is subject and provide that the rights with respect to the Notes and the Indenture must be exercised by the Security Agent and in respect of the entire outstanding amount of the Notes. The term ''Security Interests'' refers to the Liens in the Collateral.

Under the Indenture, the Company and its Restricted Subsidiaries will be permitted to incur certain additional Indebtedness in the future that may share in the Collateral, including Indebtedness with priority rights to proceeds from the enforcement of the Collateral. The amount of such additional Indebtedness will be limited by the covenants described under the captions ''—Certain Covenants—Liens'' and ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock.'' Under certain circumstances, the amount of such additional Indebtedness that may share in the Collateral could be significant.

Each of the Company and its Restricted Subsidiaries shall, and shall procure that each of its respective Subsidiaries, if any, shall, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (1) for registering any Security Document relating to the Collateral in any required register and for perfecting or protecting the security intended to be afforded by such Security Document relating to the Collateral; and (2) if such Security Document is enforced in accordance with the terms of the Indenture, the relevant Security Document, the Intercreditor Agreement and the Warner Village Intercreditor Agreement, for facilitating the realization of all or any part of the assets which are subject to such Security Document and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of the Collateral. Each of the Company and its Restricted Subsidiaries shall, and shall procure that each of its respective Subsidiaries, if any, shall, execute such transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give such notices, orders and directions which the Security Agent may reasonably request.

Release of the Collateral

The Liens over the property and other assets constituting the Collateral securing the Notes and the Guarantees will be released under any one or more of the following circumstances:

(1) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets (including Capital Stock of Subsidiaries) to a Person that is not (either before or after giving effect to such transaction) the Company or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the ''Asset Sale'' provisions of the Indenture;

(2) in connection with any sale, transfer or other disposition of Capital Stock of that Guarantor or any holding company of such Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale, transfer or other disposition does not violate the ''Asset Sale'' provisions of the Indenture and the Guarantor ceases to be a Restricted Subsidiary as a result of the sale, transfer or other disposition;

(3) in the case of a Guarantor that is released from its Guarantee pursuant to the terms of the Indenture, the release of the property and assets of such Guarantor;

(4) if the Company designates any of its Restricted Subsidiaries to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets of such Restricted Subsidiary;

(5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided under the captions ''—Legal Defeasance and Covenant Defeasance'' and ''—Satisfaction and Discharge;''

(6) as permitted by the Intercreditor Agreement, the Warner Village Intercreditor Agreement, and any Additional Intercreditor Agreement;

(7) in accordance with the caption ''—Amendment, Supplement and Waiver;''

(8) in accordance with the covenant described under the caption ''—Certain Covenants—Impairment of Security Interest;'' and

(9) upon a release of the Lien that resulted in the creation of the Lien under the covenant described under the caption ''—Certain Covenants—Liens.''

The foregoing will not cause or permit, directly or indirectly, the Lien on the Capital Stock of the Company to be released, other than as expressly provided by (5) and (6) above.

The Security Agent will take all necessary action required to effectuate any release of Collateral securing the Notes and the Guarantees, in accordance with the provisions of the Indenture, the Intercreditor Agreement, the Warner Village Intercreditor Agreement or any Additional Intercreditor Agreement and the relevant Security Document. Each of the releases set forth above shall be affected by the Security Agent without the consent of the holders or any action on the part of the Trustee.

Escrow of Proceeds; Special Mandatory Redemption

Concurrently with the closing of the Offering of the Notes on the Issue Date, the Company will enter into the Escrow Agreement, pursuant to which the Initial Purchasers will deposit with the Escrow Agent an amount equal to the gross proceeds of the Offering of the Notes sold on the Issue Date into the Escrow Accounts. The Escrow Accounts will be controlled by the Trustee and pledged on a first ranking basis in favor of the Trustee for the benefit of the holders of the Notes pursuant to an escrow charge dated the Issue Date between the Company and the Trustee (the ''*Escrow Charge*''). The initial funds deposited in the Escrow Account, and all other funds, securities, interest, dividends, distributions and other property and payments credited to the Escrow Account (less any property and/or funds paid in accordance with the Escrow Agreement) are referred to, collectively, as the ''*Escrowed Property*.''

Vue Acquisition Escrow Release

In order to cause the Escrow Agent to release £499.4 million equivalent of the Escrowed Property to the Company (the ''*Vue Acquisition Escrow Release*'') to be used to fund the acquisition of Vue Entertainment International Limited as discussed in the Offering Memorandum (the ''*Vue Acquisition*''), the Escrow Agent and the Trustee must have received from the Company, at a time that is on or before the Escrow Longstop Date (as defined below), an Officer's Certificate certifying that:

(1) prior to or concurrently with the Vue Acquisition Escrow Release, the Equity Contribution will be made;

(2) all conditions under the Vue Acquisition Agreement have been, or promptly upon the Vue Acquisition Escrow Release will be, satisfied in full (or waived by the relevant parties except for waivers that are materially adverse to the interests of the holders of the Notes) and, promptly upon the Vue Acquisition Escrow Release, the Vue Acquisition will be completed in accordance with the terms of the Vue Acquisition Agreement as in effect on the Issue Date, except for any changes, waivers or other modifications that are not, individually or when taken as whole, materially adverse to the interests of the holders of the Notes;

(3) promptly following the release of £499.4 million equivalent of the Escrowed Property, the Company will own all of the outstanding Capital Stock of Vue Entertainment International Limited and the intercompany debt issued by Vue Entertainment International Limited to its shareholders;

(4) The Company will have executed and delivered, effective as of the Vue Acquisition Escrow Release, the applicable Security Documents;

(5) the £499.4 million equivalent of the Escrowed Property that is released will be applied in substantially the same manner as described in this Offering Memorandum;

(6) on the Vue Acquisition Completion Date, legal opinions and officer certificates substantially in the form of those attached as appendices to the Escrow Agreement (or in the form as agreed between the Company and the Trustee following the date hereof) will have been delivered to the Initial Purchasers with reliance on such legal opinions granted in favor of the Trustee and Security Agent; and

(7) as of the Vue Acquisition Escrow Release, there is no Default or Event of Default under the caption ''—Events of Default and Remedies.''

The Vue Acquisition Escrow Release shall occur promptly upon the satisfaction of the conditions set forth above (the date of such satisfaction, the ''*Vue Acquisition Completion Date*''). The Escrow Agent and the Trustee shall be entitled to receive and rely absolutely on the Officer's Certificate of the Company in relation to the satisfaction of such conditions. Upon the Vue Acquisition Escrow Release, the portion of the Escrowed Property to be used to fund the Vue Acquisition shall be paid out in accordance with the Escrow Agreement.

Multikino Acquisition Escrow Release

In order to cause the Escrow Agent to release the £50.0 million (or the equivalent) (or such lesser or greater amount as left in the Escrow Accounts after the Vue Acquisition Escrow Release of the Escrowed Property to the Company (the ''*Multikino Acquisition Escrow Release*'') to be used to fund the acquisition of Multikino S.A. as discussed in the Offering Memorandum (the ''*Multikino Acquisition*''), the Escrow Agent and the Trustee must have received from the Company, at a time that is on or before the Escrow Longstop Date or the Extended Escrow Longstop Date, as the case may be, an Officer's Certificate certifying that:

(1) prior to or concurrently with the Multikino Acquisition Escrow Release, the Equity Contribution will be made;

(2) (a) all conditions under the Multikino Acquisition Agreement have been, or promptly upon the Multikino Acquisition Escrow Release will be, satisfied in full (or waived by the relevant parties except for waivers that are materially adverse to the interests of the holders of the Notes) and, promptly upon the Multikino Acquisition Escrow Release, the Multikino Acquisition will be completed in accordance with the terms of the Multikino Acquisition Agreement as in effect on the Issue Date, except for any changes, waivers or other modifications that are not, individually or when taken as whole, materially adverse to the interests of the holders of the Notes, and (b) Vue

Acquisition Release has been completed or will be completed immediately following the Multikino Acquisition Escrow Release and the conditions set forth under the caption ''—Escrow of Proceeds; Special Mandatory Redemption—Vue Acquisition Escrow Release'' shall have been satisfied;

(3) promptly following the release of £50.0 million (or the equivalent) (or such lesser or greater amount as left in the Escrow Accounts after the Vue Acquisition Escrow Release) of the Escrowed Property, the Company will own, directly or indirectly, all of the outstanding Capital Stock of Multikino S.A. and own, directly or indirectly, any intercompany debt issued by Multikino S.A. to its shareholders;

(4) the £50.0 million (or the equivalent) (or such lesser or greater amount as left in the Escrow Accounts after the Vue Acquisition Escrow Release) of the Escrowed Property that is released will be applied in substantially the same manner as described in this Offering Memorandum; and

(5) as of the Multikino Acquisition Escrow Release, there is no Default or Event of Default under the caption ''—Events of Default and Remedies.''

The Multikino Acquisition Escrow Release shall occur promptly upon the satisfaction of the conditions set forth above (the date of such satisfaction, the ''*Multikino Acquisition Completion Date*''). The Escrow Agent and the Trustee shall be entitled to receive and rely absolutely on the Officer's Certificate of the Company in relation to the satisfaction of such conditions. Upon the Multikino Acquisition Escrow Release, the portion of the Escrowed Property to be used to fund the Multikino Acquisition shall be paid out in accordance with the Escrow Agreement.

Special Mandatory Redemption

In the event that (1) the Vue Acquisition Completion Date does not take place on or prior to September 30, 2013 (the ''*Escrow Longstop Date*''); (2) there occurs a repudiation by the Company of any of its obligations under the Escrow Agreement or the unenforceability of the Escrow Agreement against the Company for any reason; (3) in the reasonable judgment of the Company, the Vue Acquisition will not be completed by the Escrow Longstop Date; (4) any of the conditions set forth under the first paragraph under this caption ''—Escrow of Proceeds; Special Mandatory Redemption—Vue Acquisition Escrow Release'' become incapable of being satisfied on or prior to the Escrow Longstop Date; or (5) a Default or Event of Default arises under the caption ''—Events of Default and Remedies,'' in each case, on or prior to the Escrow Longstop Date (the date of such event being the ''*Vue Special Termination Date*'') the Company will redeem all of the Notes (the ''*Vue Mandatory Redemption*'') at a price (the ''*Vue Mandatory Redemption Price*'') equal to 100% of the issue price of such Notes, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the Special Mandatory Redemption Date (as defined below).

In the event that (1) the Multikino Acquisition Completion Date does not take place on or prior to December 1, 2013 (the ''*Extended Escrow Longstop Date*''); (2) there occurs a repudiation by the Company of any of its obligations under the Escrow Agreement or the unenforceability of the Escrow Agreement against the Company for any reason; (3) in the reasonable judgment of the Company, the Multikino Acquisition will not be completed by the Extended Escrow Longstop Date; (4) any of the conditions set forth under the first paragraph under this caption ''—Escrow of Proceeds; Special Mandatory Redemption—Multikino Acquisition Escrow Release'' become incapable of being satisfied on or prior to the Extended Escrow Longstop Date; or (5) a Default or Event of Default arises under the caption ''—Events of Default and Remedies,'' in each case, on or prior to the Extended Escrow Longstop Date (the date of such event being the ''*Multikino Special Termination Date*''), the Company will redeem (the ''*Multikino Mandatory Redemption*'') Notes with an aggregate principal amount equal to £50.0 million (or the equivalent) (or such lesser or greater amount as left in the Escrow Accounts after the Vue Acquisition Escrow Release) at a price (the ''*Multikino Mandatory Redemption Price*'') equal to 100% of the issue price of such Notes, plus accrued and unpaid interest and Additional Amounts, if any, from the Issue Date to the Special Mandatory Redemption Date (as defined below).

Notice of the Vue Mandatory Redemption or Multikino Mandatory Redemption, as the case may be, will be delivered by the Company, no later than one Business Day following the Vue Special Termination Date or the Multikino Special Termination Date, as the case may be, to the Trustee, the Paying Agent and the Escrow Agent, and will provide that the Notes shall be redeemed no later than one Business Day after such notice is received by the Escrow Agent (the ''*Special Mandatory Redemption Date*''). On the Special Mandatory Redemption Date, the Escrow Agent shall pay the amounts to the Paying Agent for payment to each holder of Notes the Vue Mandatory Redemption Price or Multikino Mandatory

Redemption Price, as applicable, for such holder's Notes and, concurrently with the payment to such holders, deliver any excess Escrowed Property (if any) to the Company.

Each of OMERS Administration Corporation and the AIMCo Guarantor (each, an ''*Overfund Guarantor*'') will enter into an agreement with the Trustee on or prior to the Issue Date (the ''*Overfund Guarantee*'') to guarantee the obligations of the Issuer in an amount of approximately £4.7 million per Overfund Guarantor to pay the Overfunding Amount to the Paying Agent in the event of a Vue Mandatory Redemption, in either such case, no later than one Business Day prior to the applicable Special Mandatory Redemption Date for the Vue Mandatory Redemption. Each Overfund Guarantee will be limited to approximately £4.7 million per Overfund Guarantor and any Overfund Amount in excess of the aggregate amount of the Overfund Guarantees will be the sole responsibility of the Issuer.

The ''*Overfunding Amount*'' will be an amount equal to the sum of the interest that will accrue on the aggregate principal amount of Notes, the proceeds of which constitute Escrowed Property, from the Issue Date up to the Special Mandatory Redemption Date for the Vue Mandatory Redemption. The funds from the Overfund Guarantee will be applied by the Trustee to provide for the payment of the Overfunding Amount, to the extent and as applicable, on a Special Mandatory Redemption Date for the Vue Mandatory Redemption. If the Special Mandatory Redemption Date for the Vue Mandatory Redemption is on or after an interest record date and on or before the related interest payment date, the accrued and unpaid interest, if any, will be paid to the Person in whose name the Note is registered at the close of business on such record date and no additional interest will be payable to holders whose Notes are subject to such a redemption by the Company.

If at the time of the Vue Mandatory Redemption or the Multikino Mandatory Redemption, the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, the Company will notify the Irish Stock Exchange that the Vue Mandatory Redemption or the Multikino Mandatory Redemption, as applicable, has occurred and any relevant details relating to the Vue Mandatory Redemption or the Mulitkino Mandatory Redemption, as applicable.

No provisions of the Escrow Agreement (including, without limitation, those relating to the release of the Escrowed Property) and, to the extent such provisions relate to the Company's obligation to redeem the Notes in the Vue Mandatory Redemption or the Multikino Mandatory Redemption, the Indenture, may be waived or modified in any manner materially adverse to the holders of the Notes without the consent of at least 90% in aggregate principal amount of the Notes effected thereby.

Optional Redemption

Fixed Rate Notes

At any time prior to July 15, 2016 the Company may on any one or more occasions, upon not less than 30 nor more than 60 days' notice, redeem up to 35% of the aggregate principal amount of the Fixed Rate Notes issued under the Indenture at a redemption price equal to 107.875% of the principal amount of the Fixed Rate Notes redeemed, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of the Fixed Rate Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering of (i) the Company or (ii) any Parent Entity to the extent the proceeds from such Equity Offering are contributed to the Company's common equity capital or are paid to the Company as consideration for the issuance of ordinary shares of the Company; *provided* that:

(1) at least 65% of the aggregate principal amount of the Fixed Rate Notes, originally issued under the Indenture (excluding the Fixed Rate Notes held by the Company and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

At any time prior to July 15, 2016 the Company may on any one or more occasions upon not less than 30 nor more than 60 days' notice, redeem all or a part of the Fixed Rate Notes at a redemption price equal to 100% of the principal amount of the Fixed Rate Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Fixed Rate Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs and except pursuant to ''—Escrow of Proceeds; Special Mandatory Redemption—Special Mandatory Redemption'' and ''—Redemption for Changes in

Taxes,'' the Fixed Rate Notes will not be redeemable at the Company's option prior to , 2016.

On or after July 15, 2016, the Company may on any one or more occasions redeem all or a part of the Fixed Rate Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Fixed Rate Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on July 15 of the years indicated below, subject to the rights of holders of the Fixed Rate Notes on the relevant record date to receive interest on the relevant interest payment date:

Date	Fixed Rate Notes
2016	103.938%
2017	101.969%
2018 and thereafter	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Fixed Rate Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption or notice may, in the Company's discretion, be subject to the satisfaction of one or more conditions precedent.

Floating Rate Notes

At any time prior to July 15, 2014 the Company may, on any one or more occasions, upon not less than 30 nor more than 60 days' notice redeem all or a part of the Floating Rate Notes, at a redemption price equal to 100% of the principal amount of the Floating Rate Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of the Floating Rate Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding paragraph and except pursuant to ''—Escrow of Proceeds; Special Mandatory Redemption—Special Mandatory Redemption'' and ''—Redemption for Changes in Taxes,'' the Floating Rate Notes will not be redeemable at the Company's option prior to July 15, 2014.

On or after July 15, 2014, the Company may on any one or more occasions redeem all or a part of the Floating Rate Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Floating Rate Notes redeemed, to the applicable date of redemption, if redeemed during the twelve-month period beginning on July 15 of the years indicated below, subject to the rights of holders of the Floating Rate Notes on the relevant record date to receive interest on the relevant interest payment date:

Date	Floating Rate Notes
2014	101.000%
2015 and thereafter	100.000%

Unless the Company defaults in the payment of the redemption price, interest will cease to accrue on the Floating Rate Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption or notice may, in the Company's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for Changes in Taxes

The Company may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in ''—Selection and Notice''), at a redemption price equal to 100% of the aggregate principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Company for redemption (a ''*Tax Redemption Date*'') and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes or any Guarantee, the Company under or with respect to the Notes or any of the Guarantors with respect to any Guarantee is or would be required to pay Additional Amounts (but, in the case of the relevant Guarantor, only if such amount cannot be paid by the Company or another Guarantor who can pay such amount without the obligation to pay Additional Amounts), and the Company or relevant Guarantor, as applicable, cannot avoid any such payment obligation by taking reasonable measures available (including making payment through a paying agent located in another jurisdiction) and the requirement arises as a result of:

(1) any amendment to, or change in, the laws or any regulations or rulings promulgated thereunder of a relevant Tax Jurisdiction which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the date of this Offering Memorandum (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this Offering Memorandum, such later date); or

(2) any amendment to, or change in, an official written interpretation or application of such laws, regulations or rulings (including by virtue of a holding, judgment, order by a court of competent jurisdiction or a change in published practice) which amendment or change has not been publicly announced as formally proposed before and which becomes effective on or after the date of the Offering Memorandum, (or, if the applicable Tax Jurisdiction became a Tax Jurisdiction on a date after the date of this Offering Memorandum, such later date) (each of the foregoing clauses (1) and (2), a ''*Change in Tax Law*'').

The Company will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Company or the Guarantor, as applicable, would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and the obligation to pay Additional Amounts must be in effect (or be scheduled to come into effect on or prior to the next date on which any amount would be payable under or in respect of the Notes or any Guarantee) at the time such notice is given. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company will deliver to the Trustee an opinion of independent tax counsel (the choice of such counsel to be subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld)) to the effect that there has been such Change in Tax Law which would entitle the Company to redeem the Notes hereunder. In addition, before the Company publishes or mails any notice of redemption of the Notes as described above, it will deliver to the Trustee an Officer's Certificate to the effect that it (or the relevant Guarantor) cannot avoid its obligation to pay Additional Amounts by taking reasonable measures available to it (including in the case of a Guarantor, that such amount cannot be paid by the Company or another Guarantor who can pay such amount without the obligation to pay Additional Amounts).

The Trustee will accept and shall be entitled to rely (without any liability on the part of the Trustee arising from such reliance) on such Officer's Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

The foregoing provisions shall apply *mutatis mutandis* to any successor Person, after such successor Person becomes a party to the Indenture, with respect to a Change in Tax Law occurring after the time such successor Person becomes a party to the Indenture.

Mandatory Redemption

Except as set forth under the caption ''—Escrow of Proceeds; Special Mandatory Redemption—Special Mandatory Redemption,'' the Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the Option of Holders

Change of Control

If a Change of Control occurs, each holder of Notes will have the right to require the Company to repurchase all or any part (in integral multiples of £1,000 for the Fixed Rate Notes and in integral multiples of €1,000 for the Floating Rate Notes; *provided* that Fixed Rate Notes of £100,000 or less and Floating Rate Notes of €100,000 or less may only be redeemed in whole and not in part) of that holder's

Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Company will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the ''*Change of Control Payment*''), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Unless the Company has unconditionally exercised its right to redeem all the Notes of a series as described under ''—Optional Redemption'' or all conditions to such redemption have been satisfied or waived, within 30 days following any Change of Control, the Company will mail a notice to each holder of the Notes at such holder's registered address or otherwise deliver a notice in accordance with the procedures described under ''—Selection and Notice,'' stating that a Change of Control Offer is being made and offering to repurchase Notes on the date (the ''*Change of Control Payment Date*'') specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice. The Change of Control Offer shall be open for a period of no less than 20 days, and the Company will comply with the requirements of any applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Company will comply with any applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Company.

The Paying Agent will promptly mail (or cause to be delivered) to each holder of the Notes properly tendered the Change of Control Payment for such Notes, and the Trustee (or its authenticating agent) will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Company will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Company to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture will not contain provisions that permit the holders of the Notes to require that the Company repurchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

The Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) a notice of redemption has been given pursuant to the Indenture as described above under the caption ''—Optional Redemption,'' unless and until there is a default in payment of the applicable redemption price. Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Revolving Credit Facility Agreement will provide that the occurrence of a change of control would in each case require the repayment of all the outstanding Indebtedness thereunder. If the Company experiences a change of control that triggers a mandatory prepayment under its Revolving Credit Facility Agreement, the Company may seek the agreement of the relevant lenders thereunder to maintain the availability of the Revolving Credit Facility Agreement or seek to refinance the Revolving Credit Facility

Agreement. Future debt of the Company or its Subsidiaries may prohibit the Company from purchasing the Notes in the event of a Change of Control or provide that a Change of Control is a default or require a repurchase upon a Change of Control. Moreover, the exercise by the holders of the Notes of their right to require the Company to purchase the Notes could cause a default under, or require a repurchase of, other debt, even if a Change of Control does not, due to the financial effect of the purchase on the Company.

Finally, the Company's ability to repurchase Notes pursuant to a Change of Control Offer following the occurrence of a Change of Control may be limited by the Company's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See ''Risk Factors—Risks Relating to the Notes and the Guarantees—We may not have the ability to raise the funds necessary to finance a change of control offer.''

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of ''all or substantially all'' of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase ''substantially all,'' there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of the Notes to require the Company to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Company and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

The provisions under the Indenture relating to the Company's obligation to make an offer to repurchase the Notes as a result of a Change of Control may be waived or modified with the consent of the holders of a majority in principal amount of the Notes prior to the occurrence of the Change of Control.

If and for so long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, the Company will publish a public announcement with respect to the results of any Change of Control Offer in a leading newspaper of general circulation in Ireland (which is expected to be the *Irish Times*) or, to the extent and in the manner permitted by such rules, post such notice on the official website of the Irish Stock Exchange (*www.ise.ie*).

Asset Sales

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration received in the Asset Sale by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:

(a) any liabilities, as recorded on the balance sheet of the Company or any Restricted Subsidiary (other than contingent liabilities and other than liabilities that are by their terms subordinated in right of payment to the Notes or any Guarantee or are not otherwise permitted to be repurchased with the Net Proceeds from an Asset Sale pursuant to the second paragraph under this covenant), that are assumed by the transferee of any such assets and as a result of which the Company and its Restricted Subsidiaries are no longer obligated with respect to such liabilities or are indemnified against further liabilities;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 90 days following the closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

(c) any Capital Stock or assets of the kind referred to in clauses (1)(d) or (f) of the next paragraph of this covenant;

(d) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Sales having an aggregate Fair Market Value, taken together with all other Designated Non-Cash Consideration received pursuant to this clause (d) that is at that time outstanding, not to exceed the greater of £30.0 million and 4.0% of Total Assets at the time of the receipt of such Designated Non-Cash Consideration (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value);

(e) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Sale, to the extent that the Company and each other Restricted Subsidiary are released from any guarantee of such Indebtedness in connection with such Asset Sale; and

(f) consideration consisting of Indebtedness of the Company or any Guarantor of a type set forth in clause (1) of the following paragraph, received from Persons who are not the Company or any Restricted Subsidiary.

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company (or any of its Restricted Subsidiaries) may:

(1) apply such Net Proceeds (at the option of the Company or Restricted Subsidiary):

(a) to purchase the Notes pursuant to an offer made on a *pro rata* basis to all of the holders of Notes at a purchase price equal to 100% of the principal amount thereof, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (a ''*Notes Offer*'');

(b) (i) to repay Indebtedness of the Company or any Guarantor outstanding under clause (1) of the second paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'' that is secured by a first-priority Lien on the Collateral and that is not subordinated in right of payment to the Notes or any Guarantee and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto; or (ii) to make an Asset Sale Offer (as defined below) on a *pro rata* basis to all holders of the Notes and holders of other Indebtedness that is secured by a Lien on the Collateral and that is not subordinated in right of payment to the Notes or the Guarantees;

(c) to purchase or permanently prepay or redeem or repay (i) any Indebtedness that is only secured by Liens on assets or property that do not constitute Collateral and, if the Indebtedness prepaid, redeemed or repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto or (ii) any Indebtedness of a Restricted Subsidiary that is not a Guarantor, other than Indebtedness owed to the Company or another Restricted Subsidiary (or any Affiliate thereof);

(d) to acquire all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary;

(e) to make a capital expenditure;

(f) to acquire other assets (other than Capital Stock) not classified as current assets under UK GAAP that are used or useful in a Permitted Business; or

(g) in connection with an Asset Sale with respect to assets acquired by the Company or any of its Restricted Subsidiaries after the Issue Date (other than the assets acquired as part of the Transactions) which was part of a larger acquisition of assets (the ''*Primary Acquisition*'') or with respect to assets that in the Company's good faith judgment would create value being disposed alongside the disposal of assets from the Primary Acquisition, to purchase or permanently prepay, redeem, repay, reimburse or otherwise return (including in the form of a dividend or other distribution) (each, a ''*Reimbursement*'') any portion of the source of funds used to finance the Primary Acquisition; *provided* that, for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such Reimbursement is made (and, for the avoidance of doubt, after giving *pro forma* effect to the Asset Sale (including the incurrence of any Indebtedness to finance the Primary Acquisition and not repaid by the Reimbursement), the Reimbursement and the Primary Acquisition), at the time of such Reimbursement (i) the Company's Fixed Charge Coverage Ratio would have been at least 2.0 to 1.0, or (ii) the Company's Fixed Charge Coverage Ratio would not be less than it was immediately prior to such Reimbursement; or

(2) enter into a binding commitment to apply the Net Proceeds pursuant to clause (d), (e) or (f) of paragraph (1) above; *provided* that such binding commitment shall be treated as a permitted application of the Net Proceeds from the date of such commitment until the earlier of (a) the date on which such acquisition or expenditure is consummated, and (b) the 180th day following the expiration of the aforementioned 365 day period.

Pending the final application of any Net Proceeds, the Company (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the second paragraph of this covenant will constitute ''*Excess Proceeds*.'' When the aggregate amount of Excess Proceeds exceeds £15.0 million, within ten Business Days thereof, the Company will make an offer (an ''*Asset Sale Offer*'') to all holders of Notes and, to the extent notified by the Company in such notice, make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Guarantee to purchase, prepay or redeem with the proceeds of sales of assets, the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price for the Notes in any Asset Sale Offer will be equal to 100% of the principal amount and the offer price for any *pari passu* Indebtedness may be no greater than 100% of the principal amount, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds or if the aggregate amount of Notes tendered pursuant to a Notes Offer exceeds the amount of the Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness, if applicable, to be purchased on a pro rata basis (or in the manner described under ''—Selection and Notice''), based on the amounts tendered or required to be prepaid or redeemed. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

To the extent that any portion of Net Proceeds payable in respect of the Notes is denominated in a currency other than sterling or euro, as the case may be, the amount thereof payable in respect of such Notes shall not exceed the net amount of funds in sterling or euro, as the case may be, that is actually received by the Company upon converting such portion of the Net Proceeds into sterling or euro, as the case may be.

An Asset Sale Offer or a Notes Offer shall be open for a period of no less than 20 days, and the Company will comply with the requirements of any applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of an Asset Sale Offer or a Notes Offer. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control, Asset Sale or Notes Offer provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Indenture by virtue of such compliance.

Selection and Notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a pro rata basis (or, in the case of Notes issued in global form as discussed under ''Book-Entry, Delivery and Form,'' based on a method that most nearly approximates a pro rata selection as the Trustee deems fair and appropriate), unless otherwise required by law or applicable stock exchange or depository requirements. The Trustee shall not be liable for selections made by it in accordance with this paragraph.

No Fixed Rate Notes of £100,000 or less can be redeemed in part and no Floating Rate Notes of €100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of the Notes upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by global certificates held on behalf of Euroclear or Clearstream, notices may be given by delivery of the relevant notices to Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Ireland (which is expected to be the *Irish Times*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Irish Stock Exchange (*www.ise.ie*) and, in connection with any redemption, the Company will notify the Irish Stock Exchange of any change in the principal amount of Notes outstanding.

Certain Covenants

Incurrence of Indebtedness and Issuance of Preferred Stock

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, ''*incur*'') any Indebtedness (including Acquired Debt), and the Company will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided*, *however*:

(1) that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and any Restricted Subsidiary may incur Indebtedness (including Acquired Debt) or issue preferred stock, if on the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, if the Company's Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or preferred stock had been issued, as the case may be, at the beginning of such four quarter period; and

(2) if such Indebtedness to be incurred is Senior Secured Indebtedness, the Company and any Restricted Subsidiary may incur such Senior Secured Indebtedness if the Company's Consolidated Secured Leverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Senior Secured Indebtedness is incurred would have been less than 4.75 to 1.0, on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom).

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, ''*Permitted Debt*''):

(1) the incurrence by the Company and any Guarantor of Indebtedness under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) not to exceed the greater of (a) £50.0 million and (b) 50% of Consolidated EBITDA for the Company's most recently ended four fiscal quarters for which internal financial statements are available immediately preceding the date on which such Indebtedness is incurred or, if such Credit Facilities relate to revolving credit Indebtedness, the date on which such revolving credit Indebtedness is committed, *plus* in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses incurred in connection with such refinancing;

(2) Indebtedness of the (x) Company or any Restricted Subsidiary outstanding on the Vue Acquisition Completion Date or (y) Multikino and its Subsidiaries outstanding on the Multikino Acquisition

Completion Date (other than the Indebtedness described in clauses (1) or (3) of this paragraph) after giving pro forma effect to the use of proceeds of the Notes incurred on the Issue Date;

(3) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes issued on the Issue Date and the related Guarantees;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of design, construction, installation or improvement of property (real or personal), plant or equipment (whether through the direct purchase of assets or the Capital Stock of any Person owning such assets) used in the business of the Company or any of its Restricted Subsidiaries, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of £25.0 million and 3.5% of Total Assets at any time outstanding;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under (a) the first paragraph of this covenant or (b) clauses (2), (3), (5) or (16) of this paragraph;

(6) the incurrence by the Company or any Restricted Subsidiary of intercompany Indebtedness between or among the Company or any Restricted Subsidiary; *provided* that:

  (a) if the Company or any Guarantor is the obligor on such Indebtedness and the payee is not the Company or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of the Company, or the Guarantee, in the case of a Guarantor; and

  (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the issuance by any Restricted Subsidiary to the Company or to any of its Restricted Subsidiaries of preferred stock; *provided* that:

  (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Company or a Restricted Subsidiary; and

  (b) any sale or other transfer of any such preferred stock to a Person that is not either the Company or a Restricted Subsidiary,

  will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

(8) the incurrence by the Company or any Restricted Subsidiary of Hedging Obligations for *bona fide* hedging purposes of the Company and its Restricted Subsidiaries and not for speculative purposes;

(9) the guarantee by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Restricted Subsidiary to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to the Notes or subordinated to or *pari passu* with a Guarantee, then the guarantee must be subordinated, in the case of the Notes or subordinated or *pari passu*, as applicable, in the case of a Guarantee, in each case to the same extent as the Indebtedness guaranteed;

(10) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five Business Days of such incurrence;

(11) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary; *provided* that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition (in the case of a disposition by the Company and its Restricted Subsidiaries);

(12) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness in respect of (a) letters of credit, bankers' acceptances, surety, performance, completion or appeal bonds, instruments, guarantees or other obligations, judgment, advance payment, customs, VAT or other tax guarantees or similar instruments issued in the ordinary course of business of such Person (in each case, (i) other than an obligation for borrowed money and (ii) to the extent such obligations are reimbursed within 30 days of incurrence), including letters of credit or similar instruments in respect of such obligations or in respect of self-insurance, workers compensation claims or obligations, captive insurance companies and rent payment obligations; and (b) any customary cash management, cash pooling or netting or setting off arrangements;

(13) Indebtedness of the Company or any of its Restricted Subsidiaries in respect of Management Advances;

(14) customer deposits and advance payments received in the ordinary course of business from customers for goods and services purchased in the ordinary course of business;

(15) Indebtedness of the Company and any Guarantor in an aggregate outstanding principal amount that, when taken together with any Permitted Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness incurred pursuant to this clause (15) and then outstanding, will not exceed 100% of the Net Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than, in connection with the Equity Contribution or Disqualified Stock or an Excluded Contribution) or otherwise contributed to the equity (other than through the Equity Contribution, the issuance of Disqualified Stock or an Excluded Contribution) of the Company or from the issuance or sale (other than to a Restricted Subsidiary) of Subordinated Shareholder Debt, in each case, subsequent to the Vue Acquisition Completion Date; *provided*, *however*, that (a) any such Net Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under the first paragraph and clauses (2), (4) and (8) of the third paragraph of the covenant described under the caption ''—Restricted Payments'' to the extent the Company or any Guarantor incur Indebtedness in reliance thereon and (b) any Net Proceeds that are so received or contributed shall be excluded for purposes of incurring Indebtedness pursuant to this clause (15) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under the first paragraph and clauses (2), (4) and (8) of the third paragraph of the covenant described under the caption ''—Restricted Payments'' in reliance thereon;

(16) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any of its Restricted Subsidiaries or Indebtedness incurred in connection with the acquisition of a Person that becomes a Restricted Subsidiary; *provided*, *however*, with respect to this clause (16), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred (a) the Company would have been able to incur £1.00 of additional Indebtedness pursuant to clause (1) of the first paragraph of this covenant, after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (16) or (b) the Fixed Charge Coverage Ratio of the Company would not be less than it was immediately prior to giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (16);

(17) the incurrence by the Company or any Restricted Subsidiary of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to renew, refund, refinance, replace, defease or

discharge any Indebtedness incurred pursuant to this clause (17), not to exceed the greater of £30.0 million and 4.0% of Total Assets; and

(18) Indebtedness incurred in any Permitted Digital Asset Financing.

Notwithstanding anything to the contrary contained herein, the aggregate principal amount of Indebtedness that is permitted to be Incurred by the Issuer's Restricted Subsidiaries that are not Guarantors pursuant to the first paragraph of this covenant and clause (17) of the second paragraph of this covenant, including all Indebtedness incurred by a Restricted Subsidiary that is not a Guarantor to redeem, refund, repay, replace, defease or discharge such Indebtedness, shall not exceed at any time outstanding an amount equal to the greater of £30.0 million and 4.0% of Total Assets of the Company on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom).

For purposes of determining compliance with this ''Incurrence of Indebtedness and Issuance of Preferred Stock'' covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (18) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, the Company, in its sole discretion, will be permitted to classify such item of Indebtedness on the date of its incurrence and only be required to include the amount and type of such Indebtedness in one of such clauses and will be permitted on the date of such incurrence to divide and classify an item of Indebtedness in more than one of the types of Indebtedness described in the first and second paragraphs of this covenant, and from time to time to reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant; *provided* that Indebtedness incurred pursuant to clause (1) of the second paragraph of this covenant may not be reclassified. Indebtedness under the Revolving Credit Facility outstanding on the Issue Date will be deemed to have been incurred on such date in reliance on the exception provided in clause (1) of the second paragraph of this covenant. The accrual of interest or preferred stock dividends, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant.

For purposes of determining compliance with any sterling-denominated restriction on the incurrence of Indebtedness, the Sterling-Equivalent principal amount of Indebtedness denominated in a different currency shall be utilized, calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility; *provided, however*, that (i) if such Indebtedness denominated in non-sterling currency is subject to a Currency Exchange Protection Agreement, the amount of such Indebtedness expressed in sterling will be calculated so as to take account of the effects of such Currency Exchange Protection Agreement; and (ii) the Sterling-Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date. The principal amount of any refinancing Indebtedness incurred in the same currency as the Indebtedness being refinanced will be the Sterling-Equivalent of the Indebtedness refinanced determined on the date such Indebtedness was originally incurred, except that to the extent that:

(1) such Sterling-Equivalent was determined based on a Currency Exchange Protection Agreement, in which case the refinancing Indebtedness will be determined in accordance with the preceding sentence; and

(2) the principal amount of the refinancing Indebtedness exceeds the principal amount of the Indebtedness being refinanced, in which case the Sterling-Equivalent of such excess will be determined on the date such refinancing Indebtedness is being incurred.

Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

(1) in the case of any Indebtedness issued with original issue discount, the amount of the liability in respect thereof determined in accordance with UK GAAP;

(2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and

(3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:

  (i) the Fair Market Value of such assets at the date of determination; and

  (ii) the amount of the Indebtedness of the other Person.

Anti-Layering

Neither the Company nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Company or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Guarantee on substantially identical terms; *provided*, *however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Company or any Guarantor solely by virtue of being unsecured or by virtue of being secured with different collateral or by virtue of being secured on a junior priority basis or by virtue of the application of waterfall or other payment ordering provisions affecting different tranches of Indebtedness.

Restricted Payments

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as holders, other than (a) dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company and (b) dividends or distributions payable to the Company or a Restricted Subsidiary;

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect Parent Entity of the Company;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Company or any Guarantor that is contractually subordinated in right of payment to the Notes or to any Guarantee (excluding any intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries), except (a) a payment of interest or principal at the Stated Maturity thereof or (b) the purchase, repurchase or other acquisition of Indebtedness purchased in anticipation of satisfying a scheduled sinking fund obligation, principal installment or scheduled maturity, in each case due within one year of the date of such purchase, repurchase or other acquisition;

(4) make any cash payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Debt; or

(5) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as *''Restricted Payments*''), unless, at the time of any such Restricted Payment:

(a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(b) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described under the caption ''—Incurrence of Indebtedness and Issuance of Preferred Stock''; and

(c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries since the Issue Date (excluding Restricted

Payments permitted by clauses (2), (3), (4), (5), (6), (7), (9), (10), (11), (12), (13), (14), (15), (18), (19) and (20) of the third paragraph of this covenant) is less than the sum, without duplication, of:

(i) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter commencing immediately prior to the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(ii) 100% of the aggregate net cash proceeds and the Fair Market Value of property or assets or marketable securities received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than the Equity Contribution or Disqualified Stock and Excluded Contributions) or from the issue or sale of convertible or exchangeable Disqualified Stock of the Company or convertible or exchangeable debt securities of the Company, in each case that have been converted into or exchanged for Equity Interests of the Company (other than Equity Interests and convertible or exchangeable Disqualified Stock or debt securities sold to a Subsidiary of the Company) or from the issuance or sale of Subordinated Shareholder Debt (other than an issuance or sale to a Subsidiary of the Company); *plus*

(iii) to the extent that any Restricted Investment that was made after the Issue Date is (a) sold, disposed of or otherwise cancelled, liquidated or repaid, 100% of the aggregate amount received in cash and the Fair Market Value of the property or assets or marketable securities received by the Company or any Restricted Subsidiary (other than from a Person that is the Company or a Restricted Subsidiary), or (b) made in an entity that subsequently becomes a Restricted Subsidiary, 100% of the Fair Market Value of the Restricted Investment of the Company and its Restricted Subsidiaries as of the date such entity becomes a Restricted Subsidiary; *plus*

(iv) to the extent that any Unrestricted Subsidiary of the Company designated as such after the Issue Date is redesignated as a Restricted Subsidiary or is merged or consolidated into the Company or a Restricted Subsidiary, or all of the assets of such Unrestricted Subsidiary are transferred to the Company or a Restricted Subsidiary, the Fair Market Value of the property received by the Company or Restricted Subsidiary or the Company's Restricted Investment in such Subsidiary as of the date of such redesignation, merger, consolidation or transfer of assets, to the extent such investments reduced the Restricted Payments capacity under this clause (iv) and were not previously repaid or otherwise reduced; *plus*

(v) upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Company or one of its Restricted Subsidiaries to any Person, an amount equal to the amount of such guarantee; *plus*;

(vi) 100% of any cash dividends or distributions received by the Company or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends or distributions were not otherwise included in the Consolidated Net Income of the Company for such period,

The Fair Market Value of property or assets (other than cash covered by the preceding sentence) shall be the Fair Market Value thereof as determined in good faith by an officer or the Board of Directors of the Company.

The preceding provisions will not prohibit:

(1) the payment of any dividend or distribution or the consummation of any redemption within 60 days after the date of declaration of the dividend or distribution or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend, distribution or redemption payment would have complied with the provisions of the Indenture;

(2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale or issuance (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock or the Equity Contribution), Subordinated Shareholder Debt or from the substantially concurrent contribution of common equity capital to the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such Restricted Payment will be excluded from the calculation of amounts under clause (c)(ii) of the

preceding paragraph, shall not constitute Excluded Contributions, and will not be considered to be net cash proceeds from an Equity Offering for purposes of the ''Optional Redemption'' provisions of the Indenture;

(3) the repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is contractually subordinated to the Note or to any Guarantee in respect thereof with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) any Restricted Payment consisting of (or the making of any Restricted Payment to fund) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of any Parent Entity, the Company or any Restricted Subsidiary held by any current or former officer, director, employee or consultant of any Parent Entity, the Company or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, restricted stock grant, shareholders' agreement or other agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed £6.0 million in any calendar year (with unused amounts in any calendar year being carried over to succeeding calendar years); and *provided*, *further*, that such amount in any calendar year may be increased by an amount not to exceed (a) the cash proceeds from the sale of Equity Interests or Subordinated Shareholder Debt of any Parent Entity, the Company or a Restricted Subsidiary received by the Company or a Restricted Subsidiary during such calendar year, in each case, to officers, directors, employees or consultants of any Parent Entity, the Company, any of its Restricted Subsidiaries or any of its direct or indirect parent companies and (b) the cash proceeds of key man life insurance policies, in each case, to the extent the cash proceeds have not otherwise been applied to the making of Restricted Payments pursuant to clause (c)(ii) of the preceding paragraph or clause (2) of this paragraph and are not Excluded Contributions or constitute the Equity Contribution;

(5) the repurchase of Equity Interests deemed to occur upon the exercise of stock options or warrants to the extent such Equity Interests represent a portion of the exercise price of those stock options or warrants;

(6) the declaration and payment of regularly scheduled or accrued dividends or distributions to holders of any class or series of Disqualified Stock of the Company or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the covenant described under the caption ''—Incurrence of Indebtedness and Issuance of Preferred Stock'';

(7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Company or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (a) the exercise of options or warrants or (b) the conversion or exchange of Capital Stock of any such Person;

(8) so long as no Default has occurred and is continuing or would be caused thereby, following an Initial Public Offering of the Capital Stock of the Company or a Parent Entity, the declaration and payment of loans, advances, dividends or distributions on the Capital Stock of the Company in an amount per annum not to exceed the greater of (a) 6% of the net cash proceeds received from such Initial Public Offering by the Company or contributed in cash to the Company's equity (other than through the issuance of Disqualified Stock or Excluded Contributions) and (b) following the Initial Public Offering, an amount equal to (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization, *provided* that, in the case of this clause (8)(b)(i) after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio of the Company would not exceed 3.25 to 1.0 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that in the case of this clause (8)(b)(ii), after giving pro forma effect to such loans, advances, dividends or distributions, after giving pro forma effect to the payment of any such dividend or making of any such distribution, the Consolidated Leverage Ratio of the Company would not exceed 4.0 to 1.0; *provided further*, if such Initial Public Offering was of Capital Stock of a Parent Entity, the net proceeds of any such loans, advances, dividend or distributions are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of such Parent Entity;

(9) the payment of any dividend or distribution by a Restricted Subsidiary to the holders of its Equity Interests on no more than a *pro rata* basis;

(10) so long as no Default or Event of Default has occurred and is continuing, the payment of Management Fees;

(11) Permitted Parent Payments;

(12) Restricted Payments in an aggregate amount outstanding at any time not to exceed the aggregated cash amount of Excluded Contributions or Investments in exchange for or using as consideration Investments previously made under this clause (12);

(13) any purchase, repurchase, redemption, defeasance or other acquisition or retirement for value of Indebtedness of the Company or any Guarantor that is subordinated in right of payment to the Notes or to any Guarantee (other than any Indebtedness so subordinated and held by Affiliates of the Company) upon a Change of Control or Asset Sale to the extent required by the agreements governing such Indebtedness at a purchase price not greater than 101% of the principal amount of such Indebtedness, in the case of a Change of Control, and 100%, in the case of an Asset Sale, but only if the Company has complied with its obligations under the covenants described under ''—Repurchase at the Option of Holders—Change of Control'' and ''—Asset Sales'' and the Company repurchased all Notes tendered pursuant to the offer required by such covenants prior to offering to purchase, purchasing or repaying such Indebtedness;

(14) the distribution, as a dividend or otherwise, of shares of Capital Stock of, or Indebtedness owed to the Company or a Restricted Subsidiary of the Company by, Unrestricted Subsidiaries; *provided* that such entities are then designated as Unrestricted Subsidiaries;

(15) the Transactions as defined in this Offering Memorandum under the caption ''The Transactions,'' including but not limited to any Restricted Payment pursuant to or in connection with, the Transactions (including, without limitation, (a) any recharge of transaction costs incurred by OMERS Private Equity Inc. and Alberta Investment Management Corporation to the Company in connection with the Transactions and (b) a one-time transaction fee payable to some of the Equity Investors for advisory services rendered in connection with the Transactions in an amount not to exceed 1.0% of the aggregate net proceeds contributed as Equity Interests (other than Disqualified Stock) or Subordinated Shareholder Debt of the Company in connection with such Transaction for which the fees relate);

(16) so long as no Default or Event of Default has occurred and is continuing other Restricted Payments in an aggregate amount not to exceed £25.0 million since the Issue Date;

(17) so long as no Default or Event of Default has occurred and is continuing, any Restricted Payments; *provided* that the Consolidated Leverage Ratio does not exceed 3.0 to 1.0 on a *pro forma* basis after giving effect to any such Restricted Payments and any related transaction;

(18) the repayment of the principal and any accrued and unpaid interest outstanding under the German Trapped Cash Equity Bridge Loan at any time on or after the Squeeze Out in an amount not to exceed £38.0 million;

(19) Restricted Payments in an amount necessary to fund termination payments by the Company or any Parent Entity to former executives of the Company or any of its Restricted Subsidiaries; or

(20) Restricted Payments in an amount equal to any Overfunding Amount actually funded to the Escrow Accounts by an Overfund Guarantor; *provided* that, for the avoidance of doubt, the Overfunding Amount will not be treated as an Excluded Contribution, be used as the Equity Contribution nor be counted for the purposes of calculating the amount of the Restricted Payments that the Company can distribute pursuant to clause (c) or any of its subclauses in the foregoing first paragraph or clause (2) of the third paragraph of this covenant.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Liens

The Company will not and will not cause or permit any of the Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (1) in the case of any property or asset that does not constitute Collateral (a) Permitted Liens, or

(b) if such Lien is not a Permitted Lien, to the extent that all payments due under the Indenture, the Notes and the Guarantees are secured on an equal and ratable basis (or in the case of Indebtedness which is subordinated in right of payment to the Notes or any Guarantees, prior or senior thereto, with the same relative priority as the Notes or such Guarantee, as applicable, shall have with respect to such subordinated Indebtedness) with the obligations so secured until such time as such obligations are no longer secured by a Lien and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

For the avoidance of doubt, the Company will not permit any Lien (including any Permitted Lien) to be created, incurred or suffer to exist upon the Escrowed Property except for Liens to secure obligations under the Notes and the Indenture.

Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any Restricted Subsidiary, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any Restricted Subsidiary;

(2) make loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its properties or assets to the Company or any Restricted Subsidiary,

provided that (a) the priority of any preferred stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (b) the subordination of (including the application of any standstill period to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness incurred by the Company or any Restricted Subsidiary, in each case, shall not be deemed to constitute such an encumbrance or restriction.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) agreements of (a) the Company and its Restricted Subsidiaries as in effect on the Vue Acquisition Completion Date or (b) Multikino and its Subsidiaries as in effect on the Multikino Acquisition Completion Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; provided that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Vue Acquisition Completion Date or Multikino Acquisition Completion Date, as the case may be;

(2) the Indenture, the Notes, the Guarantees, the Revolving Credit Facility Agreement, the Intercreditor Agreement, the Warner Village Intercreditor Agreement, any Additional Intercreditor Agreement and the Security Documents;

(3) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be incurred subsequent to the Issue Date pursuant to the provisions of the covenant described under ''—Incurrence of Indebtedness and Issuance of Preferred Stock'' if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the holders of the Notes than (a) the encumbrances and restrictions contained in the Revolving Credit Facility Agreement, the Intercreditor Agreement, the Indenture and the Warner Village Intercreditor Agreement, in each case, as in effect on the Issue Date (as determined in good faith by the Company) or (b) is customary in comparable financings (as determined in good faith by the Company);

(4) applicable law, rule, regulation or order or the terms of any license, authorization, concession or permit;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness or Capital Stock was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or

assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;

(6) customary non-assignment and similar provisions in contracts, leases and licenses entered into in the ordinary course of business;

(7) purchase money obligations and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in comparable financings at the time of determination (as determined in good faith by the Company) and would not otherwise restrict the payment of amounts due in respect of the Notes, a Guarantee, or compliance by the Company or any Guarantor with its obligations under the Notes, the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents or any Credit Facility;

(10) Liens permitted to be incurred under the provisions of the covenant described under the caption ''—Liens'' that limit the right of the debtor to dispose of the assets subject to such Liens;

(11) customary provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements in the ordinary course of business (including agreements entered into in connection with a Restricted Investment), which limitation is applicable only to the assets that are the subject of such agreements;

(12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;

(13) any encumbrance or restriction existing under any agreement that extends, renews, refinances or replaces the agreements containing the encumbrances or restrictions in the foregoing clauses (1) through (12), or in this clause (13); *provided* that the terms and conditions of any such encumbrances or restrictions are no more restrictive in any material respect than those under or pursuant to the agreement so extended, renewed, refinanced or replaced; and

(14) any mortgage financing or mortgage refinancing that imposes restrictions only on the real property securing such Indebtedness.

Merger, Consolidation or Sale of Assets

The Company will not directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in either case, in one or more related transactions, to another Person, unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made is an entity organized or existing under the laws of any member state of the European Union, Switzerland, Canada, any state of the United States or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger with the Company (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance, lease or other disposition has been made assumes all the obligations of the Company under the Indenture, the Notes, the Intercreditor Agreement, the Warner Village Intercreditor Agreement and any Additional Intercreditor Agreement, if any, pursuant to the terms thereof;

(3) immediately after such transaction, no Default or Event of Default exists; and

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance, lease or other disposition has been made would, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period (a) be permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described under the caption ''—Incurrence of Indebtedness and Issuance of Preferred Stock'' or (b) have a Fixed Charge Coverage Ratio no less than it was immediately prior to giving effect to such transaction.

A Guarantor (other than any Guarantor whose Guarantee is to be released in accordance with the terms of the Indenture) will not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not such Guarantor is the surviving corporation), or (2) sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of the properties or assets of such Guarantor and its Subsidiaries which are Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists;

(2) either:

 (a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under its Guarantee, the Indenture, the Security Documents, the Intercreditor Agreement, the Warner Village Intercreditor Agreement and any Additional Intercreditor Agreement, if any, on terms satisfactory to the Trustee; or

 (b) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

In addition, the Company will not, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

Clauses (3) and (4) of the first paragraph of this ''Merger, Consolidation or Sale of Assets'' covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of the Company with or into any Guarantor and clause (4) of the first paragraph of this ''Merger, Consolidation or Sale of Assets'' covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of the Company with or into an Affiliate solely for the purpose of reincorporating the Company in another jurisdiction for tax reasons.

Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Company (each, an ''*Affiliate Transaction*'') involving aggregate payments or consideration in excess of £5.0 million, unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with a Person who is not an Affiliate; and

(2) the Company delivers to the Trustee:

 (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £15.0 million, a resolution of the Board of Directors of the Company set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the Disinterested Directors; and, in addition;

 (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £50.0 million, an opinion of an accounting, appraisal or investment banking firm of international standing, or other recognized independent expert of international standing with experience in appraising the terms and conditions of the type of transaction or series of related transactions for which an opinion is required, stating that the transaction or series of related transactions is (i) fair from a financial point of view taking into account all relevant circumstances or (ii) on terms not less favorable than might have been obtained in a comparable transaction at such time on an arm's length basis from a Person who is not an Affiliate.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

(1) any employment agreement, collective bargaining agreement, consultant, employee benefit arrangements with any employee, consultant, officer or director of the Company or any Restricted Subsidiary, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;

(2) transactions between or among the Company and any Restricted Subsidiary, or between or among Restricted Subsidiaries;

(3) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Company solely because the Company owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;

(4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Company or any of its Restricted Subsidiaries;

(5) any issuance of Equity Interests (other than Disqualified Stock) of the Company to Affiliates of the Company;

(6) any Restricted Payment that does not violate the provisions of the Indenture described above under the caption ''—Restricted Payments'';

(7) Management Advances and Permitted Parent Payments;

(8) any Permitted Investments (other than Permitted Investments described in clauses (3), (9) and (15) of the definition thereof);

(9) the incurrence of any Subordinated Shareholder Debt;

(10) transactions pursuant to, or contemplated by any agreement of (a) the Company and its Restricted Subsidiaries as in effect on the Vue Acquisition Completion Date or (b) Multikino and its Subsidiaries as in effect on the Multikino Acquisition Completion Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not more disadvantageous to the holders of the Notes in any material respect than the original agreement as in effect on the Vue Acquisition Completion Date or Multikino Acquisition Completion Date, as the case may be;

(11) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services or providers of employees or other labor, in each case in the ordinary course of business and otherwise in compliance with the terms of the Indenture that are fair to the Company or the Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Company or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;

(12) any payments or other transactions pursuant to a tax sharing agreement between the Company and any other Person or a Restricted Subsidiary of the Company and any other Person with which the Company or any of its Restricted Subsidiaries files a consolidated tax return or with which the Company or any of its Restricted Subsidiaries is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided*, *however*, that any such tax sharing or arrangement and payment does not permit or require payments in excess of the amounts of tax that would be payable by the Company and its Restricted Subsidiaries on a stand- alone basis;

(13) any contribution to the capital of the Company in exchange for Capital Stock of the Company (other than Disqualified Stock and preferred stock);

(14) transactions in the ordinary course of business with a Person (other than an Unrestricted Subsidiary) that is an Affiliate of the Company solely because a director of which is also a director of the Company or any direct or indirect parent of the Company; *provided*, *however*, that such director abstains from voting as a director of the Company or such direct or indirect parent, as the case may be, on any matter involving such other Person;

(15) Liens on Equity Interests of Unrestricted Subsidiaries; and

(16) any Affiliate Transaction, to the extent described in the Offering Memorandum, entered into in connection with the Transactions as defined under the caption ''The Transactions'' in this Offering Memorandum (including, without limitation, (i) any recharge of transaction costs incurred by OMERS Private Equity Inc. and Alberta Investment Management Corporation to the Company in connection with the Transactions and (ii) a one-time transaction fee payable to some of the Equity Investors for advisory services rendered in connection with the Transactions in an amount not to exceed 1.0% of the aggregate net proceeds contributed as Equity Interests (other than Disqualified Stock) or Subordinated Shareholder Debt of the Company in connection with such Transaction for which the fees relate).

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Company may designate any Restricted Subsidiary (including any newly acquired or newly formed Restricted Subsidiary) to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary designated as an Unrestricted Subsidiary will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described under the caption ''—Restricted Payments'' or under one or more clauses of the definition of Permitted Investments, as determined by the Company. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Company may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a copy of a resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described under the caption ''—Restricted Payments.'' If, at any time, any Unrestricted Subsidiary would fail to meet the requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption ''—Incurrence of Indebtedness and Issuance of Preferred Stock,'' the Company will be in default of such covenant. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption ''—Incurrence of Indebtedness and Issuance of Preferred Stock,'' calculated on a *pro forma* basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Maintenance of Listing

The Company will use its reasonable efforts to obtain and maintain the listing of the Notes on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market thereof for so long as such Notes are outstanding; *provided* that if the Company is unable to obtain admission to listing of the Notes on the Irish Stock Exchange or if at any time the Company determines that it will not so list or maintain such listing, it will use its reasonable efforts to obtain and maintain a listing of such Notes on another ''recognised stock exchange'' as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Limitation on Issuances of Guarantees of Indebtedness

The Company will not permit any of its Restricted Subsidiaries that is not a Guarantor, directly or indirectly, to guarantee the payment of any other Indebtedness of the Company or any Guarantor unless such Restricted Subsidiary simultaneously executes and delivers to the Trustee a supplemental Indenture to the Indenture providing for the guarantee of the payment of the Notes by such Restricted Subsidiary, which Guarantee will be *pari passu* with or senior to such Restricted Subsidiary's guarantee of such other Indebtedness.

Each additional Guarantee will be limited as necessary to recognize certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

The first paragraph of this covenant will not be applicable to (1) any Guarantee of Indebtedness (other than the Revolving Credit Facility) (a) of Vue and its Subsidiaries existing on the Issue Date or (b) of Multikino and its Subsidiaries existing on the Issue Date; or (2) given to a bank or trust company having combined capital and surplus and undivided profits of not less than £250 million, whose debt has a rating, at the time such guarantee was given, of at least ''A'' or the equivalent thereof by S&P and at least ''A2'' or the equivalent thereof by Moody's, in connection with the operation of cash management programs established for the benefit of the Company or any of its Restricted Subsidiaries.

Notwithstanding the foregoing, the Company shall not be obligated to cause such Restricted Subsidiary to guarantee the payment of the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in:

(1) a violation of applicable law, which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the Restricted Subsidiary; or

(2) any liability for the officers, directors or shareholders of such Restricted Subsidiary,

provided that the Company will procure that the relevant Restricted Subsidiary becomes a Guarantor at such time as such restrictions or liabilities above would no longer apply to the provision of the Guarantee or no longer would prohibit such Restricted Subsidiary from becoming a Guarantor (or prevent the Company from causing such Restricted Subsidiary to become a Guarantor).

Post-Closing Guarantors and Post-Closing Collateral

Initial Vue Guarantors

The Company will cause the Initial Vue Guarantors to become Guarantors by executing and delivering to the Trustee a supplemental indenture pursuant to which the Initial Vue Guarantors will provide a Guarantee no later than the earlier of (1) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (2) two Business Days (or 15 Business Days in the case of Aurora Cinema (Ireland) Limited) following the Vue Acquisition Completion Date; *provided* that the Guarantee provided by the Initial Vue Guarantors will be limited as set forth in the Indenture.

The Company will cause the relevant Initial Vue Guarantors to ensure that a Lien over the Vue Post-Closing Collateral is granted to the Security Agent on behalf of, and for the benefit of, the Holders pursuant to Security Documents, creating a valid and effective Lien over such Vue Post-Closing Collateral on the date such Initial Vue Guarantor accedes to the Indenture and becomes a Guarantor.

Multikino Guarantors

The Company will cause the Multikino Guarantors to become Guarantors by executing and delivering to the Trustee a supplemental indenture pursuant to which the Multikino Guarantors will provide a Guarantee no later than the earlier of (1) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (2) 30 Business Days following the later of (a) the Multikino Acquisition Completion Date and (b) the Vue Acquisition Completion Date; *provided* that the Guarantee provided by the Multikino Guarantors will be limited so that, among other things, it expressly provides that prior to the Transformation (as defined below) such Guarantee will not extend to that portion of the Notes the proceeds of which were used to fund the Multikino Acquisition.

The Company will cause the relevant Multikino Guarantors to ensure that a Lien over the Multikino Post-Closing Collateral is granted to the Security Agent on behalf of, and for the benefit of, the Holders pursuant to Security Documents, creating a valid and effective Lien over such Multikino Post-Closing Collateral on the date such Multikino Guarantor accedes to the Indenture and becomes a Guarantor; *provided* that the Liens provided by the Multikino Guarantors will be limited so that, among other things, it expressly provides that prior to the Transformation such Lien will not secure that portion of the Notes the proceeds of which were used to fund the Multikino Acquisition.

The Company will cause, as soon as reasonably practicable after the Multikino Acquisition Completion Date, and will use its reasonable best efforts to cause within nine months after the Multikino Acquisition Completion Date, Multikino S.A. to change its corporate form from a joint stock company (S.A.) to a limited liability company (sp. z o.o.) (the ''*Transformation*'').

Promptly after the completion of the Transformation, and in no event later than 30 Business Days after the date of the Transformation, the Company will cause the Multikino Guarantors to provide an additional Guarantee or extend the Guarantee previously provided and grant additional Liens over the Multikino Post-Closing Collateral or extend the Liens previously granted over the Multikino Post-Closing Collateral (in each case, as requested by the Security Agent and the Trustee), to cover all obligations outstanding under the Notes and the Indenture (subject to other limitations as set forth in the Indenture).

CinemaxX Guarantors

The Company will, and will cause its Restricted Subsidiaries to, use reasonable best efforts to:

(1) complete the Squeeze Out as promptly as reasonably practicable following the Issue Date; and

(2) complete the German Company Conversion as soon as reasonably practicable after the completion of the Squeeze Out; or

(3) to the extent legally possible and reasonably achievable, otherwise implement a Structure Event.

Within the earlier of (1) the date on which such entity becomes a guarantor under the Revolving Credit Facility and (2) 20 Business Days following the occurrence of a Structure Event, the Company will cause the CinemaxX Guarantors to become Guarantors by executing and delivering to the Trustee a supplemental indenture pursuant to which the CinemaxX Guarantors will provide a Guarantee; *provided* that the Guarantee provided by the CinemaxX Guarantors will be limited as set forth in the Indenture. For the avoidance of doubt, if the Company and its Restricted Subsidiaries have used reasonable best efforts to complete the Squeeze Out and the Germany Company Conversion, there shall be no Default in the event such transactions are not implemented by a certain date, if at all.

Each of the Company and the Guarantors will, and the Company will cause its Subsidiaries to, use reasonable best efforts so that a Lien over the CinemaxX Post-Closing Collateral is granted to the Security Agent on behalf of, and for the benefit of, the Holders pursuant to Security Documents, creating an effective security interest over such CinemaxX Post-Closing Collateral no later than the earlier of (1) the date on which the Revolving Credit Facility is secured by the CinemaxX Post-Closing Collateral and (2) 20 Business Days following the occurrence of a Structure Event; *provided* that each Lien over the CinemaxX Post-Closing Collateral will be limited as set forth in the agreed form of the Security Documents at the Issue Date; *provided*, *further*, that notwithstanding the foregoing, the Company shall not be obligated to cause any CinemaxX Post-Closing Collateral to secure the Notes to the extent that such the grant of such security would reasonably be expected to give rise to or result in a violation of applicable law, regulation or order of a regulator which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Company or the relevant pledgor or any liability for the officers, directors or shareholders of the relevant pledgor or pledgee.

Payments for Consent

The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of the Notes for or as an inducement to any consent, waiver or amendment of any of the terms of the provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement. Notwithstanding the foregoing, the Company and its Restricted Subsidiaries shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, to exclude holders of Notes in any jurisdiction where (1) the solicitation of such consent, waiver or amendment, including in connection with an offer to purchase for cash, or (2) the payment of the consideration therefor would require the Company or any of its Restricted Subsidiaries to file a registration statement, prospectus or similar document under any applicable securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), which the Company in its sole discretion determines (acting in good faith) (a) would be materially burdensome (it being understood that it would not be materially burdensome to file the consent document(s) used in other jurisdictions, any substantially similar documents or any summary thereof with the securities or financial services authorities in such jurisdiction); or (b) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

No Impairment of Security Interest

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral), or prior to the Escrow Release, the Escrowed Property, for the benefit of the Trustee and the holders of Notes and the Company will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of Notes and the other beneficiaries described in the Security Documents, the Intercreditor Agreement and the Warner Village Intercreditor Agreement, any interest whatsoever in any of the Collateral, or prior to the Escrow Release, the Escrowed Property except as described in the Escrow Agreement; *provided* that (a) nothing in this provision shall restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents, the Intercreditor Agreement and the Warner Village Intercreditor Agreement and (b) the Company and its Restricted Subsidiaries may incur Permitted Collateral Liens; and *provided further*, *however*, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified, replaced, or released (followed by an immediate retaking of a Lien of at least equivalent ranking over the same assets) unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification, renewal or release (followed by an immediate retaking of a Lien of at least equivalent ranking over the assets), the Company delivers to the Trustee one of the following:

(1) a solvency opinion from an internationally recognized investment bank or accounting firm, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Company and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, restatement, renewal, supplement, modification, replacement or release and retaking;

(2) a certificate from the board of directors or chief financial officer of the relevant Person (acting in good faith) that confirms the solvency of the Person granting such Lien after giving effect to any transactions related to such amendment, extension, renewal, restatement, replacement, supplement, modification or release and retaking; or

(3) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified, replaced or released and retaken are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification, replacement or release and retaking.

At the direction of the Company and without the consent of the holders of Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) (but subject to compliance with the first paragraph of this covenant) provide for Permitted Collateral Liens, (iii) add to the Collateral or (iv) make any other change thereto that does not adversely affect the rights of the holders of Notes in any material respect.

In the event that the Company complies with this covenant, the Trustee and/or the Security Agent, as applicable, shall (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification, replacement or release with no need for instructions from the holders of the Notes.

Further Assurances

The Company will, and will procure that each of its Subsidiaries will at its own expense, execute such documents and provide such assurances as the Security Agent may reasonably require (1) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents and (2) if such Security Documents have become enforceable, for facilitating the realization of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The Company will, and will procure that each of its Subsidiaries will execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Suspension of Covenants When Notes Rated Investment Grade

If on any date following the Issue Date:

(1) the Notes have achieved Investment Grade Status; and

(2) no Default or Event of Default shall have occurred and be continuing on such date,

then, the Company will notify the Trustee and beginning on that day and continuing until such time, if any, at which the Notes cease to have Investment Grade Status (such period, the ''*Suspension Period*''), the covenants specifically listed under the following captions in this Offering Memorandum will no longer be applicable to the Notes and any related default provisions of the Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries:

(1) ''—Repurchase at the Option of Holders—Asset Sales'';

(2) ''—Incurrence of Indebtedness and Issuance of Preferred Stock'';

(3) ''—Restricted Payments'';

(4) ''—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries'';

(5) clause (4) of the first paragraph of the covenant described under ''—Merger, Consolidation or Sale of Assets'';

(6) ''—Transactions with Affiliates''; and

(7) ''—Designation of Restricted and Unrestricted Subsidiaries.''

Such covenants will not, however, be of any effect with regard to the actions of the Company and the Restricted Subsidiaries properly taken during the continuance of the Suspension Period; *provided* that (1) with respect to the Restricted Payments made after any such reinstatement, the amount of Restricted Payments will be calculated as though the covenant described under the caption ''—Restricted Payments'' had been in effect prior to, but not during, the Suspension Period and (2) all Indebtedness incurred, or Disqualified Stock or preferred stock issued, during the Suspension Period will be classified to have been incurred or issued pursuant to clause (3) of the second paragraph of the caption ''—Incurrence of Indebtedness and Issuance of Preferred Stock.'' Upon the occurrence of a Suspension Period, the amount of Excess Proceeds shall be reset at zero.

The Company shall notify the Trustee upon the occurrence of a Suspension Period; *provided* that such notice will not be a precondition of the suspension of covenants described under this caption.

There can be no assurance that the Notes will ever achieve or maintain an Investment Grade Status.

Reports

So long as any Notes are outstanding, the Company will furnish to the Trustee:

(1) within 120 days after the end of the Company's fiscal year beginning with the fiscal year ending November 28, 2013, annual reports containing the following information with a level of detail that is substantially comparable and similar in scope to this Offering Memorandum: (a) an audited consolidated balance sheet of the Company as of the end of the two most recent fiscal years (and comparative information for the end of the prior fiscal year) and audited consolidated income statements and statements of cash flow of the Company for the two most recent fiscal years (and

comparative information for the prior fiscal year), including notes to such financial statements and the report of the independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Company (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory notes, for any material acquisitions or dispositions (including, without limitation, any acquisitions or disposition that, individually or in the aggregate when considered with all other acquisition or dispositions that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates, represent greater than 20% of the Company's EBITDA on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates (unless such *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (2) or (3) below); (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations (including a discussion of the number of screens, total admissions, average ticket price, total spend per person and total revenue per person), financial condition and liquidity and capital resources, and critical accounting policies; (d) a description of the industry, business, management and shareholders of the Company, all material affiliate transactions, Indebtedness and material financing arrangements and a description of all material debt instruments; and (e) risk factors and recent developments as are customary for such reports;

(2) within 60 days (90 days in the case of the fiscal quarter ending August 29, 2013) following the end of each of the first three fiscal quarters in each fiscal year of the Company beginning with the fiscal quarter ending August 29, 2013, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year to date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Company, together with condensed note disclosure; (b) *pro forma* income statement and balance sheet information (which need not comply with Article 11 of Regulation S-X under the U.S. Exchange Act), together with explanatory notes, for any material acquisitions or dispositions (including, without limitation, any acquisition or disposition that, individually or in the aggregate when considered with all other acquisitions or dispositions that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, represent greater than 20% of the Company's EBITDA on a *pro forma* basis) or recapitalizations that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates, in each case unless *pro forma* information has been provided in a previous report pursuant to clause (1), (2) or (3) of this covenant; (c) an operating and financial review of the unaudited financial statements (including a discussion of the number of screens, total admissions, average ticket price, total spend per person and total revenue per person), including a discussion of the consolidated financial condition and results of operations of the Company and any material change between the current year to date period and the corresponding period of the prior year; and (d) risk factors and recent developments as are customary for such reports; and

(3) promptly after the occurrence of (a) a material acquisition, disposition or restructuring (including any acquisition or disposition that would require the delivery of *pro forma* financial information pursuant to clause (1) or (2) above); (b) any senior management change at the Company; (c) any change in the auditors of the Company; (d) the entering into an agreement that will result in a Change of Control; or (e) any material events that the Company announces publicly, in each case, a report containing a description of such events,

provided, *however*, that the reports set forth in clauses (1), (2) and (3) above will not be required to (i) contain any reconciliation to U.S. generally accepted accounting principles or (ii) include separate financial statements for any Guarantors or non-guarantor Subsidiaries of the Company.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the notes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

All financial statements shall be prepared in accordance with UK GAAP. Except as provided for above, no report need include separate financial statements for the Company or Subsidiaries of the Company or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

The Company will, either (1) within ten Business Days after the delivery of each report discussed in clauses (1) and (2) of the first paragraph of this covenant, conduct a conference call to discuss such report and answer questions about such report, which conference call will be open to all Noteholders or (ii) provide holders of the Notes with access to and the opportunity to participate in any public conference call, investor presentation, webcast or other event, the primary purpose of which is to discuss results of operations or any material event referenced in clause (3) of the first paragraph of this covenant with investors in the Capital Stock of the Company. Details of such conference calls will either (a) be delivered with each report or (b) posted on an electronic website that is used by the Company to communicate to the equity holders generally for which the Noteholders have been, prior to the posting of such notice, informed of the website address and relevant password specifications, which notice shall constitute reasonable notice of such public calls for the purpose of this paragraph.

In addition, for so long as any Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the U.S. Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company has agreed that it will furnish to the holders of the Notes and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Company will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of the covenant (1) on the Company's website and (2) if and so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, at the specified office of the Paying Agent in London.

Events of Default and Remedies

Each of the following is an ''*Event of Default*'':

(1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;

(2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;

(3) failure by the Company or any Guarantor to comply with the provisions described under the caption ''—Certain Covenants—Merger, Consolidation or Sale of Assets'';

(4) failure by the Company or any Guarantor for 60 days after written notice to the Company by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture, the Intercreditor Agreement, the Warner Village Intercreditor Agreement or any of the Security Documents (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3));

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company, any Guarantor or any Significant Subsidiary (or the payment of which is guaranteed by the Company, any Guarantor or any Significant Subsidiaries), whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default:

    (a) is caused by a failure to pay principal of, or interest or premium, if any, on, such Indebtedness at the Stated Maturity thereof prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a ''*Payment Default*''); or

    (b) results in the acceleration of such Indebtedness prior to its express maturity,

    and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates £20.0 million or more;

(6) failure by the Company or any Significant Subsidiary, to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of £20.0 million (exclusive of any amounts that a solvent insurance company has agreed in writing to pay under applicable policies), which judgments shall not have been discharged or waived and there shall have been a period of 60 consecutive days during which a stay of enforcement of such judgment or order, by reason of an appeal, waiver or otherwise, shall not have been in effect;

(7) (a) any security interest created by the Security Documents with respect to Collateral having a Fair Market Value in excess of £10.0 million ceases to be in full force and effect (except as permitted by the terms of the Indenture, the Intercreditor Agreement or any Additional Intercreditor Agreement or the Security Documents), or an assertion by the Company or any of its Restricted Subsidiaries that any Collateral having a Fair Market Value in excess of £10.0 million is not subject to a valid, perfected security interest (except as permitted by the terms of the Indenture, the Security Documents, the Intercreditor Agreement, the Warner Village Intercreditor Agreement or any Additional Intercreditor Agreement); or (b) the repudiation by the Company of any of its material obligations under the Security Documents;

(8) except as permitted by the Indenture, if any Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Guarantee and such Default continues for 20 days;

(9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Company and its Restricted Subsidiaries), would constitute a Significant Subsidiary; and

(10) failure by the Company to comply with any material term of the Escrow Agreement that is not cured within 10 days and to consummate either the Vue Mandatory Redemption or the Multikino Mandatory Redemption as described under the captions ''—Escrow Proceeds; Special Mandatory Redemption.''

Remedies under the Indenture

In the case of an Event of Default specified in clause (9) above, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may and, if directed by holders of at least 25% in aggregate principal amount of the then outstanding Notes, the Trustee shall, declare all the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee, and the Trustee has received, indemnity and/or security satisfactory to it against any loss, liability or expense. Except (subject to the provisions described under ''—Amendment, Supplement and Waiver'') to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

(1) such holder has previously given the Trustee notice that an Event of Default is continuing;

(2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;

(3) such holders have offered the Trustee, and the Trustee has received, security and/or indemnity satisfactory to it against any loss, liability or expense;

(4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security and/or indemnity; and

(5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of not less than a majority in aggregate principal amount of the Notes outstanding may, on behalf of the holders of all outstanding Notes, waive any past default under the Indenture and its consequences, except a continuing default in the payment of the principal of premium, if any, any Additional Amounts or interest on any Note held by a non-consenting holder (which may only be waived with the consent of each holder of the Notes affected).

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, will have any liability for any obligations of the Company and the Guarantors under the Notes, the Indenture, the Guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under applicable securities laws.

Legal Defeasance and Covenant Defeasance

The Company may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officer's Certificate elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Guarantees (''*Legal Defeasance*'') except for:

(1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;

(2) the Company's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and the Company's and the Guarantors' obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance provisions of the Indenture.

In addition, the Company may, at its option and at any time elect to have the obligations of the Company and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture (''*Covenant Defeasance*'') and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under ''—Events of Default and Remedies'' (except those relating to payments on the Notes or, solely with respect to the Company, bankruptcy or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) the Company must irrevocably deposit with the Trustee (or such other entity designated by the Trustee for this purpose), in trust, for the benefit of the holders of the Notes, cash in sterling, non-callable U.K. Government Securities or a combination of cash in sterling and non-callable U.K. Government Securities (in the case of the Fixed Rate Notes) and cash in euros, non-callable euro denominated European Government Obligations or a combination of cash in euro and non-callable European Government Obligations (in the case of the Floating Rate Note), in each case, in amounts as will be sufficient, in the opinion of an internationally recognized investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or

on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;

(2) in the case of Legal Defeasance, the Company must deliver to the Trustee an opinion reasonably acceptable to the Trustee of U.S. independent counsel confirming that (a) the Company has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, the Company must deliver to the Trustee an opinion reasonably acceptable to the Trustee of U.S. independent counsel confirming that the holders of the outstanding Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) the Company must deliver to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the holders of Notes over the other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any creditors of the Company or others; and

(5) the Company must deliver to the Trustee an Officer's Certificate and an opinion of counsel, subject to customary assumptions and qualifications, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, Supplement and Waiver

Except as provided otherwise in the succeeding paragraphs, the Indenture, the Notes, the Guarantees, the Security Documents, the Intercreditor Agreement, the Warner Village Intercreditor Agreement and any Additional Intercreditor Agreement may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture, the Notes, the Guarantees, the Security Documents, the Intercreditor Agreement, the Warner Village Intercreditor Agreement or any Additional Intercreditor Agreement may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless (i) consented to by the holders of at least 90% of the aggregate principal amount of the then outstanding Notes or (ii) consented to by each holder of the Notes adversely affected thereby (in each case including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), an amendment, supplement or waiver may not:

(1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described under the caption ''—Repurchase at the Option of Holders'');

(3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(4) impair the right of any holder of the Notes to receive payment of principal of and interest on such holder's Notes on or after the due dates therefore or to institute suit for the enforcement of any payment on or with respect to such holder's Notes or any Guarantee in respect thereof;

(5) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at

least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);

(6) make any Note payable in money other than that stated in the Notes;

(7) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;

(8) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described under the caption ''—Repurchase at the Option of Holders'');

(9) change the ranking of the Notes or any Guarantees;

(10) release any Collateral granted for the benefit of the holders of Notes, except in accordance with the terms of the Indenture or the Intercreditor Agreement;

(11) release any Guarantor from any of its Obligations under its Guarantee or the Indenture, except in accordance with the terms of the Indenture;

(12) make any change in the preceding amendment and waiver provisions; or

(13) waive or modify any provision of the Escrow Agreement (including, without limitation, those relating to the release of the Escrowed Property), to the extent such provisions relate to the Company's obligation to redeem the Notes in a Special Mandatory Redemption, that adversely affects the right of any Holder of such Notes in any material respect.

Notwithstanding the foregoing, if any amendment, waiver or other modification affects only the rights of the Fixed Rate Notes or the Floating Rate Notes, as applicable, the Holders of the other series of Notes shall not be required to consent thereto (and in such case, only the consent of a majority or 90%, as the case may be, in aggregate principal amount of the affected series of Notes shall be required to consent thereto). For the avoidance of doubt, it is understood and agreed that any matter described in the preceding paragraphs that by its terms applies only to the Fixed Rate Notes or the Floating Rate Notes shall not be deemed to affect the rights of, or require the consent of, the Holders of the other series of Notes and shall require only the consent of 90% of the Holders of the Fixed Rate Notes or the Floating Rate Notes, as the case may be.

Notwithstanding the preceding, without the consent of any holder of the Notes, the Company, the Trustee, the Security Agent (as applicable and to the extent each is a party to the relevant document) may amend or supplement the Indenture, the Notes, the Guarantee, the Security Documents, the Intercreditor Agreement, the Warner Village Intercreditor Agreement and any Additional Intercreditor Agreement:

(1) to cure any ambiguity, defect or inconsistency;

(2) to provide for uncertificated Notes in addition to or in place of certificated Notes (*provided, however*, that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the U.S. Internal Revenue Code);

(3) to provide for the assumption of the Company's or a Guarantor's obligations to holders of Notes and Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Company's or such Guarantor's assets, as applicable;

(4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder in any material respect;

(5) to conform the text of the Indenture, the Security Documents, the Notes or the Guarantees to any provision of this ''Description of the Notes'' to the extent that such provision in this ''Description of the Notes'' was intended to be a verbatim recitation of a provision of the Indenture, the Security Documents, the Notes or the Guarantees;

(6) to enter into additional or supplemental Security Documents;

(7) to release any Guarantee in accordance with the terms of the Indenture;

(8) to release the Collateral in accordance with the terms of the Indenture;

(9) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;

(10) to allow any Guarantor to execute a supplemental indenture and/or a Guarantee with respect to the Notes; or

(11) to evidence and provide the acceptance of the appointment of a successor Trustee or the Security Agent under the Indenture or the evidence and provide the acceptance of the appointment of a Security Agent under the Intercreditor Agreement, any Additional Intercreditor Agreement or any Security Document.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

In formulating its opinion on such matters, the Trustee shall be entitled to rely absolutely on such evidence as it deems appropriate, including an opinion of counsel and an Officer's Certificate.

Additional or Amended Intercreditor Agreement

At the request of the Company, at the time of, or prior to, the incurrence of any Indebtedness that is permitted to share the Collateral or that is otherwise permitted to be incurred under the Indenture, the Company and the Security Agent will (without the consent of holders of the Notes) enter into an additional intercreditor agreement (each an ''*Additional Intercreditor Agreement*'') on terms substantially similar to the Intercreditor Agreement (or on terms more favorable to the holders of the Notes) or an amendment to or an amendment and restatement of the Intercreditor Agreement and/or the Warner Village Intercreditor Agreement (which amendment does not adversely affect the rights of the holders of the Notes); *provided* that such Intercreditor Agreement or Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee or the Security Agent under the Indenture or the Intercreditor Agreement.

The Indenture will also provide that, at the written direction of the Company and without the consent of the holders of the Notes, the Trustee and the Security Agent shall upon the written direction of the Company from time to time enter into one or more amendments and/or restatements of the Intercreditor Agreement, the Warner Village Intercreditor Agreement or any such Additional Intercreditor Agreement to: (1) cure any ambiguity, omission, defect or inconsistency therein; (2) increase the amount of Indebtedness permitted to be incurred or issued under the Indenture of the types covered thereby that may be incurred by the Company or any Guarantors that is subject thereto (including the addition of provisions relating to new Indebtedness); (3) add Guarantors thereto; (4) further secure the Notes (including any Additional Notes); or (5) make any other such change thereto that does not adversely affect the rights of holders of the Notes in any material respect.

The Indenture will provide that each holder of a Note, by accepting such Note, will be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement, the Warner Village Intercreditor Agreement and Additional Intercreditor Agreement, to have authorized the Trustee and the Security Agent to become a party to any such Intercreditor Agreement, Warner Village Intercreditor Agreement and Additional Intercreditor Agreement, and any amendment referred to in the preceding paragraph and the Trustee or the Security Agent will not be required to seek the consent of any holders of Notes to perform its obligations under and in accordance with this covenant.

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder when:

(1) either:

(a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Company, have been delivered to the Trustee for cancellation; or

(b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders (i) in the case of the Fixed Rate Notes, cash in sterling, non-callable U.K. Government Securities or a combination of cash in sterling and non-callable U.K. Government Securities or (ii) in the case of the Floating Rate Notes, cash in euro, non-callable euro denominated European Government Obligations or a combination of cash in euro and non-callable euro denominated European Government Obligations, in each case, in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;

(2) the Company or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and

(3) the Company has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Company must deliver an Officer's Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied; *provided* that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

Judgment Currency

Any payment on account of an amount that is payable in sterling or euro, as the case may be, which is made to or for the account of any holder of the Notes or the Trustee in lawful currency of any other jurisdiction (the ''*Judgment Currency*''), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Company or any Guarantor, shall constitute a discharge of the Company or the Guarantor's obligation under the Indenture, the Notes and the Guarantee, as the case may be, only to the extent of the amount of sterling or euro, as the case may be, that such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of sterling or euro, as the case may be, that could be so purchased is less than the amount of sterling or euro, as the case may be, originally due to such holder of the Notes or the Trustee, as the case may be, the Company and the Guarantors shall indemnify and hold harmless the holder of the Notes or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

The Company shall deliver written notice to the Trustee within thirty (30) days of becoming aware of the occurrence of a Default or an Event of Default. If the Trustee becomes a creditor of the Company or any Guarantor, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting, in its capacity as Trustee, interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of the Notes, unless such holder has offered to the Trustee security, and the Trustee has received, and indemnity satisfactory to it against any loss, liability or expense.

The Company and (following the Vue Acquisition Completion Date and/or the Multikino Acquisition Completion Date) the Guarantors will indemnify the Trustee for certain claims, liabilities and expenses incurred without fraud, negligence or willful misconduct on its part, arising out of or in connection with its duties.

Listing

Application has been made to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes to trading on the Global Exchange Market of the Irish Stock Exchange. There can be no assurance that the application to list the Notes on the Official List of the Irish Stock Exchange and to admit the Notes on the Global Exchange Market of the Irish Stock Exchange will be approved and settlement of the Notes is not conditioned on obtaining this listing.

Additional Information

Anyone who receives this Offering Memorandum may, following the Issue Date, obtain a copy of the Indenture, the form of Note, the Escrow Agreement, the Security Documents, the Intercreditor Agreement, the Warner Village Intercreditor Agreement and any Additional Intercreditor Agreement without charge by writing to Vougeot Bidco p.l.c, 6 New Street Square, New Fetter Lane, London EC4A 3BF, United Kingdom, Attention: Simon Jones.

So long as the Notes are listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market and the rules of the Irish Stock Exchange shall so require, copies of the financial statements included in this Offering Memorandum may be obtained, free of charge, during normal business hours at the offices of the Listing Agent.

Governing Law

The Indenture, the Notes, the Guarantees and the rights and duties of the parties thereunder will be governed by and construed in accordance with the laws of the State of New York, without giving effect to applicable principles of conflicts of law to the extent that the application of the laws of another jurisdiction would be required thereby. The Intercreditor Agreement, the Warner Village Intercreditor Agreement and the Escrow Agreement will be governed by the laws of England and Wales. The Security Documents will be governed by and construed in accordance with the laws of various jurisdictions.

Consent to Jurisdiction and Service of Process

The Indenture will provide that the Company and each Guarantor, will appoint CT Corporation System at 111 Eighth Avenue, New York, NY 10011, USA, as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Guarantees brought in any U.S. federal or New York state court located in the City of New York and will submit to such jurisdiction.

Enforceability of Judgments

Substantially all of the assets of the Company and the Guarantors are outside the United States. As a result, any judgment obtained in the United States against the Company or any such Guarantor may not be collectable within the United States. See ''Service of Process and Enforcement of Civil Liabilities.''

Prescription

Claims against the Company or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Company or any Guarantor for the payment of interest on the Notes will be prescribed six years after the applicable due date for payment of interest.

Certain Definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalized terms used herein for which no definition is provided.

''*Acquired Debt*'' means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

''*Affiliate*'' of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, ''control,'' as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms ''controlling,'' ''controlled by'' and ''under common control with'' have correlative meanings.

''*AIMCo Group*'' means PE12GV (Artist) Ltd., PE12PX (Artist) Ltd. and PE12PX (Artist-Management) Ltd.

''*AIMCo Guarantor*'' collectively refers to PE12GVPE (Talon) Ltd. and PE12PXPE (Talon) Ltd., which are entities that are directed by Alberta Investment Management Corporation.

''*Applicable Premium*'' means, with respect to any Note on any redemption date, the greater of:

(1) with respect to any Fixed Rate Note on any redemption date, the greater of:

  (a) 1.0% of the principal amount of such Fixed Rate Note; or

  (b) the excess of:

    (i) the present value at such redemption date of (i) the redemption price of such Fixed Rate Note at July 15, 2016 (such redemption price being set forth in the table appearing under the caption ''—Optional Redemption—Fixed Rate Notes''), *plus* (ii) all required interest payments due on such Fixed Rate Note through July 15, 2016 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points; over

    (ii) the principal amount of the Fixed Rate Note, or

(2) with respect to any Floating Rate Note on any redemption date, the greater of:

  (a) 1.0% of the principal amount of such Floating Rate Note; or

  (b) the excess of:

    (i) the present value at such redemption date of (i) the redemption price of such Floating Rate Note at July 15, 2014 (such redemption price being set forth in the table appearing under the caption ''—Optional Redemption—Floating Rate Notes''), plus (ii) all required interest payments due on such Floating Rate Note through July 15, 2014 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Bund Rate as of such redemption date *plus* 50 basis points and assuming that the rate of interest on such Floating Rate Notes from the redemption date through July 15, 2014 will equal the rate of interest on such Floating Rate Notes in effect on the applicable redemption date; over

    (ii) the principal amount of the Floating Rate Note,

as calculated by the Company or an agent appointed by it. For the avoidance of doubt, calculation of the Applicable Premium shall not be an obligation or duty of the Trustee, the Calculation Agent or the Paying Agents.

''*Asset Sale*'' means:

(1) the sale, lease, conveyance or other disposition of any assets by the Company or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described under the caption ''—Repurchase at the Option of Holders—Change of Control'' and/or the provisions described under the caption

''—Certain Covenants—Merger, Consolidation or Sale of Assets'' and not by the provisions described under the caption ''—Repurchase at the Option of Holders—Asset Sales''; and

(2) the issuance of Equity Interests by any Restricted Subsidiary or the sale by the Company or any of its Restricted Subsidiaries of Equity Interests in any of the Company's Subsidiaries (in each case, other than directors' qualifying shares).

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

(1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than the greater of £10.0 million and 1.5% of Total Assets;

(2) a transfer of assets or Equity Interests between or among the Company and any Restricted Subsidiary;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to a Restricted Subsidiary;

(4) the sale, lease or other transfer of accounts receivable, inventory, trading stock, communications capacity and other assets (including any real or personal property) in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Company, no longer economically practicable to maintain or useful in the conduct of business of the Company and its Restricted Subsidiaries taken as a whole);

(5) licenses and sublicenses granted by the Company or any of its Restricted Subsidiaries of software or intellectual property in the ordinary course of business;

(6) any surrender or waiver of contract rights or the settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;

(7) the granting of Liens not prohibited by the covenant described under the caption ''—Certain Covenants—Liens'';

(8) the sale or other disposition of cash or Cash Equivalents;

(9) a Restricted Payment that does not violate the covenant described under the caption ''—Certain Covenants—Restricted Payments,'' or a Permitted Investment;

(10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(12) the disposition of assets to a Person who is providing services (the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person) related to such assets;

(13) any sale or other disposition of Equity Interests in, or Indebtedness or other securities of, an Unrestricted Subsidiary, for so long as such entities are Unrestricted Subsidiaries;

(14) any exchange of assets (including a combination of assets, cash and Cash Equivalents) for assets related to a Permitted Business of comparable or greater market value or usefulness to the business of the Company and its Restricted Subsidiaries as a whole, as determined in good faith by the Company;

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and, in each case, comprising all or a portion of the consideration in respect of such sale or acquisition; and

(16) any sale, transfer or other disposition of assets in compliance with the requirements of any competition or similar regulatory authority; *provided* that the gross proceeds of any sale or transfer or other disposition pursuant to this clause (16) are no less than the Fair Market Value of the assets

taking into account the impact on the value of such assets arising from any enquiry or investigation being undertaken by a competition or other regulatory body (''*Authority*'') including, without limitation, (a) any obligation or undertaking owed to such Authority to dispose of the assets; and/or (b) any deadline imposed by such Authority for the completion of the disposal of the assets.

''*Beneficial Owner*'' has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular ''person'' (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such ''person'' will be deemed to have beneficial ownership of all securities that such ''person'' has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms ''Beneficially Owns'' and ''Beneficially Owned'' have a corresponding meaning.

''*Board of Directors*'' means:

(1) with respect to a corporation, the board of directors of the corporation or any committee thereof duly authorized to act on behalf of such board;

(2) with respect to a partnership, the board of directors of the general partner of the partnership;

(3) with respect to a limited liability company, the managing member or members or any controlling committee of managing members thereof; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

''*Bund Rate*'' means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity as of such date of the Comparable German Bund Issue, assuming a price for the Comparable German Bund Issue (expressed as a percentage of its principal amount) equal to the Comparable German Bund Price for such redemption date, where:

(1) ''*Comparable German Bund Issue*'' means the German Bundesanleihe security selected by any Reference German Bund Dealer as having a fixed maturity most nearly equal to the period from such redemption date to July 15, 2014 and that would be utilized at the time of selection and in accordance with customary financial practice, in pricing new issues of euro-denominated corporate debt securities in a principal amount approximately equal to the then outstanding principal amount of the Floating Rate Notes and of a maturity most nearly equal to July 15, 2014; *provided*, *however*, that, if the period from such redemption dated to July 15, 2014 is not equal to the fixed maturity of the German Bundesanleihe security selected by such Reference German Bund Dealer, the Bund Rate shall be determined by linear interpolation (calculated to the nearest one-twelfth of a year) from the yields of German Bundesanleihe securities for which such yields are given, except that if the period from such redemption date to July 15, 2014, is less than one year, a fixed maturity of one year shall be used;

(2) ''*Comparable German Bund Price*'' means, with respect to any redemption date, the average of all Reference German Bund Dealer Quotations for such date (which, in any event, must include at least two such quotations), after excluding the highest and lowest such Reference German Bund Dealer Quotations, or if the Company obtains fewer than four such Reference German Bund Dealer Quotations, the average of all such quotations;

(3) ''*Reference German Bund Dealer*'' means any dealer of German Bundesanleihe securities appointed by the Company in good faith; and

(4) ''*Reference German Bund Dealer Quotations*'' means, with respect to each Reference German Bund Dealer and any redemption date, the average as determined by the Company in good faith of the bid and offered prices for the Comparable German Bund Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference German Bund Dealer at 3.30 p.m. Frankfurt, Germany, time on the third Business Day preceding the redemption date.

''*Business Day*'' means a day other than a Saturday, Sunday or other day on which banking institutions in London or New York or a place of payment under the Indenture are authorized or required by law to close.

''*Calculation Agent*'' means a financial institution appointed by the Company to calculate the interest rate payable on the Floating Rate Notes in respect of each interest period, which shall initially be The Bank of New York Mellon, London Branch.

''*Capital Lease Obligation*'' means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet (excluding the notes thereto) prepared in accordance with UK GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

''*Capital Stock*'' means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

''*Cash Equivalents*'' means:

(1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the European Union, the United States of America, Switzerland, Canada, Japan or Taiwan (including, in each case, any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, Switzerland, Canada, Japan or Taiwan, as the case may be, and which are not callable or redeemable at the Company's option, *provided* that such country (or agency or instrumentality) has long-term government debt rating of ''Baa3'' or higher by Moody's or ''BBB – '' or higher by S&P or the equivalent rating category of another internationally recognized rating agency, as of the date of the investment;

(2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organized under, or authorized to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States of America or any state thereof, Switzerland, Canada, Japan, Taiwan or any other jurisdiction in which the Company or any of its Restricted Subsidiaries are engaged in business; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of £250 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is at least ''BBB – '' or the equivalent thereof by S&P and at least ''Baa3'' or the equivalent thereof by Moody's or the equivalent rating category of another internationally recognized rating agency, as of the date of the investment;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) of this definition entered into with any financial institution meeting the qualifications specified in clause (2) of this definition;

(4) commercial paper having one of the two highest ratings obtainable from Moody's or S&P on the date of the investment and, in each case, maturing within one year after the date of acquisition;

(5) with respect to a jurisdiction in which (a) the Company or a Restricted Subsidiary conducts its business or is organized and (b) it is not commercially practicable to make investments in clauses (1), (2) or (3) of this definition, demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with any bank, trust company or similar entity, which would rank, in terms of combined capital and surplus and undivided profits or the ratings on its long term debt, among the top five banks in such jurisdiction, in an amount not to exceed cash generated in or reasonably required for operation in such jurisdiction;

(6) other short term investments utilized by Restricted Subsidiaries in accordance with normal investment practices for cash management; *provided* that such deposits do not exceed £5.0 million (or the Sterling Equivalent thereof) with any single bank or £20.0 million (or the Sterling Equivalent thereof) in the aggregate at any date of determination thereafter; and

(7) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

''*Change of Control*'' means the occurrence of any of the following:

(1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Subsidiaries taken as a whole to any Person (including any ''person'' (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than one or more Permitted Holders;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company; or

(3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any ''person'' as defined above) other than one or more Permitted Holders becomes the Beneficial Owner, directly or indirectly, of more than 50% of the issued and outstanding Voting Stock of the Company measured by voting power rather than number of shares.

''*Change of Control Offer*'' has the meaning assigned to that term in the Indenture governing the Notes.

''*CinemaxX*'' means CinemaxX Aktiengesellschaft.

''*CinemaxX Guarantors*'' means CinemaxX AG, CinemaxX Cinema Gmbh & Co. KG, CinemaxX Entertainment Gmbh & Co. KG and CinemaxX Movietainment Gmbh.

''*Collateral*'' means the rights, property and assets securing the Notes and the Guarantees as described under the caption ''—Security'' and any rights, property or assets over which a Lien has been granted to secure the Obligations of the Company and the Guarantors under the Notes, the Guarantees and the Indenture.

''*Consolidated EBITDA*'' means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus the following with respect to such Person and its Restricted Subsidiaries for such period to the extent deducted in calculating such Consolidated Net Income, without duplication:

(1) provision for taxes based on income, profits or capital; *plus*

(2) Fixed Charges; *plus*

(3) depreciation, amortization (including, without limitation, amortization of intangibles and deferred financing fees) and other non-cash charges and expenses (including without limitation write-downs and impairment of property, plant, equipment and intangibles and other long-lived assets and the impact of purchase accounting) (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period (other than any charge relating to the creation of, and/or adjustment to, any onerous lease provision) or amortization of a prepaid cash charge or expense that was paid in a prior period) for such period; *plus*

(4) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary of such Person in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *plus*

(5) Management Fees; *plus*

(6) any income or charge attributable to a post-employment benefit scheme (including any interest relating to the unwinding discount factor on defined pension scheme liabilities) other than the current service costs and any past service costs and curtailments and settlements attributable to the scheme; *plus*

(7) any expenses, charges or other costs related to any issuance of Capital Stock, Investment, acquisition (including amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; *provided* that such payments are made at the time of such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), joint venture, disposition, recapitalization, Indebtedness permitted to be incurred by the Indenture, or the refinancing of any

other Indebtedness (whether or not successful) (including such fees, expenses or charges related to the Transactions) and, in each case, deducted in such period in computing Consolidated Net Income; *plus*

(8) all expenses incurred directly in connection with any early extinguishment of Indebtedness; *plus*

(9) business optimization expenses and other restructuring charges, expenses, accruals or reserves (which shall include retention, severance, systems establishment cost, excess pension charges, contract termination costs, including future lease commitments, integration costs, transition costs, costs related to the start-up, closure, relocation or consolidation of facilities and costs to relocate employees), any costs associated with non-ordinary course tax or other projects and audits, signing, retention or completion bonuses, and any fees and expenses relating to any of the foregoing; *plus*

(10) all adjustments of the nature used in connection with the calculation of ''Pro forma Adjusted EBITDA'' as set forth ''Summary Historical and Pro Forma Combined Financial Information and Operating Data—Other Pro Forma Financial Data'' contained in the Offering Memorandum applied in good faith to the extent such adjustments continue to be applicable during the period in which EBITDA is being calculated; *plus*

(11) any (a) relocation costs or expenses relating to officers, directors, employees or consultants, or (b) the costs and expenses related to employment of terminated officers, directors, employees or consultants and stock appreciation or similar rights, stock options or other equity interests or rights of officers, directors, employees or consultants; *plus*

(12) any interest relating to the unwinding discount factor on onerous leases or pre-opening costs in respect of cinemas; *minus*

(13) non-cash items increasing such Consolidated Net Income for such period (other than any non-cash items increasing such Consolidated Net Income pursuant to clauses (1) through (15) of the definition of Consolidated Net Income), other than (a) the non-cash items relating to landlord contributions, (b) release of any onerous lease provisions and (c) the reversal of a reserve for cash charges in a future period in the ordinary course of business; *plus*

(14) any-non recurring loss or charge; *minus*

(15) any non-recurring gain,

in each case, on a consolidated basis and determined in accordance with U.K. GAAP. When Consolidated EBITDA is being calculated for the purpose of clause (1) of the second paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock,'' it shall be calculated on a *pro forma* basis consistent with the calculation of Consolidated EBITDA for purposes of the Consolidated Senior Secured Leverage Ratio.

''*Consolidated Leverage*'' means, with respect to any specified Person as of any date of determination, the sum of the total amount of Indebtedness of such Person and its Restricted Subsidiaries on a consolidated basis.

''*Consolidated Leverage Ratio*'' means, with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for such Person's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date of determination.

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Consolidated Leverage Ratio is made (for the purposes of this definition, the ''*Calculation Date*''), or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial

officer of the Company and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with U.K. GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

''*Consolidated Net Income*'' means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis (excluding the net income (loss) of any Unrestricted Subsidiaries), determined in accordance with U.K. GAAP and without any reduction in respect of preferred stock dividends; *provided* that, with respect to such Person and its Restricted Subsidiaries for such period:

(1) (a) any extraordinary, exceptional or unusual gain, loss or charge, (b) any asset impairment charges, the financial impacts of natural disasters (including fire, flood and storm and related events), (c) any non-cash charges or reserves in respect of any restructuring, redundancy, integration or severance, in each case, or (d) any expenses, charges, reserves or other costs related to the Transactions shall be excluded;

(2) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary which is a Subsidiary of the Person;

(3) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption ''—Certain Covenants—Restricted Payments,'' any net income or loss of any Restricted Subsidiary (other than any Guarantor) will be excluded if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company (or any Guarantor that holds the Equity Interests of such Restricted Subsidiary, as applicable) by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released and (b) restrictions permitted under the covenant ''—Certain Covenants—Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries,'' except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary (other than any Guarantor), to the limitation contained in this clause);

(4) any net after-tax income or loss from discontinued operations and any net after-tax gains or losses on disposal of discontinued operations shall be excluded;

(5) any net gain or loss realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale leaseback transaction or any sale or other disposition not constituting an Asset Sale pursuant to clauses (15) or (16) of the definition thereof) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by the Company) will be excluded;

(6) any one-time non-cash charges or any amortization or depreciation resulting from purchase accounting (whether arising as a result of purchase accounting prior to or subsequent to the Issue Date) in each case, in relation to any acquisition of another Person or business or resulting from any reorganization or restructuring involving the Company or its Subsidiaries will be excluded;

(7) the cumulative effect of a change in accounting principles will be excluded;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value or changes therein recognized

in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations will be excluded;

(9) any (a) one-time non-cash compensation charges or expenses arising from any grant of stock, and (b) non-cash costs and expenses realized in connection with or resulting from stock appreciation or similar rights, stock options or other equity interests or rights of officers, directors, employees or consultants, shall be excluded;

(10) any goodwill or other intangible asset impairment charges will be excluded;

(11) any unrealized foreign currency translation gains or losses will be excluded;

(12) all deferred financing costs written off and premium paid in connection with any early extinguishment of Indebtedness and any net gain or loss from any write-off or forgiveness of Indebtedness will be excluded;

(13) any capitalized interest on any Subordinated Shareholder Debt will be excluded;

(14) to the extent not already included in Consolidated Net Income of such Person and its Restricted Subsidiaries and not duplicative with anything set forth in the preceding clause (1), the amount of proceeds actually received from business interruption and other liability and/or casualty insurance and reimbursements of any expenses and charges pursuant to indemnification or other reimbursement provisions in connection with any Permitted Investment or any sale, conveyance, transfer or other disposition of assets permitted under the Indenture shall be included; and

(15) (a) the non-cash portion of ''straight-line'' rent expense shall be excluded and (b) the cash portion of ''straight-line'' rent expense that exceeds the amount expensed in respect of such rent expense shall be included.

''*Consolidated Senior Secured Leverage*'' means, as of any date of determination, the sum without duplication of the total amount of Senior Secured Indebtedness of the Company and its Restricted Subsidiaries on a consolidated basis; *provided*, *however*, that the *pro forma* calculation of Consolidated Senior Secured Leverage Ratio shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'' or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'' (other than clause (17) of such paragraph thereof).

''*Consolidated Senior Secured Leverage Ratio*'' means with respect to any specified Person as of any date of determination, the ratio of (a) the Consolidated Senior Secured Leverage of such Person on such date to (b) the Consolidated EBITDA of such Person for such Person's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding such date on which such additional Indebtedness is incurred.

In addition, for purposes of calculating the Consolidated EBITDA for such period:

(1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or by any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (for the purposes of this definition, the ''*Calculation Date*''), or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by a responsible accounting or financial officer of the Company and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with UK GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and

(4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

''*Contingent Obligations*'' means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that, in each case, does not constitute Indebtedness (''*primary obligations*'') of any other Person (the ''*primary obligor*''), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

  (a) for the purchase or payment of any such primary obligation; or

  (b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

''*continuing*'' means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

''*Credit Facilities*'' means, one or more debt facilities, instruments or arrangements incurred by any Restricted Subsidiary (including the Revolving Credit Facility Agreement or commercial paper facilities and overdraft facilities) or commercial paper facilities or indentures or trust deeds or note purchase agreements, in each case, with banks, other institutions, funds or investors, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit, bonds, notes debentures or other corporate debt instruments or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or trustees or other banks or institutions and whether provided under the Revolving Credit Facility Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term ''Credit Facilities'' shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers, issuers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

''*Currency Exchange Protection Agreement*'' means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency option, cap, floor, ceiling or collar or agreement or other similar agreement or arrangement designed to protect such Person against fluctuations in currency exchange rates as to which such Person is a party.

''*Default*'' means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

''*Designated Non-Cash Consideration*'' means the Fair Market Value of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is so designated as ''Designated Non-Cash Consideration'' pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash or Cash Equivalents received in connection with a subsequent sale of such Designated Non-Cash Consideration.

"*Disinterested Director*" means, with respect to any transaction or series of related transactions, a member of the Board of Directors of the Company who does not have any direct or indirect financial interest in or with respect to such transaction or series of related transactions. A member of the Board of Directors of the Company shall not be deemed to have such a financial interest by reason of such member's holding Capital Stock of the Company, any Parent Entity or any options, warrants or other rights in respect of such Capital Stock.

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the six-month anniversary of the date that the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the issuer thereof to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the issuer thereof may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described under the caption "—Certain Covenants—Restricted Payments." For purposes hereof, the amount of Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the Fair Market Value of such Disqualified Stock, such Fair Market Value to be determined as set forth herein.

"*Domination Agreement*" means a domination agreement (*Beherrschungsvertrag*) and/or a profit and loss pooling agreement (*Gewinnabführungsvertrag*) between Vue Beteiligungs GmbH as dominating entity and CinemaxX AG as the dominated entity.

"*Equity Contribution*" means the sale or issue of Equity Interests and Subordinated Shareholder Debt of the Company, and the contribution of common equity capital to the Company in connection with the Transactions.

"*Equity Interests*" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"*Equity Investors*" means any member of the AIMCo Group or the OMERS Group.

"*Equity Offering*" means a sale of Capital Stock (other than to the Company or any of its Subsidiaries) (1) that is a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions, or (2) the proceeds of which are contributed as Subordinated Shareholder Debt or to the equity (other than through the issuance of Disqualified Stock) of the Company or any of its Restricted Subsidiaries.

"*Escrowed Property*" means the proceeds from the offering of any debt securities or other Indebtedness paid into segregated escrow accounts with an independent escrow agent on the date of the applicable offering or incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Property" shall include any interest earned on the amounts held in escrow.

"*European Government Obligations*" means direct obligations of, or obligations guaranteed by, a member state of the European Union, and the payment for which such member state of the European Union pledges its full faith and credit; *provided* that such member state has a long-term government debt rating of "A1" or higher by Moody's or "A+" or higher by S&P or the equivalent rating category of another internationally recognized rating agency.

"*Excluded Contributions*" means the net cash proceeds received by the Company after the Issue Date (other than any such cash proceeds that are from the Equity Contribution) from:

(1) contributions to its Equity Interests; and

(2) the sale (other than to a Subsidiary of the Company) of Capital Stock (other than Disqualified Stock) of the Company,

in each case, designated as ''Excluded Contributions'' pursuant to an Officer's Certificate (which shall be designated no later than the date on which such Excluded Contribution has been received by the Company), the net cash proceeds of which are excluded from the calculation set forth in the clause (c)(ii) of the first paragraph of the covenant described under the caption ''—Certain Covenants—Restricted Payments'' hereof.

''*Fair Market Value*'' means the value that would be paid by a willing buyer to an unaffiliated willing seller in a transaction not involving distress of either party, determined in good faith by any of the Company's Chief Executive Officer, Chief Financial Officer or other responsible accounting or financial officer of the Company.

''*Fixed Charge Coverage Ratio*'' means, with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Subsidiaries which are Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than incurrences or repayments of ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (for the purpose of this definition, the ''*Calculation Date*''), then the Fixed Charge Coverage Ratio will be calculated giving *pro forma* effect (as determined in good faith by the Company's Chief Financial Officer or a responsible financial or accounting officer of the Company) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period; *provided*, *however*, that the *pro forma* calculation of Fixed Charges shall not give effect to (i) any Indebtedness incurred on the Calculation Date pursuant to the provisions described in the second paragraph under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'' (other than clause (16) of such paragraph thereof, the incurrence of which itself is subject to the Fixed Charge Coverage Ratio) or (ii) the discharge on the Calculation Date of any Indebtedness to the extent that such discharge results from the proceeds incurred pursuant to the provisions described in the second paragraph under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'' (other than clause (16) of such paragraph thereof).

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions of business entities or property and assets constituting a division or line of business of any Person, acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given *pro forma* effect (as determined in good faith by the Company's Chief Financial Officer or Chief Accounting Officer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;

(2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with UK GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with UK GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries which are Restricted Subsidiaries following the Calculation Date;

(4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;

(5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and

(6) if any Indebtedness bears a floating rate of interest and such Indebtedness is to be given *pro forma* effect, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

''*Fixed Charges*'' means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense (net of interest income) of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt discount (but not debt issuance costs, commissions, fees and expenses), non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of Hedging Obligations or other derivative instruments), the interest component of deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings; *plus*

(2) the consolidated interest expense (but excluding such interest on Subordinated Shareholder Debt) of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries; *plus*

(4) net payments and receipts (if any) pursuant to interest rate Hedging Obligations (excluding amortization of fees) with respect to Indebtedness; *plus*

(5) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of any Restricted Subsidiary, other than dividends on Equity Interests payable to the Company or a Restricted Subsidiary, *times* (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined national, state and local statutory tax rate of such Person, expressed as a decimal, as estimated in good faith by a responsible accounting or financial officer of the Company; *minus*

(6) to the extent included in any of the forgoing clauses (1) through (5), any interests relating to the unwinding discount factor on onerous leases and defined pension scheme liabilities.

''*German Company Conversion*'' means the conversion of CinemaxX into a limited liability company incorporated under the laws of Germany (*Gesellschaft mit beschränkter Haftung*, GmbH) being registered in the competent commercial register (*Handelsregister*).

''*German Trapped Cash Equity Bridge Loan*'' means the loan agreement to be entered into on or prior to the Vue Acquisition Completion Date, among the Company, as borrower, and any Parent Entity.

''*Gilt Rate*'' means, with respect to any redemption date, the yield to maturity as of such redemption date of U.K. Government Securities with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent Financial Statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such Financial Statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to, with respect to the Fixed Rate Notes, July 15, 2016; *provided*, *however*, that if the period from such redemption date to, with respect to the Fixed Rate Notes, July 15, 2016, is less than one year, the weekly average yield on actually traded U.K. Government Securities denominated in sterling adjusted to a fixed maturity of one year shall be used; and *provided further*, that in no case shall the Gilt Rate be less than zero.

''*guarantee*'' means a guarantee other than by endorsement of negotiable instruments for collection or deposit in the ordinary course of business, of all or any part of any Indebtedness (whether arising by agreements to keep-well, to take or pay or to maintain financial statement conditions, pledges of assets or otherwise).

''*Guarantee*'' means the guarantee by each of the Guarantors of the Company's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture.

''*Guarantors*'' means (1) the Initial Vue Guarantors and the Multikino Guarantors, (2) upon executing a Guarantee pursuant to the covenant under the caption ''—Certain Covenants—Post-Closing Guarantors and Post-Closing Collateral—CinemaxX Guarantors,'' the CinemaxX Guarantors and (3) any Subsidiary of the Company that executes a Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Guarantee of such Person has been released in accordance with the provisions of the Indenture.

''*Hedging Obligations*'' means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;

(2) other agreements or arrangements designed to manage interest rates or interest rate risk; and

(3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates, including Currency Exchange Protection Agreements, or commodity prices.

''*IFRS*'' means the International Financial Reporting Standards promulgated by the International Accounting Standards Board or any successor board or agency as endorsed by the European Union and in effect on the date hereof, or, with respect to the covenant described under the caption ''—Certain Covenants—Reports'' as in effect from time to time.

''*Indebtedness*'' means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables):

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments for which such Person is responsible or liable;

(3) representing reimbursement obligations in respect of letters of credit, bankers' acceptances or similar instruments (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of incurrence);

(4) representing Capital Lease Obligations;

(5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed, unless being disputed in good faith; and

(6) representing any Hedging Obligations,

if and to the extent any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the notes thereto) of the specified Person prepared in accordance with U.K. GAAP. In addition, the term ''Indebtedness'' includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the guarantee by the specified Person of any Indebtedness of any other Person to the extent guaranteed by such Person; *provided*, *however*, that in the case of Indebtedness secured by a Lien, the amount of such Indebtedness will be the lesser of (a) the Fair Market Value of such asset at such date of determination (as determined in good faith) by the Company and (b) the amount of such Indebtedness of such other Person.

The term ''Indebtedness'' shall not include:

(1) Subordinated Shareholder Debt;

(2) any lease of property (including Permitted Premises Leases) which would be considered an operating lease under U.K. GAAP (as in effect on the Issue Date);

(3) Contingent Obligations in the ordinary course of business;

(4) in connection with the purchase by the Company or any Restricted Subsidiary of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided however*, that, at the time of closing, the

amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 45 days thereafter;

(5) for the avoidance of doubt, any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes;

(6) deferred or prepaid revenues including prepayments or deposits received from clients or customers, or any obligations relating to advance ticket sales, in each case, in the ordinary course of business;

(7) Indebtedness in respect of the incurrence by the Company or any if its Restricted Subsidiaries of Indebtedness in respect of standby letters of credit, rental guarantees, performance guarantees or bonds or surety bonds provided by or at the request of the Company or any of its Restricted Subsidiaries in the ordinary course of business (including standby letters of credit, rental guarantees, performance guarantees or bonds or surety bonds in respect of such standby letters of credit, rental guarantees, performance guarantees or bonds or surety bonds or obligations under any license, permit or other approval (or guarantees given in respect of such obligations)) to the extent such standby letters of credit, rental guarantees, performance guarantees or bonds or surety bonds are not drawn upon or, if and to the extent drawn upon are honored in accordance with their terms and if, to be reimbursed, are reimbursed no later than 30 days following receipt by such Person of a demand for reimbursement following payment on the standby letter of credits, rental guarantees, performance guarantees or bonds or surety bonds; and

(8) up until the completion of the Squeeze Out, Indebtedness incurred in favor of minority shareholders of the CinemaxX or in favor of a person who has assumed an obligation to minority shareholders of the CinemaxX as a result of or in connection with the Squeeze Out, including, without limitation, the Squeeze Out Guarantee.

''*Initial Public Offering*'' means the first Public Equity Offering of common stock or common equity interests of the Company or any Parent Entity (the ''*IPO Entity*'') following which there is a Public Market.

''*Initial Purchasers*'' means Goldman Sachs International, Morgan Stanley & Co. International plc and Lloyds TSB Bank plc.

''*Initial Vue Guarantors*'' means Vue Entertainment International Limited; Vue Holdings (Jersey) Limited; Vue Holdings (UK) Limited; Vue Entertainment Investment Limited; Vue Entertainment Holdings Limited; Vue Entertainment Holdings (UK) Limited; Treganna Bidco Limited; Apollo Cinemas Limited; Shake UK Newco Limited; A3 Cinema Limited; Aurora Holdings Limited; Aurora Cinema (Ireland) Limited; Aurora Cinema Limited; Ster Century (UK) Limited; Vue Entertainment Limited; Vue Beteiligungs GmbH; Vue Entertainment (UK) Limited; Vue Properties Limited; Vue Cinemas Limited and Vue Cinemas (UK) Limited.

''*Investment Grade Status*'' shall occur when the Notes are rated ''Baa3'' or better by Moody's and ''BBB–'' or better by S&P (or, if either entity ceases to rate the Notes, the equivalent investment grade credit rating from any other Rating Agency).

''*Investments*'' means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet (excluding the notes) prepared in accordance with UK GAAP. If the Company or any Restricted Subsidiary sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary, the Company will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Company's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described under the caption ''—Certain Covenants—Restricted Payments.'' The acquisition by the Company or any Restricted Subsidiary of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the

Investments held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described under the caption ''—Certain Covenants—Restricted Payments.'' Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value and, to the extent applicable, shall be determined based on the equity value of such Investment.

''*Intercreditor Agreement*'' means the intercreditor agreement, dated on or about the Issue Date, made between, among others, the Security Agent, the agent for the Revolving Credit Facility, the Trustee and the other parties named therein, as amended, restated or otherwise modified or varied from time to time.

''*IPO Market Capitalization*'' means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering *multiplied by* (2) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

''*Issue Date*'' means July 18, 2013.

''*Lien*'' means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement or any lease in the nature thereof.

''*Management Advances*'' means loans or advances made to, or guarantees with respect to loans or advances made to, directors, officers, employees or consultants of the Company or any Restricted Subsidiary:

(1) in respect of travel, entertainment or moving related expenses incurred in the ordinary course of business;

(2) in respect of moving related expenses incurred in connection with any closing or consolidation of any facility or office;

(3) in the case of this clause (3), in the ordinary course of business and not exceeding £6.0 million in the aggregate outstanding at any time; or

(4) (a) to pay for the purchase or other acquisition for value of Equity Interests of the Company (other than Disqualified Stock), or any obligation under a forward sale agreement, deferred purchase agreement or deferred payment arrangement pursuant to any management equity plan or stock option plan or any other management or employee benefit or incentive plan or other agreement or arrangement, or (b) to fund the purchase or other acquisition of value for any management equity plan or stock option plan or any other management or employee benefit or incentive plan or unit; *provided* that, in each of the preceding clauses (a) and (b), the proceeds from such loan or advance are used to purchase Equity Interests of the Company (other than Disqualified Stock) or purchase Subordinated Shareholder Debt from the Company (*provided*, that such amounts shall not constitute Excluded Contributions and will be excluded from the calculation of amounts under clause (c)(ii) of the first paragraph and clause (2) of the third paragraph of the covenant under the heading ''—Certain Covenants—Restricted Payments'').

''*Management Fees*'' means:

(1) customary annual fees for the performance of monitoring services by any of the Equity Investors or any of their Affiliates for the Company or any Restricted Subsidiary; *provided* that such fees will not, in the aggregate, exceed £1.0 million per annum (exclusive of out-of-pocket expenses); and

(2) customary fees and related expenses for the performance of transaction, management, consulting, financial or other advisory services or underwriting, placement or other investment banking activities, including in connection with mergers, acquisitions, dispositions or joint ventures, by any of the Equity Investors or any of their Affiliates for the Company or any of its Restricted Subsidiaries, which payments in respect of this clause (2) either (a) will have been approved by a majority of the Disinterested Directors of the Company or (b) will not exceed 1% of the aggregate net cash proceeds from the substantially concurrent sale or issuance (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock) and/or Subordinated Shareholder Debt in connection with such transaction for which the fees relate.

''*Market Capitalization*'' means an amount equal to (1) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend *multiplied by* (2) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

''*Moody's*'' means Moody's Investors Service, Inc.

''*Multikino Acquisition Agreement*'' means the Sale and Purchase Agreement dated as of May 10, 2013, among, Multikino Holding B.V., International Trading and Investments Holdings S.A. Luxembourg, AP Portico Slask S.A R.L., Apollo Real Estate Investment Fund III, L.P., Eudialyte Company sp. z o.o. and Vue Holdings (Jersey) Limited.

''*Multikino Guarantors*'' means Multikino S.A. and Eudialyte Company sp. z o.o.

''*Net Proceeds*'' means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any Designated Non-Cash Consideration or other consideration received in non-cash form or Cash Equivalents substantially concurrently received in any Asset Sale), net of the direct costs relating to such Asset Sale and the sale of such Designated Non-Cash Consideration or other consideration received in non-cash form, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, and all distributions and other payments required to be made to minority interest holders (other than the Company or any Subsidiary) in Subsidiaries or joint ventures as a result of such Asset Sale, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with U.K. GAAP.

''*Non-Recourse Debt*'' means Indebtedness as to which neither the Company nor any of its Restricted Subsidiaries (1) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (2) is directly or indirectly liable as a guarantor or otherwise.

''*Obligations*'' means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

''*Offering Memorandum*'' means the offering memorandum in relation to the Notes.

''*Officer*'' means, with respect to any Person, the Chief Executive Officer, Chief Financial Officer, President, any Executive Vice President, Senior Vice President, Vice President, the Treasurer, the Secretary, Director or member of the Board of Directors of such Person or any other person that the Board of Directors of such Person shall designate for such purpose.

''*Officer's Certificate*'' means a certificate signed by an Officer that meets the requirements of the Indenture.

''*OMERS Group*'' means OCP Trust, OMERS Administration Corporation, OMERS Private Equity Inc., OPE Vougeot Holdings Limited and OPE Vougeot Investment Limited.

''*Parent Entity*'' means any direct or indirect parent company or entity of the Company.

''*Permitted Business*'' means (1) any business, services or activities engaged in by the Company or any of its Restricted Subsidiaries on the Issue Date, and (2) any businesses, services and activities that are related, complementary, incidental, ancillary or similar to any of the foregoing, or are extensions or developments of any thereof.

''*Permitted Collateral Liens*'' means:

(1) Liens on the Collateral to secure the Notes (or the Guarantees) (but not any Additional Notes (or any guarantee of Additional Notes)) issued on the Issue Date;

(2) Liens on the Collateral to secure Indebtedness that is permitted by clause (1) of the second paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock''; *provided* that, in each case, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secure the Notes and the Guarantees on a senior or *pari passu* basis (and for the avoidance of doubt, such Indebtedness may receive priority as to enforcement proceeds from such Collateral); and *provided further* that each of

the parties thereto will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement;

(3) Liens on the Collateral to secure Indebtedness (a) that is permitted by clauses (4), (15) or (17) of the second paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'' or (b) that is permitted by clause (16) of the second paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'' or that is Senior Secured Indebtedness that is permitted by the first paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock''; *provided* that, in each case, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secure the Notes and the Guarantees on a senior or *pari passu* basis; and *provided further* that each of the parties thereto or their representatives will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement;

(4) Liens on the Collateral to secure Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace or discharge, any Indebtedness which is secured by a Permitted Collateral Lien on the Collateral pursuant to the preceding clauses (1), (3)(b) or this clause (4); *provided* that all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes and the Note Guarantees with priority with respect to the Permitted Refinancing Indebtedness substantially similar to that of the Indebtedness which is being exchanged, renewed, refunded, refinanced, replaced or discharged; *provided further* that each of the parties thereto and their representatives will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement;

(5) Liens on Equity Interests of the Company and any Subordinated Shareholder Debt of the Company; *provided* that such Liens rank junior to those Liens securing the Notes and the Guarantees, and which Indebtedness secured by such Liens are not secured by any Collateral of the Company and its Restricted Subsidiaries; *provided further* that each of the parties thereto or their representatives will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement as ''High Yield Notes Creditors'';

(6) Liens on the Collateral to secure obligations under Hedging Obligations (other than Hedging Obligations in respect of commodity prices) permitted by clause (8) of the second paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock''; *provided* that, all property and assets securing such Hedging Obligations also secure the Notes and any Guarantees on a senior or *pari passu* basis (and to the extent such Hedging Obligations relate to Indebtedness referred to in clauses (1) through (4) above, such Indebtedness may receive priority as to enforcement proceeds from such Collateral); and *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement or any Additional Intercreditor Agreement;

(7) Liens on the Permitted WV Security constituting Collateral to secure obligations under the Warner Village Counter-Indemnity; *provided* that such Liens on such Collateral rank junior to the Liens on the Warner Village Counter-Indemnity that secure the Notes and the Guarantees and all property and assets securing the Warner Village Counter-Indemnity also secure the Notes and the Guarantees on a senior priority basis; *provided further*, that each of the parties to the Warner Village Counter-Indemnity will have executed the Warner Village Intercreditor Agreement; and

(8) Liens on the Collateral that are described in one or more of clauses (3), (6), (7), (8), (12), (13), (14), (16), (17), (18), (19), (20), (21), (27) and (31) of the definition of ''Permitted Liens'' and that, in each case, would not materially interfere with the ability of the Security Agent to enforce any Lien over the Collateral.

''*Permitted Digital Asset Financing*'' means any leasing or asset financing where the relevant financier only has recourse against the asset being financed (without having recourse against the Company or any other Restricted Subsidiary) undertaken by the Company or a Restricted Subsidiary for the acquisition of digital cinema equipment with a financier selected by and in the sole discretion of the Company pursuant to or under which: (1) capital expenditure on digital cinema equipment is fully funded from either such leasing or financing (or from cash on the balance sheet of the Company); (2) such leasing or financing does not have a maturity date prior to the Stated Maturity of the Notes or is fully amortized from the cash flows of the business or of a special purpose vehicle company incorporated for the purposes of implementing the digital asset financing; (3) the principal amount of such financing does not in the aggregate exceed £10.0 million (or the equivalent) and (4) the ratio of projected cashflow to projected debt service in respect of such leasing or financing (as determined by the Company acting in good faith at the time of incurrence) is not less than 1.10 to 1.0.

''*Permitted Holders*'' means the Equity Investors, Senior Management and the Affiliates and Related Parties of the Equity Investors. Any Person or group whose acquisition of beneficial ownership constitutes a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of the Indenture will thereafter, together with its Affiliates and Related Parties, constitute an additional Permitted Holder.

''*Permitted Investments*'' means:

(1) any Investment in the Company or in a Restricted Subsidiary;

(2) any Investment in cash and Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary in a Person, if as a result of such Investment:

  (a) such Person becomes a Restricted Subsidiary of the Company; or

  (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described under the caption ''—Repurchase at the Option of Holders—Asset Sales'';

(5) any Investments received in compromise or resolution of (a) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer; or (b) litigation, arbitration or other disputes;

(6) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(7) Investments represented by Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'';

(8) Investments in the Notes (including any Additional Notes) and any other Indebtedness of the Company or any Restricted Subsidiary;

(9) any guarantee of Indebtedness permitted to be incurred by the covenant described under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'';

(10) any Investment existing on, or made pursuant to binding commitments existing on, the Vue Acquisition Completion Date, and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Vue Acquisition Completion Date; *provided* that the amount of any such Investment may be increased as required by the terms of such Investment as in existence on the Vue Acquisition Completion Date;

(11) Investments acquired after the Issue Date as a result of the acquisition by the Company or any Restricted Subsidiary of another Person, including by way of a merger, amalgamation or consolidation with or into the Company or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described under the caption ''—Certain Covenants—Merger, Consolidation or Sale of Assets'' after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(12) pledges or deposits (a) with respect to leases or utilities provided to third parties in the ordinary course of business or (b) otherwise described in the definition of ''Permitted Liens'' or made in connection with Liens permitted under the covenant described under ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'';

(13) any Investment to the extent made using as consideration Capital Stock of the Company (other than Disqualified Stock), Subordinated Shareholder Debt or Capital Stock of any Parent Entity;

(14) Management Advances; and

(15) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed an amount equal to the greater of £40.0 million and 5.0% of Total Assets; *provided* that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary at the date of the making of such Investment and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to the covenant described under the caption ''—Certain Covenants—Restricted Payments,'' such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (3) of the definition of ''Permitted Investments'' and not this clause (15).

''*Permitted Liens*'' means:

(1) Liens in favor of the Company or any of the Restricted Subsidiaries;

(2) Liens on property (including Capital Stock) of a Person existing at the time such Person becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary or such merger or consolidation, were not incurred in contemplation thereof and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary or is merged with or into or consolidated with the Company or any Restricted Subsidiary;

(3) Liens to secure the performance of statutory obligations, trade contracts, insurance, surety or appeal bonds, workers' compensation obligations, leases, performance bonds, guarantees, rental guarantees or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);

(4) Liens to secure Indebtedness permitted by clause (4) of the second paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'' covering only the assets acquired with or financed by such Indebtedness;

(5) Liens existing on the Vue Acquisition Completion Date;

(6) Liens for taxes, assessments or governmental charges or claims that (a) are not yet due and payable or b) are being contested in good faith by appropriate proceedings and for which a reserve or other appropriate provision, if any, as will be required in conformity with UK GAAP will have been made;

(7) Liens imposed by law or by agreement having the same effect, such as carriers', warehousemen's, landlord's, banks' and mechanics' Liens, in each case, incurred in the ordinary course of business of the Company and its Restricted Subsidiaries;

(8) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;

(9) Liens created for the benefit of (or to secure) the Notes and Guarantees;

(10) Liens securing Indebtedness under Hedging Obligations, which obligations are permitted by clause (8) of the second paragraph of the covenant described under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'';

(11) Liens to secure any Permitted Refinancing Indebtedness (excluding Liens to secure Permitted Refinancing Indebtedness initially secured pursuant to clauses (4) or (26) of this definition) permitted to be incurred under the Indenture; *provided*, *however*, that:

(a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and

(b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (i) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (ii) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;

(12) Liens on insurance policies and proceeds thereof, or other deposits, to secure insurance premium financings;

(13) filing of Uniform Commercial Code financing statements under U.S. state law (or similar filings under other applicable jurisdictions) in connection with operating leases in the ordinary course of business;

(14) bankers' Liens, rights of setoff or similar rights and remedies as to deposit accounts, (including any Lien created or subsisting over any asset held in any securities depository or any clearing house pursuant to the standard terms and procedures of the relevant securities depository or clearing house applicable in the normal course of trading), Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;

(15) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;

(16) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(17) leases, licenses, subleases and sublicenses of assets in the ordinary course of business;

(18) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of assets entered into in the ordinary course of business;

(19) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any developer, landlord or other third party on property over which the Company or any Restricted Subsidiary has easement rights or on any real property leased by the Company or any Restricted Subsidiary and subordination or similar agreements relating thereto and (b) any condemnation or eminent domain proceedings or compulsory purchase order affecting real property;

(20) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;

(21) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities;

(22) Liens (including put and call arrangements) on Capital Stock or other securities of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary;

(23) limited recourse Liens in respect of the ownership interests in, or assets owned by, any joint ventures which are not Restricted Subsidiaries securing obligations of such joint ventures;

(24) Liens on any proceeds loan made by the Company or any Restricted Subsidiary in connection with any future incurrence of Indebtedness permitted under the Indenture and securing that Indebtedness;

(25) Liens on property at the time the Company or a Restricted Subsidiary acquired the property, including any acquisition by means of a merger or consolidation with or into the Company or any Restricted Subsidiary; *provided* that such Liens are not created, incurred or assumed in connection

with, or in contemplation of, such acquisition and do not extend to any other property owned by the Company or any Restricted Subsidiary;

(26) Liens incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with respect to obligations that do not exceed £25.0 million at any one time outstanding;

(27) any interest or title of a lessor under any operating lease;

(28) Liens on assets or property of a Restricted Subsidiary of the Company (other than a Guarantor or the CinemaxX Guarantors prior to acceding to the Indenture) securing Indebtedness of such Restricted Subsidiary or another Restricted Subsidiary (other than a Guarantor);

(29) Liens on Escrowed Property for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(30) Liens encumbering cash deposits in bank accounts established to provide cash collateral to letters of credit, guarantees and similar instruments that were issued prior to the Issue Date; and

(31) Liens incurred in connection with a cash management program established in the ordinary course of business;

(32) Liens created or subsisting in order to secure any obligations incurred in order to comply with the requirements of section 8a of the German Partial Retirement Act (*Altersteilzeitgesetz*) or pursuant to section 7e of the Fourth Book of the German Social Security Code (SGB IV);

(33) Liens incurred in connection with the Squeeze Out Guarantee; and

(34) any Lien over any rental deposit or cinema inventory granted by the Company or its Restricted Subsidiary (which holds a leasehold) to the holders of the freehold or leasehold interest in real property.

''*Permitted Parent Payments*'' means the declaration and payment of dividends or other distributions, or the making of loans, by the Company or any of its Restricted Subsidiaries to any Parent Entity, or the payment by the Company or any of its Restricted Subsidiaries in amounts on behalf of any Parent Entity, in amounts and at times required to pay:

(1) franchise fees and other fees, taxes and expenses required to maintain the corporate existence of any Parent Entity;

(2) general corporate overhead expenses of any Parent Entity to the extent such expenses are attributable to the ownership or operation of the Company and its Restricted Subsidiaries or related to the proper administration of such Parent Entity (including fees and expenses properly incurred in the ordinary course of business to auditors and legal advisors and payments in respect of services provided by directors, officers, consultants, or employees of any such Parent Entity) not to exceed £2.0 million in any 12 month period;

(3) for so long as the Company or any of its Restricted Subsidiaries is a member of a group for tax purposes with any Parent Entity, payments to that Parent Entity in respect of an allocable portion of the tax liabilities of such group that is attributable to the Company or the relevant Restricted Subsidiary (''*Tax Payments*''); *provided* that the Tax Payments shall not exceed the lesser of (a) the amount of the relevant tax (including any penalties and interest) that the Company or the relevant Restricted Subsidiaries would owe if they were not part of a group for tax purposes, taking into account any carryovers and carrybacks of tax attributes (such as net operating losses) of the Company and such Restricted Subsidiary from other taxable years and (b) the net amount of the relevant tax that any Parent Entity actually owes to the appropriate taxing authority;

(4) costs (including all professional fees and expenses) incurred by any Parent Entity in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Company or any of its Restricted Subsidiaries, including in respect of any reports filed with respect

to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder; and

(5) fees and expenses of any Parent Entity incurred in relation to any public offering or other sale of Capital Stock or Indebtedness (whether or not completed) (a) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or any of its Restricted Subsidiaries; (b) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (c) otherwise on an interim basis prior to completion of such offering so long as any Parent Entity will cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

''*Permitted Premises Lease*'' means any real property lease that is entered into on arm's length terms and has a term of five years or more.

''*Permitted Refinancing Indebtedness*'' means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, exchange, defease or discharge other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness (other than any proceeds loan)); *provided* that:

(1) the aggregate principal amount (or accreted value, if applicable), or, if issued with original issue discount, aggregate issue price, of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable, or if issued with original issue discount, aggregate issue price) of the Indebtedness renewed, refunded, refinanced, replaced, exchanged, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has (a) a final maturity date that is either (i) no earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged or (ii) after the final maturity date of the Notes and (b) has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;

(3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is expressly, contractually, subordinated in right of payment to the Notes or any Guarantee, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or such Guarantee, as the case may be, on terms at least as favorable to the holders of Notes or the Guarantee, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged;

(4) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is secured by a Lien that ranks junior to Liens securing the Notes or any Guarantee, Liens securing such Permitted Refinancing Indebtedness, if secured, rank junior to the Liens securing the Notes or such Guarantee, as the case may be, and are subordinated on terms at least as favorable to the holders of Notes or the Guarantee, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, exchanged, defeased or discharged; and

(5) if the Company or any Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, such Indebtedness is incurred either by the Company, a Finance Subsidiary or by a Guarantor.

''*Permitted WV Security*'' has the meaning assigned to it in the Warner Village Intercreditor Agreement.

''*Person*'' means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

''*Public Equity Offering*'' means, with respect to any Person, a *bona fide* underwritten primary public offering of the shares of common stock or common equity interests of such Person, either:

(1) pursuant to a flotation on the main market of the London Stock Exchange or any other nationally recognized regulated stock exchange or listing authority in a member state of the European Union; or

(2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

''*Public Market*'' means any time after:

(1) a Public Equity Offering of the IPO Entity has been consummated; and

(2) at least 20% of the total issued and outstanding shares of common stock or common equity interests of the IPO Entity has been distributed to investors other than the Permitted Holders or their Related Parties or any other direct or indirect shareholders of the Company as of the Issue Date.

''*Rating Agencies*'' means either Moody's or S&P or, in the event Moody's or S&P no longer assigns a rating to the Notes, any other ''nationally recognized statistical rating organization'' within the meaning of Rule 15c3-1(c)(2)(vi)(F) under the U.S. Exchange Act selected by the Company as a replacement agency.

''*Related Party*'' means:

(1) any controlling stockholder, partner or member, or any 50% (or more) owned Subsidiary, or immediate family member (in the case of an individual), of any Equity Investor; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding a 50% or more controlling interest of which consist of any one or more Equity Investors and/or such other Persons referred to in the immediately preceding clause.

''*Restricted Investment*'' means an Investment other than a Permitted Investment.

''*Restricted Subsidiary*'' means any Subsidiary of the Company that is not an Unrestricted Subsidiary.

''*Revolving Credit Facility*'' means the revolving credit facility governed by the Revolving Credit Facility Agreement.

''*Revolving Credit Facility Agreement*'' means the revolving credit facility agreement, dated on or about the Issue Date, by and among the Company, the senior lenders named therein, the Security Agent and the agent named therein, including any related notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

''*S&P*'' means Standard & Poor's Ratings Group.

''*Security Agent*'' means Lloyds TSB Bank plc, until a successor replaces it in accordance with the applicable provisions of the Indenture or the Intercreditor Agreement and the Warner Village Intercreditor Agreement and thereafter means the successor thereof.

''*Security Documents*'' means the share pledges and any other instrument and document executed and delivered pursuant to the Indenture or otherwise or any of the foregoing, as the same may be amended, supplemented or otherwise modified from time to time and pursuant to which the Collateral or the Escrowed Property is pledged, assigned or granted to or on behalf of the Security Agent for the benefit of the holders of the Notes or in its capacity as a parallel debt creditor (as applicable) and the Trustee or notice of such pledge, assignment or grant is given.

''*Senior Management*'' means the officer, directors and other members of the management of the Company of any of its Subsidiaries, or family members or relatives of any of the foregoing who are or become Senior Management in connection with estate planning for or inheritance from other members of Senior Management, as determined in good faith by the Company, or trusts, partnerships, limited liability companies or other entities for the benefit of any of the foregoing, or any of their heirs, executors, successors and legal representatives who, at any date, beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or Capital Stock of any Parent Entity.

''*Senior Secured Indebtedness*'' means, with respect to any Person, (1) Indebtedness (other than Indebtedness of the type specified in clauses (4), (6), (8), (9) (without duplication of any Indebtedness included in this definition), (10), (11), (12), (13), (14) and (18) of the second paragraph of the covenant under the caption ''—Certain Covenants—Incurrence of Indebtedness and Issuance of Preferred Stock'' and Indebtedness secured solely by a Lien permitted by clause (5) of the definition of ''Permitted

Collateral Liens'') of that Person and its Restricted Subsidiaries that is secured by Lien and (2) Indebtedness of a Restricted Subsidiary of the Company that is not a Guarantor.

''*Significant Subsidiary*'' means, at the date of determination, any Restricted Subsidiary that together with its Subsidiaries which are Restricted Subsidiaries (1) for the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Company or (2) as of the end of the most recent fiscal year, was the owner of more than 10% of the consolidated assets of the Company.

''*Shareholder Loans*'' means shareholder loans made by the direct Parent Entity of the Company to the Company on the Issue Date.

''*Squeeze Out*'' means the exclusion of minority shareholders of CinemaxX pursuant to either section 327a et seqq. German Stock Corporation Act (*AktG*) or section 39a German Takeover Code (*WpÜG*).

''*Squeeze Out Guarantee*'' means a guarantee issued in compliance with, and in the form required by, section 327b(3) German Stock Corporation Act (*AWG*).

''*Stated Maturity*'' means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date or the date of incurrence, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

''*Sterling-Equivalent*'' means with respect to any monetary amount in a currency other than sterling, at any time for the determination thereof, the amount of sterling obtained by converting such foreign currency involved in such computation into sterling at the spot rate for the purchase of sterling with the applicable foreign currency as published under ''Currency Rates'' in the section of *The Financial Times* entitled ''Currencies, Bonds & Interest Rates'' on the date two Business Days prior to such determination.

''*Structure Event*'' means (1) the registration of a Domination Agreement; (2) the completion of any Squeeze Out followed by the completion of the German Company Conversion; or (3) the completion of any other corporate reorganization relating to CinemaxX having the effect of resulting in the disapplication of the restrictions imposed by sections 57 and 71a of the German Corporate Act (*Aktiengesetz*, AktG).

''*Subordinated Shareholder Debt*'' means, collectively, any debt provided to the Company by any direct or indirect parent of the Company or any Permitted Holder or Related Party, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Debt; *provided* that such Subordinated Shareholder Debt:

(1) does not (including upon the happening of any event) mature or require any amortization or other payment of principal prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of any such security or instrument for Equity Interests of the Company (other than Disqualified Stock) or for any other security or instrument meeting the requirements of the definition);

(2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the Stated Maturity of the Notes;

(3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) is not secured by a Lien on any assets of the Company or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Company;

(5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganization, liquidation, winding up or other disposition of assets of the Company at least to the same extent as the Subordinated Liabilities (as defined in the Intercreditor Agreement) are subordinated to the Notes under the Intercreditor Agreement and such lenders

have acceded to the Intercreditor Agreement (or any Additional Intercreditor Agreement) as ''Subordinated Creditors'';

(6) has been granted as security for the Notes by the obligor thereunder;

(7) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Company with its obligations under the Notes and the Indenture, the Intercreditor Agreement, any Additional Intercreditor Agreement, the Security Documents or any Credit Facility;

(8) does not (including upon the happening of an event) constitute Voting Stock; and

(9) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Company,

provided, *however*, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Debt, such Indebtedness shall constitute an incurrence of such Indebtedness by the Company, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Debt shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Debt; for the avoidance of doubt, as of the Issue Date the German Trapped Cash Equity Bridge Loan and the Shareholder Loans will be deemed to be Subordinated Shareholder Debt for the purposes of this definition and the Indenture.

''*Subsidiary*'' means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

''*Tax*'' means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). ''*Taxes*'' and ''*Taxation*'' shall be construed to have corresponding meanings.

''*Total Assets*'' means the consolidated total assets of the Company and its Restricted Subsidiaries calculated in accordance with UK GAAP, as shown on the most recent balance sheet of the Company for which internal financial statements are available (excluding the notes thereto).

''*Transactions*'' shall have the meaning as defined in this Offering Memorandum under the caption ''Transactions.''

''*UK GAAP*'' means generally accepted accounting principles applicable in the United Kingdom, consistently applied, as in effect on the date of any calculation or determination required hereunder. At any time after the Issue Date, the Company may elect to establish that UK GAAP shall mean UK GAAP as in effect on or prior to the date of such election, *provided* that any such election, once made, shall be irrevocable. At any time after the Issue Date, the Company may elect to apply IFRS for all purposes of the Indenture in lieu of UK GAAP and, upon such election, references herein to UK GAAP shall thereafter be construed to mean IFRS as in effect from time to time; *provided* that any such election, once made, shall be irrevocable and that upon first reporting its fiscal year results under IFRS, it shall restate its financial statements on the basis of IFRS for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of UK GAAP. The Company shall give notice of any such election to the Trustee. For the avoidance of doubt, the making of an election referred to in this definition will not be treated as resulting in an incurrence of Indebtedness.

''*U.K. Government Securities*'' means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

''*U.S. Exchange Act*'' means the U.S. Securities-Exchange Act of 1934, as amended.

''*Unrestricted Subsidiary*'' means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) except as permitted by the covenant described under the caption ''—Certain Covenants—Transactions with Affiliates,'' is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(3) is a Person with respect to which neither the Company nor any Restricted Subsidiary has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

''*Voting Stock*'' of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

''*Vue Acquisition Agreement*'' means the Sale and Purchase Agreement dated as of June 9, 2013 among others, the Company and Vougeot Holdco Limited as purchasers, the DH Seller and D H P Alpha S.à r.l, the Executive Managers and Other Seller (each as defined therein) certain other senior management, as sellers, and Vue Entertainment International Limited for the acquisition of the entire issued share capital of Vue Entertainment International Limited by the Company and Vougeot Holdco Limited.

''*Warner Village Counter-Indemnity*'' means (i) the Deed of Undertaking and Indemnity dated May, 13 2003, and entered into by, among others, the Subordinated Creditors, Vue Entertainment Holdings (UK) Limited and its subsidiaries as amended from time to time and (ii) the Deed of Indemnity dated June 20, 2006 between Vue Entertainment Investment Limited and the Subordinated Creditors as amended from to time.

''*Warner Village Intercreditor Agreement*'' means the Intercreditor Agreement, dated on or about the Issue Date, made between, among others, the Security Agent, the Trustee Time Warner Entertainment Limited and VC Eye Pty Limited (formerly known as ''Village Cinemas International PTY Limited''), as amended, restated or otherwise modified or varied from time to time.

''*Weighted Average Life to Maturity*'' means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amounts of such Indebtedness.

BOOK-ENTRY, DELIVERY AND FORM

General

Notes sold to qualified institutional buyers in reliance on Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the ''Rule 144A Global Note''). Notes sold outside the United States in reliance on Regulation S will initially be represented by a global note in registered form without interest coupons attached (the ''Regulation S Global Note'' and, together with the Rule 144A Global Note, the ''Global Notes''). The Global Notes will be deposited, on the closing date, with, or on behalf of, a common depositary and registered in the name of the nominee of the common depositary for the accounts of Euroclear and Clearstream.

Except as set forth below, the Notes will be issued in registered global form in minimum denominations of £100,000 and integral multiples of £1,000 thereof (in the case of the Fixed Rate Notes) and in minimum denominations of €100,000 and integral multiples of €1,000 thereof (in the case of the Floating Rate Notes).

Ownership of interests in the Rule 144A Global Note (the ''Rule 144A Book-Entry Interests'') and ownership of interests in the Regulation S Global Note (the ''Regulation S Book-Entry Interests'' and, together with the Rule 144A Book-Entry Interests, the ''Book-Entry Interests'') will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that hold interests through such participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. Except under the limited circumstances described below, Book-Entry Interests will not be issued in definitive form.

Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream and their participants. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of those securities in definitive form. The foregoing limitations may impair your ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, holders of Book-Entry Interests will not be considered the owners or ''holders'' of Notes for any purpose.

So long as the Notes are held in global form, the common depositary for Euroclear and/or Clearstream (or its nominees), as applicable, will be considered the sole holders of the Global Notes for all purposes under the Indenture. In addition, participants must rely on the procedures of Euroclear and Clearstream, and indirect participants must rely on the procedures of Euroclear and Clearstream and the participants through which they own Book-Entry Interests, to transfer their interests or to exercise any rights of holders of Notes under the Indenture.

None of us, the Paying Agent, the Transfer Agent, the Registrar, the Calculation Agent or the Trustee will have any responsibility, or be liable, for any aspect of the records relating to the Book-Entry Interests.

Definitive Registered Notes

Under the terms of the Indenture, owners of the Book-Entry Interests will receive definitive registered Notes in certificated form (''Definitive Registered Notes'') only:

(1) if either Euroclear or Clearstream notifies us that it is unwilling or unable to continue to act as depositary and a successor depositary is not appointed by the Issuer within 120 days; or

(2) if the owner of a Book-Entry Interest requests such exchange in writing delivered through Euroclear or Clearstream following an event of default under the Indenture and enforcement action is being taken in respect thereof under the Indenture.

In such an event, the Issuer will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of Euroclear, Clearstream or us, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend as provided in the Indenture, unless that legend is not required by the Indenture or applicable law.

To the extent permitted by law, we, the Trustee, the Paying Agent, the Transfer Agent and the Registrar shall be entitled to treat the registered holder of any Global Note as the absolute owner thereof and no person will be liable for treating the registered holder as such. Ownership of the Global Notes will be evidenced through registration from time to time at the registered office of the Issuer, and such registration is a means of evidencing title to the Notes.

We will not impose any fees or other charges in respect of the Notes; however, owners of the Book-Entry Interests may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear and Clearstream.

Redemption of the Global Notes

In the event that any Global Note (or any portion thereof) is redeemed, Euroclear and/or Clearstream, as applicable, will redeem an equal amount of the Book-Entry Interests in such Global Note from the amount received by them in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by Euroclear and Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). We understand that, under the existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their participants' accounts on a proportionate basis (with adjustments to prevent fractions), by lot or on such other basis as they deem fair and appropriate (including the pool factor); provided, however, that no Book-Entry Interest of less than £100,000 or €100,000, as applicable, principal amount may be redeemed in part.

Payments on Global Notes

We will make payments of any amounts owing in respect of the Global Notes (including principal, premium, if any, interest and Additional Amounts, if any) to the Paying Agent for onward payment to Euroclear and Clearstream which will distribute such payments to participants in accordance with their customary procedures. We will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under ''*Description of the Notes—Additional Amounts.*'' If any such deduction or withholding is required to be made, then, to the extent described under ''*Description of the Notes—Additional Amounts*'' we will pay Additional Amounts as may be necessary in order for the net amounts received by any holder of the Global Notes or owner of Book-Entry Interests after such deduction or withholding will equal the net amounts that such holder or owner would have otherwise received in respect of such Global Note or Book-Entry Interest, as the case may be, absent such withholding or deduction. We expect that standing customer instructions and customary practices will govern payments by participants to owners of Book-Entry Interests held through such participants.

Under the terms of the Indenture, we, the Trustee, the Registrar, the Transfer Agent and the Paying Agents will treat the registered holders of the Global Notes (i.e., the common depositary for Euroclear or Clearstream (or its nominee)) as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, none of us, the Trustee, the Paying Agent, the Transfer Agent, the Registrar or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest, for any such payments made by Euroclear or Clearstream or any participant or indirect participant or for maintaining, supervising or reviewing the records of Euroclear or Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest;
- any other matters relating to the actions and practices of Euroclear, Clearstream or any participant or indirect participant; or
- the records of the common depositary.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants.

Currency of Payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Global Notes will be paid to holders of interests to such Notes through Euroclear or Clearstream in pounds sterling in the case of the Fixed Rate Notes and in euros in the case of the Floating Rate Notes.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised us that they will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described above) only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, Euroclear and Clearstream, at the request of the holders of the Notes, reserve the right to exchange the Global Notes for Definitive Registered Notes and to distribute such Definitive Registered Notes to their participants.

Transfers

Transfers between participants in Euroclear or Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a holder of Notes requires physical delivery of Definitive Registered Notes for any reason, including to sell Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder of Notes must transfer its interests in the Global Notes in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the procedures set forth in the Indenture.

The Global Notes will bear a legend to the effect set forth under ''*Transfer Restrictions*.'' Book Entry Interests in the Global Notes will be subject to the restrictions on transfers and certification requirements discussed under ''*Transfer Restrictions*.''

Transfers of Rule 144A Book-Entry Interests to persons wishing to take delivery of Rule 144A Book-Entry Interests will at all times be subject to such transfer restrictions.

Rule 144A Book-Entry Interests may be transferred to a person who takes delivery in the form of a Regulation S Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the U.S. Securities Act or any other exemption (if available under the U.S. Securities Act).

Regulation S Book-Entry Interests may be transferred to a person who takes delivery in the form of a Rule 144A Book-Entry Interest only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a ''qualified institutional buyer'' within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under ''*Transfer Restrictions*'' and in accordance with any applicable securities laws of any other jurisdiction.

In connection with transfers involving an exchange of a Regulation S Book-Entry Interest for a Rule 144A Book-Entry Interest, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under ''*Description of the Notes—Transfer and Exchange*'' and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See ''*Transfer Restrictions*.''

Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information Concerning Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of Euroclear and Clearstream, as applicable. We have provided the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of the settlement system are controlled by the settlement system and may be changed at any time. Neither we nor the Initial Purchasers are responsible for those operations or procedures.

We understand as follows with respect to Euroclear and Clearstream: Euroclear and Clearstream hold securities for participating organizations. They facilitate the clearance and settlement of securities transactions between their participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the Euroclear and/or Clearstream system, or otherwise take actions in respect of such interest, may be limited by the lack of a definitive certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such persons may be limited. In addition, owners of beneficial interests through the Euroclear or Clearstream systems will receive distributions attributable to the Rule 144A Global Notes only through Euroclear or Clearstream participants.

Global Clearance and Settlement under the Book-Entry System

The Notes represented by the Global Notes are expected to be listed on the Official List of the Irish Stock Exchange and admitted for trading on the Global Exchange Market thereof. Transfers of interests in the Global Notes between participants in Euroclear or Clearstream will be effected in the ordinary way in accordance with their respective system's rules and operating procedures.

Although Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in Euroclear or Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar, the Calculation Agent or the Paying Agent will have any responsibility for the performance by Euroclear, Clearstream or their participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Initial Settlement

Initial settlement for the Notes will be made in pounds sterling and euros. Book-Entry Interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional bonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

The Book-Entry Interests will trade through participants of Euroclear and Clearstream and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

CERTAIN TAX CONSIDERATIONS

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences, under the tax laws of the country in which they are resident, of a purchase of Notes including, without limitation, the consequences of receipt of interest and premium, if any, on and sale or redemption of, the Notes or any interest therein.

References in this discussion to Notes acquired, owned, held or disposed of by noteholders include, except where otherwise expressly stated, the Book-Entry Interests held by purchasers in the Notes in global form deposited with, and registered in the name of the nominee for, the common depositary for Euroclear and/or Clearstream.

United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Company's understanding of current United Kingdom law and published HM Revenue and Customs practice relating only to the United Kingdom withholding tax treatment of payments of interest in respect of Notes. The following is not exhaustive and does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective noteholders depends on their individual circumstances and may be subject to change in the future. Prospective noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payment of interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a ''recognized stock exchange'' within the meaning of section 1005 of the Income Tax Act 2007 (the ''Act''). The Irish Stock Exchange is a recognized stock exchange. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Global Exchange Market of the Irish Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HM Revenue and Customs (''HMRC'') has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a noteholder, HMRC can issue a notice to the Issuer to pay interest to the noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

If a Guarantor makes any payment in respect of interest on the Notes (or in respect of other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) such payments may be subject to withholding on account of United Kingdom tax, subject to such relief as may be available under the provisions of any applicable double tax treaty or any other relief that may apply. Such payments by a Guarantor may not, however, be eligible for the exemptions from the obligation to withhold tax described in the paragraphs above.

Any premium payable on redemption may be treated as a payment of interest for United Kingdom tax purposes and may accordingly be subject to the withholding tax treatment described above.

Interest on the Notes constitutes United Kingdom source income for tax purposes. Accordingly, and subject to exceptions applying to various categories of investors (including, in particular, exceptions applying to persons not resident in the United Kingdom), investors may be subject to United Kingdom tax by direct assessment on such payments of interest even where paid without withholding.

HMRC has powers, in certain circumstances, to obtain information about: payments derived from securities (whether income or capital); certain payments of interest (including the amount payable on the redemption of a deeply discounted security); and securities transactions.

The persons from whom HMRC can obtain information include: a person who receives (or is entitled to receive) a payment derived from securities; a person who makes such a payment (received from, or paid on behalf of another person); a person by or through whom interest is paid or credited; a person who effects or is a party to securities transactions (which includes an issue of securities) on behalf of others; registrars or administrators in respect of securities transactions; and each registered or inscribed holder of securities.

The information HMRC can obtain includes: details of the beneficial owner of securities; details of the person for whom the securities are held, or the person to whom the payment is to be made (and, if more than one, their respective interests); information and documents relating to securities transactions; and, in relation to interest paid or credited on money received or retained in the United Kingdom, the identity of the security under which interest is paid. HMRC is generally not able to obtain information (under its power relating solely to interest) about a payment of interest to (or a receipt for) a person that is not an individual. This limitation does not apply to HMRC's power to obtain information about payments derived from securities.

HMRC has indicated that it will not use its information-gathering power on interest to obtain information about amounts payable on the redemption of deeply discounted securities which are paid before April 6, 2014.

In certain circumstances the information which HMRC has obtained using these powers may be exchanged with tax authorities in other jurisdictions.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). However, during that transitional period, withholding will not apply under the directive to a payment if the beneficial owner of that payment authorizes exchange of information instead.

A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from January 1, 2015, in favor of automatic information exchange under the Directive.

Stamp Duty and Stamp Duty Reserve Tax ("SDRT")

No United Kingdom stamp duty or SDRT is payable on the issue of the Notes or on a transfer of the Notes.

United States Taxation

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE ("IRS") CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR

MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of certain U.S. federal income tax considerations relevant to U.S. Holders and Non-U.S. Holders (each as defined below) acquiring, holding and disposing of Notes. This summary addresses only the U.S. federal income tax considerations for persons who purchase the Notes for cash at their issue price (as defined below) that will hold the Notes as capital assets (generally, property held for investment). This summary is based on the U.S. Internal Revenue Code of 1986 (the ''Code''), final, temporary and proposed U.S. Treasury regulations, administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect.

This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organizations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes; (ix) U.S. Holders that have a functional currency other than the U.S. dollar; and (x) U.S. expatriates and former long-term residents of the United States, all of whom may be subject to tax rules that differ significantly from those summarized below. This summary does not address U.S. federal estate, gift, alternative minimum tax considerations or the Medicare tax on net investment income, or non-U.S., state or local tax considerations.

For the purposes of this summary, a ''U.S. Holder'' is a beneficial owner of Notes that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organized under the laws of, the United States or any state thereof, including the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source or (iv) a trust the administration of which is subject to the primary supervision of a U.S. court and which has one or more United States persons who have the authority to control all substantial decisions of the trust. A ''Non-U.S. Holder'' is a beneficial owner of Notes that is not a U.S. Holder or a partnership for U.S. federal income tax purposes.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) is an owner of Notes, the treatment of a partner in the partnership generally will depend on the status of the partner and upon the activities of the partnership. Partnerships holding Notes and the partners therein should consult their tax advisors regarding the tax consequences to them of holding the Notes.

U.S. Holders

Payments of Interest

Payments of stated interest on a Note (without reduction for any amounts withheld and including payments of any Additional Amounts) will be taxable to a U.S. Holder as ordinary income at the time it is received or accrued, in accordance with the holder's method of accounting for tax purposes. The amount of income recognized by a cash basis U.S. Holder will be the U.S. dollar value of the interest payment, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. An accrual basis U.S. Holder may determine the amount of income recognized with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a U.S. Holder, the part of the period within the taxable year). Under the second method, the U.S. Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the taxable year. Additionally, if a payment of interest is received within five business days of the last day of the accrual period, an electing accrual basis U.S. Holder may instead translate the accrued interest into U.S. dollars at the exchange rate in effect on the day of receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the U.S. Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of an interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in a foreign currency, an accrual basis U.S. Holder will recognize U.S. source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into U.S. dollars at the spot rate on the date of receipt) and the amount previously accrued (as determined above), regardless of whether the payment is in fact converted into U.S. dollars. Interest paid by the Issuer on the Notes (without reduction for any amounts withheld) and payments of any Additional Amounts will generally constitute income from sources outside the United States.

Sale or Other Disposition of Notes

Generally, upon the sale, exchange or redemption of a Note, a U.S. Holder will recognize taxable gain or loss equal to the difference between the amount realized on the sale, exchange, or redemption (less any amount attributable to accrued but unpaid interest not previously included in income, which will be taxable as such) and such U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note will generally equal the cost of such Note to such U.S. Holder reduced by the amount of any payments made with respect to the Note that are not qualified stated interest payments. A U.S. Holder's tax basis in a Note will be determined by reference to the U.S. dollar cost of the Note. The U.S. dollar cost of a Note purchased with a foreign currency will generally be the U.S. dollar value of the purchase price on the date of purchase.

Except to the extent attributable to accrued but unpaid interest or changes in exchange rates, gain or loss recognized on the sale or other disposition of a Note will generally be capital gain or loss and will be long term capital gain or loss if at the time of sale or other disposition the Note has been held by such U.S. Holder for more than one year, and will generally be treated as from U.S. sources for purposes of the U.S. foreign tax credit limitation. The amount realized on a sale or other disposition for an amount in foreign currency will be the U.S. dollar value of this amount on the date of sale or other disposition or, in the case of Notes traded on an established securities market, as defined in the applicable U.S. Treasury regulations, if sold by a cash basis U.S. Holder (or an accrual basis U.S. Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis U.S. Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. In the case of a U.S. Holder that is an individual, estate or trust, the maximum marginal U.S. federal income tax rate applicable to long term capital gains is currently lower than the maximum marginal rate applicable to ordinary income. The deductibility of capital losses is subject to significant limitations.

Gain or loss recognized by a U.S. Holder on the sale or other disposition of a Note that is attributable to changes in exchange rates will be treated as U.S. source ordinary income or loss. Gain or loss attributable to changes in exchange rates generally will equal the difference, if any, between the U.S. dollar value of the U.S. Holder's foreign currency purchase price for the Note, determined at the spot rate on the date the U.S. Holder disposes of the Note (or on the settlement date, if the Notes are then traded on an established securities market and the holder is either a cash basis U.S. Holder or an electing accrual basis U.S. Holder) and the U.S. dollar value of the U.S. Holder's purchase price for the Note, determined at the spot rate on the date the U.S. Holder purchased such Note. In addition, upon the sale, exchange, redemption, retirement or other taxable disposition of a Note, a U.S. Holder may realize exchange gain or loss attributable to amounts received with respect to accrued and unpaid stated interest, which will be treated as discussed above under ''—*Payments of Interest*.'' However, exchange gain or loss (including with respect to accrued interest) is taken into account only to the extent of total gain or loss realized on the transaction.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or other disposition of a Note will generally have a tax basis equal to its U.S. dollar value at the time the interest is received or at the time of the sale or other disposition. Foreign currency that is purchased will generally have a tax basis equal to the U.S. dollar value of the foreign currency on the date of purchase. Any gain or loss recognized on a sale or other disposition of a foreign currency (including its use to purchase Notes or an exchange for U.S. dollars) will be U.S. source ordinary income or loss.

Non-U.S. Holders

A Non-U.S. Holder generally should not be subject to U.S. federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-U.S. Holder of a trade or business in the United States (and, if an income tax treaty requires, such items are attributable to the conduct of a trade or business through a permanent establishment or fixed base in the United States) or (ii) in the case of any gain realized on the sale, redemption or other disposition of a Note by an individual Non-U.S. Holder, that holder is present in the United States for 183 days or more in the taxable year of the sale, redemption or other disposition and certain other conditions are met.

Backup Withholding and Information Reporting

In general, payments of principal and interest on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a U.S. Holder by a U.S. paying agent or other U.S. intermediary will be reported to the IRS and to the U.S. Holder as may be required under applicable regulations. Backup withholding will apply to these payments if the U.S. Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise fails to comply with the applicable backup withholding requirements. Certain U.S. Holders are not subject to backup withholding.

Certain U.S. Holders may be required to report to the IRS certain information with respect to their beneficial ownership of the Notes not held through an account with a financial institution. Investors who fail to report required information could be subject to substantial penalties.

In general, payments of principal and interest on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a Non-U.S. Holder by a U.S. paying agent or other U.S. intermediary will not be subject to backup withholding tax and information reporting requirements if an appropriate certification (IRS Form W-8BEN or other appropriate form) is provided by the Non-U.S. Holder to the payor and the payor does not have actual knowledge that the certificate is false.

Disclosure Requirements

U.S. Treasury regulations meant to require the reporting of certain tax shelter transactions (''Reportable Transactions'') could be interpreted to cover transactions generally not regarded as tax shelters, including certain foreign currency transactions. Under the Treasury regulations, certain transactions with respect to the Notes may be characterized as Reportable Transactions including, in certain circumstances, a sale, exchange, retirement or other taxable disposition of a Note. Persons considering the purchase of Notes should consult with their tax advisors to determine the tax return obligations, if any, with respect to an investment in the Notes, including any requirement to file IRS Form 8886 (Reportable Transaction Disclosure Statement).

German Taxation

The following is a general discussion of certain German tax consequences of the acquisition, holding and disposal of the Notes. It does not purport to be a comprehensive description of all German tax considerations that may be relevant to a decision to purchase Notes (e.g., tax considerations concerning non-resident holders presenting Notes for an over-the-counter payment (*Tafelgeschäft*) to a German Disbursing Agent (as defined below)), and, in particular, does not consider any specific facts or circumstances that may apply to a particular purchaser. This summary is based on the tax laws of Germany currently in force and as applied on the date of this offering memorandum, which are subject to change, possibly with retroactive or retrospective effect.

Prospective purchasers of the Notes are advised to consult their own tax advisors as to the tax consequences of the purchase, ownership and disposition of the Notes, including the effect of any state, local or church taxes, under the tax laws of Germany and any country of which they are resident or whose tax laws apply to them for other reasons.

Taxation of Current Income and Capital Gains

Tax Residents

This subsection ''*Tax Residents*'' refers to persons who are tax residents of Germany (i.e., persons whose residence, habitual abode, statutory seat, or place of effective management and control is located in Germany).

Income derived from capital investments under the Notes as well as capital gains (which include currency gains and losses, if any) from the disposal, redemption, repayment or assignment of the Notes held by an individual holder who is tax resident in Germany are in general subject to German income tax at a flat-tax rate of 25% (plus solidarity surcharge and, where applicable, church tax thereon) (*Abgeltungsteuer*) if the Notes are held as private investment (*Privatvermögen*). Individual holders who are tax resident in Germany are entitled to a maximum annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly); actually incurred higher expenses directly attributable to a capital investment are not deductible.

The personal income tax liability of an individual holder who is tax resident in Germany on income from capital investments under the Notes will, in principle, be settled by the tax withheld (as described under section ''*Withholding Tax*'' below). To the extent withholding tax has not been levied, such as in the case of Notes kept in custody abroad or, if no Disbursing Agent is involved in the payment process, the individual holder must include his or her income and capital gains derived from the Notes in his or her annual tax return and will then also be taxed at a rate of 25% (plus solidarity surcharge and, where applicable, church tax thereon). Further, an individual holder may apply for a taxation of all investment income of a given year at his or her lower individual tax rate based upon an assessment to tax with any amounts over-withheld being refunded. In each case, the deduction of expenses (other than transaction costs) on an itemized basis is not permitted.

Losses incurred with respect to the Notes can only be offset with investment income of the individual holder realized in the same or following years. Pursuant to a tax decree issued by the German Federal Ministry of Finance dated October 9, 2012 losses from bad debts (*Forderungsausfall*) or a waiver of a receivable (*Forderungsverzicht*) to the extent the waiver does not qualify as a hidden capital contribution shall not be treated as a disposal. Accordingly, losses incurred from bad debts and waivers shall not be tax-deductible if the Notes are held as private investment (*Privatvermögen*). The same rules should be applicable according to the said tax decree, if the Notes expire worthless so that losses may not be tax-deductible at all. Losses suffered in a sale of Notes will only be recognized according to the view of the tax authorities, if the proceeds received in the sale exceed the respective transaction costs.

Where Notes form part of a trade or business of an individual or corporate holder or the income from the Notes qualifies as income from the letting and leasing of property, the withholding tax, if any, will not settle the personal or corporate income tax liability. Rather, the income is subject to individual or corporate income tax (plus solidarity surcharge and, where applicable, church tax). Where Notes form part of a trade or business, interest (paid or accrued) must be taken into account as income. The respective holder will have to include income and related (business) expenses in the annual tax return and the balance will be taxed at the holder's applicable tax rate. Withholding tax levied, if any, will be credited as advance payment against the personal or corporate income tax liability of the holder or, to the extent exceeding this personal or corporate income tax liability, will be refunded. Where Notes form part of a German trade or business the current income and gains from the disposal, redemption, repayment or assignment of the Notes may also be subject to German trade tax. The trade tax liability depends on the municipal trade tax factor (*Gewerbesteuerhebesatz)*. If the holder is an individual or an individual partner of a partnership, the trade tax may generally be completely or partly credited against the personal income tax pursuant to a lump sum tax credit method.

Non-Tax Residents

Interest, including accrued interest, and capital gains (which include currency gains and losses, if any) from the disposal, redemption, repayment or assignment of the Notes received by holders who are not tax-resident in Germany (*i.e.*, holders whose residence, habitual abode, statutory seat and place of effective management and control is not located in Germany) are generally not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder or (ii) the income otherwise constitutes German source income. Among other things, interest payments under the Notes would be considered German-source income if the Notes were secured by German real estate, unless the Notes (x) are registered in a public debt register (*öffentliches Schuldbuch*), (y) a global note (*Sammelurkunde*) has been issued to evidence the Notes, or (z) qualify as fungible notes representing the same issue (*Teilschuldverschreibungen*) for German tax purposes. In cases (i) and (ii) above a tax regime similar to that explained above under subsection ''—*Tax Residents*'' applies save that a deduction of expenses incurred by the non-resident Noteholder may be limited to €801 even if the Notes form part of a trade or business. Subject to certain requirements a holder who is not tax-resident in Germany may benefit from tax reductions or tax exemptions provided by an applicable tax treaty.

Withholding Tax

Ongoing payments received by an individual holder of the Notes who is a German tax resident will be subject to German withholding tax if the Notes are kept or administered in a custodial account with a German branch of a German or non-German bank or financial services institution, a German securities trading company or a German securities trading bank (each, a ''Disbursing Agent,'' *auszahlende Stelle*). The tax rate is 25% (plus solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%). Individuals subject to church tax may apply in writing for church tax to be levied by way of withholding also. Absent such application, such individuals have to include their investment income in their income tax return and will then be assessed to church tax. For Disbursing Agents, an electronic information system for church withholding tax purposes will apply in relation to investment income received after December 31, 2014, with the effect that church tax will be collected by the Disbursing Agent by way of withholding, unless the holders has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the holders will be assessed to church tax.

The same treatment applies to capital gains (i.e., the difference between the proceeds from the disposal, redemption, repayment or assignment after deduction of expenses directly related to the disposal, redemption, repayment or assignment and the cost of acquisition, taking into account currency gains and losses, if any) derived by an individual holder who is a German resident irrespective of any holding period, provided the Notes have been held in a custodial account with the same Disbursing Agent since the time of their acquisition. If interest coupons or interest claims are disposed of separately (i.e., without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the sale or redemption of interest coupons or interest claims if the Notes have been disposed of separately.

To the extent the Notes have not been kept in a custodial account with the same Disbursing Agent since the time of their acquisition, upon the disposal, redemption, repayment or assignment withholding tax applies at a rate of 25% (plus solidarity surcharge at a rate of 5.5% thereon, the total withholding being 26.375%, plus church tax, if applicable) on 30% of the disposal proceeds (plus interest accrued on the Notes (*Stückzinsen*), if any), unless the Disbursing Agent has been provided with evidence of the actual acquisition costs of the Notes by the previous Disbursing Agent or by a statement of a bank or financial services institution within the European Economic Area or certain other countries in accordance with Art. 17 para. 2 of the Council Directive 2003/48/EC dated June 3, 2003 on the Taxation of Savings Income in the form of interest payments (the ''EU Savings Tax Directive'') (e.g., Switzerland or Andorra). If the withholding tax on a disposal, redemption, repayment or assignment of the Notes has been calculated on the basis of 30% of the disposal proceeds (rather than from the actual gain), a German tax resident individual holder may and in case the actual gain is higher than 30% of the disposal proceeds must also apply for an assessment on the basis of his or her actual acquisition costs.

In computing any German withholding tax, the Disbursing Agent may generally deduct from the basis of the withholding tax negative investment income realized by the individual holder of the Notes via the Disbursing Agent (e.g., losses from the sale of other securities with the exception of shares). The Disbursing Agent may also deduct accrued interest on the Notes or other securities paid separately upon the acquisition of the respective security via the Disbursing Agent. In addition, subject to certain requirements and restrictions the Disbursing Agent may credit foreign withholding taxes levied on investment income in a given year regarding securities held by the individual holder in the custodial account with the Disbursing Agent.

Upon the individual holder filing an exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, the Disbursing Agent will take a maximum annual allowance (*Sparer-Pauschbetrag*) of €801 (€1,602 for married couples filing jointly) into account when computing the amount of tax to be withheld from the gross payment to be made by the Disbursing Agent. No withholding tax will be deducted if the holder of the Notes has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the competent local tax office.

German withholding tax will generally not apply to gains from the disposal, redemption, repayment or assignment of Notes held by a corporate holder who is a German resident (including via a commercial partnership, as the case may be, and provided that in the case of corporations of certain legal forms the status of corporation has been evidenced by a certificate of the competent tax office) while ongoing payments, such as interest payments, are subject to withholding tax (irrespective of any deductions of foreign tax and losses incurred). The same may apply where the Notes form part of a trade or business (of an individual or of a commercial partnership) subject to further requirements being met.

Non-residents of Germany are, in general, not subject to German withholding tax on investment income and the solidarity surcharge thereon. However, where the investment income is subject to German taxation (as described above under subsection ''—*Non-Tax Residents*'') and the Notes are held in a custodial account with a Disbursing Agent, withholding tax will be levied under certain circumstances. The withholding tax may be refunded based on an assessment to tax or under an applicable tax treaty.

Inheritance and Gift Tax

A gratuitous transfer of Notes by reason of death or as a gift will be subject to German inheritance or gift tax if the decedent or donor or the heir, donee or other beneficiary is at the time of the transfer a resident or deemed to be a resident of Germany. If neither the holder nor the recipient is a resident or deemed to be a resident of Germany at the time of the transfer, no German inheritance or gift taxes will be levied unless the Notes are attributable to a German trade or business for which a permanent establishment is maintained or a permanent representative has been appointed in Germany. Exceptions from this rule apply to certain German citizens who previously maintained a residence in Germany.

Other Taxes

No stamp, issue or registration taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany. Holders of the Notes should clarify themselves (or with their tax advisors) whether church tax is payable as set out above.

The European Commission and certain EU member states (including Germany) are currently intending to introduce a financial transaction tax (''FTT'') (presumably on secondary market transactions involving at least one financial intermediary). It is currently proposed that the FTT should be introduced in the participating EU member states on January 1, 2014. If the FTT is introduced, transfers of Notes in which a financial intermediary established or deemed established in a participating member state is involved may be subject to FTT at a rate that will be determined separately by each participating member state.

EU Savings Directive

By legislative regulations dated January 26, 2004, the German Federal Government enacted provisions implementing the information exchange on the basis of EU Savings Directive.

Polish Taxation

Polish tax law provides withholding on payments made to foreign tax resident corporate income tax payers only concerning a number of specific types of payments (the ''Withholdable Payments'').

Withholdable Payments do not include payments made by a guarantor under its obligation resulting from the guarantee. However, if the guarantee covers the payment of one or more Withholdable Payments, there is a risk that the tax authorities may consider that the payment under the guarantee should be treated in the same way as a payment of the Withholdable Payment(s). Consequently, there is a risk that if the Polish Guarantor makes a payment which covers interest, the Polish tax authorities will consider that the part of the payment which relates to the interest is subject to Polish withholding tax.

Under domestic tax regulations, withholding tax on interest is subject to 20%; however, a lower rate of full exemption could apply, for example, under the relevant double tax treaty.

CERTAIN ERISA CONSIDERATIONS

Unless otherwise provided in any supplement to this offering memorandum, the Notes should be eligible for purchase by employee benefit plans and other plans subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (''ERISA''), and/or the provisions of Section 4975 of the Code and by governmental, church and non-U.S. plans that are subject to state, local, other federal law of the United States or non-U.S. law that is substantially similar to ERISA or the Code (''Similar Law'') subject to consideration of the issues described in this section. ERISA imposes certain requirements on ''employee benefit plans'' (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, ''ERISA Plans''), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan's particular circumstances and all of the facts and circumstances of the investment including, but not limited to, the matters discussed under ''*Risk Factors*.''

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the ''Plans'')) and certain persons (referred to as ''parties in interest'' or ''disqualified persons'') having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including a Plan fiduciary, who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Issuer, the Guarantors, the Trustee, the Paying Agent, the Transfer Agent, the Registrar, the Initial Purchasers or any other party to the transactions referred to in this offering memorandum may be parties in interest or disqualified persons with respect to many Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the Notes is acquired or held by a Plan, including but not limited to where the Issuer, the Guarantors, the Trustee, the Paying Agent, the Transfer Agent, the Registrar, the Initial Purchasers or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of Plan fiduciary making the decision to acquire any Notes and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption (''PTCE'') 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective investors should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any Notes.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to Similar Law. Fiduciaries of any such plans should consult with their counsel before purchasing the Notes to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

In addition, the U.S. Department of Labor has promulgated a regulation, 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA (the ''Plan Asset Regulation''), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of certain provisions of

ERISA, including the fiduciary responsibility provisions of Title I of ERISA, and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in an equity interest of an entity that is neither a publicly-offered security nor a security issued by an investment company registered under the United States Investment Company Act of 1940, the Plan's assets include both the equity interest and an undivided interest in each of the entity's underlying assets, unless one of the exceptions to such treatment described in the Plan Asset Regulation applies. Under the Plan Asset Regulation, a security which is in the form of debt may be considered an equity interest if it has substantial equity features. If the Group was deemed under the Plan Asset Regulation to hold plan assets (as defined in Section 3(42) of ERISA or any applicable Similar Law, ''Plan Assets'') by reason of a Plan's investment in any of the Notes, such Plan Assets would include an undivided interest in the assets held by the Group and transactions by the Group would be subject to the fiduciary responsibility provisions of Title I of ERISA and the prohibited transaction provisions of ERISA and Section 4975 of the Code. The Plan Asset Regulation provides, however, that if equity participation in any entity by ''Benefit Plan Investors'' is not significant, then the ''look-through'' rule will not apply to such entity. The term ''Benefit Plan Investors'' is defined in the Plan Asset Regulation to include (1) any employee benefit plan (as defined in Section 3(3) of ERISA) subject to Title I of ERISA, (2) any plan described in Section 4975(e)(1) of the Code, and (3) any entity whose underlying assets include Plan Assets by reason of any such employee benefit plan or plan's investment in the entity. Equity participation by Benefit Plan Investors in any entity is significant if, immediately after the most recent acquisition of any equity interest in the entity, 25% or more of the value of any class of equity interests in the entity (excluding the value of any interests held by certain persons, other than Benefit Plan Investors, exercising control over the assets of the entity or providing investment advice to the entity for a fee or any affiliates of such persons) is held by Benefit Plan Investors. If, as a result of any investment, 25% or more of the value of any class of equity interests in the Issuer is being held by Benefit Plan Investors, the applicable Notes may be redeemed by the Issuer. While there is little pertinent authority in this area and no assurance can be given, the Issuer believes that the Notes should not be treated as equity interests for the purposes of the Plan Asset Regulation and, therefore, the Plan Asset Regulation should not apply and any such redemptions would not be necessary.

Accordingly, except as otherwise provided in any supplement to this offering memorandum, each purchaser and subsequent transferee of any Notes will represent and warrant, on each day from the date on which the purchaser or transferee acquires such Notes (or any interest therein) through and including the date on which the purchaser or transferee disposes of such Notes (or any interest therein), either that (a) it is not a Plan or any entity whose underlying assets include, or are deemed for purposes of ERISA or the Code to include, Plan Assets or a governmental, church or non-U.S. plan which is subject to any Similar Law or (b) its acquisition, holding and disposition of such Notes (or any interest therein) will not constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental, church or non-U.S. plan subject to Similar Law, a violation of any Similar Law) for which an exemption is not available.

Each Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the Notes should determine whether, under the documents and instruments governing the Plan, an investment in such Notes is appropriate for the Plan, taking into account the overall investment policy of the Plan and the composition of the Plan's investment portfolio. Any Plan proposing to invest in such Notes (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any Similar Law).

The sale of any Notes to a Plan is in no respect a representation by the Issuer, the Guarantors, the Trustee, the Paying Agent, the Transfer Agent, the Registrar, the Initial Purchasers or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Any further ERISA considerations with respect to the Notes may be found in the relevant supplement.

PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the Purchase Agreement, each Initial Purchaser named below has severally agreed to purchase, and the Issuer has agreed to sell to each Initial Purchaser, the principal amount of the Notes set forth opposite the Initial Purchaser's name.

Initial Purchaser	Principal Amount of Fixed Rate Notes	Principal Amount of Floating Rate Notes
Goldman Sachs International	£150,000,000	€145,000,000
Morgan Stanley & Co. International plc	£90,000,000	€87,000,000
Lloyds TSB Bank plc	£60,000,000	€58,000,000
Total	**£300,000,000**	**€290,000,000**

The Purchase Agreement provides that the obligations of the Initial Purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by counsel.

The Initial Purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering, the offering price and other selling terms of the Notes may from time to time be varied by the Initial Purchasers without notice.

Persons who purchase Notes from the Initial Purchasers may be required to pay stamp duty, taxes and other charges in accordance with the laws and practice of the country of purchase in addition to the offering price set forth on the cover page hereof. Sale of the Notes may be made through affiliates of the Initial Purchasers or through registered broker-dealers.

The Purchase Agreement provides that we will indemnify and hold harmless the Initial Purchasers against certain liabilities, including liabilities under the U.S. Securities Act, and will contribute to payments that the Initial Purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, not to offer, sell, contract to sell or otherwise dispose of, except as provided under the Purchase Agreement, any debt securities of, or guaranteed by, us that are substantially similar to the Notes during the period from the date of the Purchase Agreement through and including the date 90 days after the date of the Purchase Agreement.

The Notes and Guarantees have not been and will not be registered under the U.S. Securities Act. The Initial Purchasers have agreed that they will only offer or sell the Notes (i) in the United States to ''qualified institutional buyers'' in accordance with Rule 144A, and (ii) outside the United States in offshore transactions in accordance with Regulation S. Terms used in this paragraph have the meanings given to them by Rule 144A and Regulation S. Any offer or sale of the Notes in the United States in reliance on Rule 144A will be made by broker-dealers who are registered as such under the U.S. Exchange Act. Until 40 days after the later of (i) the commencement of this Offering and (ii) the issue date of the Notes, an offer or sale of the Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Terms used in this paragraph have meanings given to them by Regulation S. Resales of the Notes are restricted as described under ''*Transfer Restrictions*.''

Each Initial Purchaser has represented, warranted and agreed with us that:

(1) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity, within the meaning of Section 21 of the FSMA, received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to us, and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the Offering, the distribution of this offering memorandum and resale of the Notes. See ''*Transfer Restrictions*.''

The Issuer and the Guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(a)(2) of the U.S. Securities Act or the safe harbor of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. We have applied, through our listing agent, for the Notes to be admitted to the Official List of the Irish Stock Exchange and to be admitted for trading on the Global Exchange Market thereof, however, we cannot assure you that the Notes will be approved for listing or that such listing will be maintained.

The Initial Purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the Initial Purchasers without notice. In addition, any such market-making activity will be subject to the limits imposed by the U.S. Securities Act and the U.S. Exchange Act, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favorable to you. See ''*Risk Factors—Risks Relating to the Notes and the Guarantees—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*.''

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be five business days (as such term is used for purposes of Rule 15c6-1 of the U.S. Exchange Act) following the date of pricing of the Notes (this settlement cycle is being referred to as ''T+5''). Under Rule 15c6-1 of the U.S. Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the next successive business day will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the Offering, the Stabilizing Manager, or persons acting on its behalf, may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilize the price of the Notes. The Stabilizing Manager, or persons acting on its behalf, may also over allot the Offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilizing Manager, or persons acting on its behalf, may bid for and purchase Notes in market-making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilize or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilizing Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. See ''*Risk Factors—Risks Relating to the Notes and the Guarantees—There may not be an active trading market for the Notes, in which case your ability to sell the Notes may be limited*.''

The Initial Purchasers may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the U.S. Exchange Act.

The proceeds from the issuance of the Notes in this Offering will be used for the Vue Acquisition purchase price, to repay the Existing Bank Facility, drawings under the existing working capital facility and Vue existing shareholder loan notes, for the Multikino Acquisition purchase price and certain of the existing borrowings of Multikino. Lloyds TSB Bank plc is a lender and provides hedging in connection with the Existing Bank Facility. Lloyds TSB Bank plc is acting as arranger, facility agent and security agent for our Revolving Credit Facility. Certain of the Initial Purchasers may enter into hedging arrangements in connection with the Revolving Credit Facility.

In addition, Goldman Sachs International or its respective affiliates, has acted as financial and M&A advisor to OPE and AIMCo and Morgan Stanley & Co. International plc or its respective affiliates, has acted as financial and M&A advisor to Doughty Hanson in connection with the Vue Acquisition.

One or more of the Initial Purchasers may sell through affiliates or other appropriately licensed entities for sales of the Notes in jurisdictions where they are otherwise not permitted.

TRANSFER RESTRICTIONS

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act or any state securities laws and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and to non-U.S. persons outside the United States in offshore transactions in reliance on Regulation S.

We have not registered and will not register the Notes or the Guarantees under the U.S. Securities Act and, therefore, the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, we are offering and selling the Notes to the Initial Purchasers for re-offer and resale only:

- in the United States to ''qualified institutional buyers,'' commonly referred to as ''QIBs,'' as defined in Rule 144A in compliance with Rule 144A; and
- to non-U.S. persons outside the United States in offshore transactions in accordance with Regulation S.

We use the terms ''non-U.S. persons,'' ''offshore transaction'' and ''United States'' with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the Initial Purchasers as follows:

(1) It understands and acknowledges that the Notes and the Guarantees have not been registered under the U.S. Securities Act or any other applicable state securities laws, and that the Notes are being offered for resale in transactions not requiring registration under the U.S. Securities Act or any state securities law, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the U.S. Securities Act or any other applicable state securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.

(2) It is not an ''affiliate'' (as defined in Rule 144) of the Issuer or acting on behalf of the Issuer and it is either:

   (i) a QIB and is aware that any sale of Notes to it will be made in reliance on Rule 144A, and the acquisition of Notes will be for its own account or for the account of another QIB; or

   (ii) it is purchasing the Notes in an offshore transaction in accordance with Regulation S.

(3) It acknowledges that none of the Issuer, the Guarantors, or the Initial Purchasers, or any person representing any of them, have made any representation to it with respect to the offering or sale of any Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to it and upon which it is relying in making its investment decision with respect to the Notes. It has had access to such financial and other information concerning us, the Issuer and its subsidiaries and the Notes as it has deemed necessary in connection with its decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, the Issuer and the Initial Purchasers.

(4) It is purchasing the Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the U.S. Securities Act or any state securities laws, subject to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and subject to its or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the U.S. Securities Act.

(5) Each holder of Notes issued in reliance on Rule 144A (''Rule 144A Notes'') agrees on its own behalf and on behalf of any investor account for which it is purchasing the Notes, and each

subsequent holder of the Rule 144A Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the ''Resale Restriction Termination Date'') that is one year after the later of the date of the Issue Date and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, the Guarantors or any subsidiary thereof, (ii) pursuant to a registration statement that has been declared effective under the U.S. Securities Act, (iii) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person it reasonably believes is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S, or (v) pursuant to any other available exemption from the registration requirements of the U.S. Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and in compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clause (iv) or (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE ''U.S. SECURITIES ACT''), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF, (1) REPRESENTS THAT (A) IT IS A ''QUALIFIED INSTITUTIONAL BUYER'' (AS DEFINED IN RULE 144A (''RULE 144A'') UNDER THE U.S. SECURITIES ACT OR (B) IT IS ACQUIRING THIS NOTE IN AN ''OFFSHORE TRANSACTION'' TO A PERSON WHO IS NOT A U.S. PERSON WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT (''REGULATION S'') IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND THE HOLDER WILL, AND EACH SUBSEQUENT HOLDER IS REQUIRED TO, NOTIFY ANY PURCHASER FROM IT OF THE NOTES REPRESENTED HEREBY IN RESPECT HEREOF OF THE RESALE RESTRICTIONS REFERRED TO ABOVE, (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR FOR WHICH IT HAS PURCHASED SECURITIES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE ''RESALE RESTRICTION TERMINATION DATE'') THAT IS ONE YEAR AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE U.S. SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE U.S. SECURITIES ACT (''RULE 144A''), TO A PERSON IT REASONABLY BELIEVES IS A ''QUALIFIED INSTITUTIONAL BUYER'' AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT, OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH

INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS, AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (D) OR (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE REVERSE OF THIS NOTE IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE; AND AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS NOTE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

BY ITS ACQUISITION HEREOF, THE HOLDER REPRESENTS THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THE NOTE REPRESENTED HEREBY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN ''EMPLOYEE BENEFIT PLAN'' AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (''ERISA'') THAT IS SUBJECT TO TITLE I OF ERISA, (II) A ''PLAN'' AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE ''CODE''), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN WHICH IS SUBJECT TO ANY STATE, LOCAL, OTHER FEDERAL LAW OF THE UNITED STATES OR NON-U.S. LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION, HOLDING AND DISPOSITION OF THE NOTE REPRESENTED HEREBY WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH OR NON-U.S. PLAN, ANY SUCH SUBSTANTIALLY SIMILAR STATE, LOCAL, OTHER FEDERAL LAW OF THE UNITED STATES OR NON-U.S. LAW, FOR WHICH AN EXEMPTION IS NOT AVAILABLE.''

If it purchases Notes, it will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(6) It agrees that it will give to each person to whom it transfers the Notes notice of any restrictions on transfer of such Notes.

(7) It acknowledges that until 40 days after the commencement of the relevant Offering, any offer or sale of the relevant Notes within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the U.S. Securities Act.

(8) It acknowledges that the Registrar and the Transfer Agent will not be required to accept for registration or transfer any Notes acquired by it except upon presentation of evidence satisfactory to the Issuer, the Transfer Agent and the Registrar that the restrictions set forth therein have been complied with.

(9) It acknowledges that the Issuer, the Initial Purchasers, the Trustee, the Transfer Agent, the Registrar and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements and agrees that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by its purchase of the Notes is no longer accurate, it shall promptly notify the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.

(10) It understands that no action has been taken in any jurisdiction (including the United States) by the Issuer, any of the Guarantors or the Initial Purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under ''*Plan of Distribution*.''

(11) It represents and agrees that either (a) it is not and for so long as it holds a Note (or any interest therein) will not be (i) an ''employee benefit plan'' as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (ii) a ''plan'' as defined in and subject to Section 4975 of the Code, (iii) an entity whose underlying assets include the assets of any such employee benefit plan subject to ERISA or other plan subject to Section 4975 of the Code, or (iv) a governmental, church or non-U.S. plan which is subject to any state, local, other federal law of the United States or non-U.S. law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (b) its acquisition, holding and disposition of the Notes will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, or, in the case of such a governmental, church or non-U.S. plan, any such substantially similar state, local, other federal law of the United States or non-U.S. law, for which an exemption is not available.

LEGAL MATTERS

Legal advice for the Issuer, as to matters of U.S. federal and New York state law, will be provided by Allen & Overy LLP and English law advice for the Issuer will also be provided by Allen & Overy LLP. Certain legal advice for the Initial Purchasers, as to matters of U.S. federal and New York state law, will be provided by Latham & Watkins (London) LLP, and English law advice for the Initial Purchasers will also be provided by Latham & Watkins (London) LLP.

INDEPENDENT AUDITORS

The consolidated financial statements of Vue Entertainment International Limited as at and for the 53 week period ended November 29, 2012 and as at November 24, 2011 and for the period from incorporation on October 26, 2010 to November 24, 2011, which includes the trading results of Vue Entertainment International Limited for the 49 week period from December 21, 2010 and the consolidated financial statements of Vue Entertainment Investment Limited as at and for the 52 week period ended November 25, 2010, included in this offering memorandum, have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their reports appearing herein. PricewaterhouseCoopers LLP is a member of The Institute of Chartered Accountants in England and Wales.

The consolidated financial statements of CinemaxX Aktiengesellschaft prepared in accordance with IFRS as adopted by the European Union as of and for the financial years ended December 31, 2012 and 2011, respectively, were audited by KPMG AG Wirtschaftsprüfungsgesellschaft, Hamburg (''KPMG''). KPMG is a member of the German Chamber of Public Accountants. KPMG issued, in each case, an unqualified audit report.

The special purpose consolidated financial statements of Multikino Group prepared in accordance with IFRS for the twelve month period ended December 31, 2012, included in this offering memorandum, have been audited by PricewaterhouseCoopers Sp. z o.o., independent auditors, as stated in their report appearing herein. PricewaterhouseCoopers Sp. z o.o. is registered in the register of auditors held by the Polish National Chamber of Statutory Auditors under No. 144.

WHERE YOU CAN FIND MORE INFORMATION

Each purchaser of the Notes from the Initial Purchasers will be furnished with a copy of this offering memorandum and any related amendments or supplements to this offering memorandum. Each person receiving this offering memorandum and any related amendments or supplements to the offering memorandum acknowledges that:

(1) such person has been afforded an opportunity to request from us, and to review and has received, all additional information considered by it to be necessary to verify the accuracy and completeness of the information herein;

(2) such person has not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with its investigation of the accuracy of such information or its investment decision; and

(3) except as provided pursuant to (1) above, no person has been authorized to give any information or to make any representation concerning the Notes offered hereby other than those contained herein and, if given or made, such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

For so long as any of the Notes are ''restricted securities'' within the meaning of the Rule 144(a)(3) under the U.S. Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13(a) or 15(d) of the U.S. Exchange Act, nor exempt from the reporting requirements under Rule 12g3-2(b) of the U.S. Exchange Act, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the U.S. Securities Act. Any such request should be directed to the Issuer at 6 New Street Square, New Fetter Lane, London EC4A 3BF, United Kingdom.

We are not currently subject to the periodic reporting and other information requirements of the U.S. Exchange Act. However, pursuant to the Indenture governing the Notes and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. See ''*Description of the Notes—Certain Covenants—Reports.*''

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Issuer of the Notes is organized under the laws of England and Wales. The Security Documents relating to the Collateral will be governed by the laws of England and Wales, Germany, Ireland, Jersey and Poland, as applicable. The Indenture (including the Guarantees) and the Notes will be governed by New York law. The Intercreditor Agreements will be governed by the law of England and Wales. All of the directors and executive officers of the Issuer and each of the Guarantors are non-residents of the United States. Since substantially all of the assets of the Issuer and each of the Guarantors, and its and their directors and executive officers, are located outside the United States, any judgment obtained in the United States against the Issuer or a Guarantor or any such other person, including judgments with respect to the payment of principal, premium (if any) and interest on the Notes or any judgment of a U.S. court predicated upon civil liabilities under U.S. federal or state securities laws, may not be collectible in the United States. Furthermore, although the Issuer and each of the Guarantors will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action in relation to the Notes and the Indenture or under U.S. securities laws, it may not be possible for investors to effect service of process on us or on such other persons as mentioned above within the United States in any action, including actions predicated upon the civil liability provisions of U.S. federal securities laws.

If a judgment is obtained in a U.S. court against the Issuer or a Guarantor or a security provider, investors will need to enforce such judgment in jurisdictions where the relevant company has assets. Even though the enforceability of U.S. court judgments outside the United States is described below for the countries in which each of the Issuer and the Guarantors is located, you should consult with your own advisors in any pertinent jurisdictions as needed to enforce a judgment in those countries or elsewhere outside the United States.

England and Wales

The following discussion sets out the position with respect to the enforceability of certain U.S. court judgments in England and Wales and is based upon advice provided to us by our English counsel. The United States and the United Kingdom do not have a treaty providing for the reciprocal recognition and enforcement of court judgments in civil and commercial matters. A judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon U.S. federal securities law, would not be directly enforceable in England and Wales but such judgment would be treated as constituting a cause of action against the judgment debtor in England and Wales and could be sued on summarily in the English courts. The English courts should enter judgment against the judgment debtor without re-examination of the merits of the original matter decided by a U.S. court provided:

- the relevant U.S. court had jurisdiction to give the judgment;
- the judgment is final and conclusive on the merits and is for a definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or otherwise based on a U.S. law that an English court considers to be a penal, revenue or other public law);
- the judgment is not for multiple damages (as defined by the Protection of Trading Interests Act 1980);
- the enforcement of such judgment would not contravene public policy in England and Wales;
- the enforcement of such judgment is not prohibited by statute (including, without limitation, if the amount of the judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damage sustained);
- the English proceedings were commenced within six years after the date of the judgment;
- before the date on which the U.S. court gave judgment, the issues in question had not been the subject of a final judgment of an English court or of a court of another jurisdiction whose judgment is enforceable in England; and
- the judgment has not been obtained by fraud or in proceedings, which are in breach of the principles of natural justice;

It is uncertain whether an English court would impose liability on a judgment debtor in an action predicated upon the U.S. federal securities law brought in England and Wales.

If an English court gives judgment for the sum payable under a U.S. judgment, the English judgment will be enforceable by methods generally available to the English courts for this purpose. These methods generally permit the court discretion to prescribe the manner of enforcement. In addition, it may not be possible to obtain an English judgment or to enforce that judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor.

Germany

We have been advised by our German counsel that there is doubt as to the enforceability in Germany of civil liabilities based on federal or state securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. federal or state courts. The United States and the Federal Republic of Germany currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Consequently, a final judgment for payment given by any federal or state court in the United States, whether or not predicated solely upon U.S. federal or state securities laws, would not automatically be enforceable, either in whole or in part, in Germany. A conclusive judgment by a U.S. federal or state court, however, may be recognized and enforced in Germany in an action before a court of competent jurisdiction in accordance with the proceedings set forth by the German Code of Civil Procedure (*Zivilprozessordnung*). In such an action, a German court generally will not reinvestigate the merits of the original matter decided by a U.S. court, except as noted below. The recognition and enforcement of the U.S. judgment by a German court is conditional upon a number of factors, including the following:

- U.S. courts could take jurisdiction of the case in accordance with the principles of jurisdictional competence according to German law;
- the document introducing the proceedings was duly made known to the defendant in a timely manner that allowed for adequate defense;
- the judgment is not contrary to (i) any prior judgment which became *res judicata* rendered by a German court or (ii) any prior judgment which became *res judicata* rendered by a foreign court which is recognized in Germany and the procedure leading to the respective judgment does not contradict any such prior judgment;
- the effects of its recognition will not be in conflict with material principles of German law, including, without limitation, fundamental rights under the constitution of Germany (*Grundrechte*). In this context, it should be noted that any component of a U.S. federal or state court civil judgment awarding punitive damages or any other damages which do not serve a compensatory purpose, such as treble damages, will not be enforced in Germany. They are regarded to be in conflict with material principles of German law;
- the reciprocity of enforcement of judgments is guaranteed; and
- the judgment became *res judicata* in accordance with the law of the place where it was pronounced.

Enforcement and foreclosure based on U.S. judgments may be sought against German defendants after having received an enforcement decision from a competent German court in accordance with the above principles. Subject to the foregoing, investors may be able to enforce judgments in Germany in civil and commercial matters obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be enforceable. Enforcement is also subject to the effect of any applicable bankruptcy, insolvency, reorganization, liquidation, moratorium as well as other similar laws affecting creditors' rights generally. In addition, it is doubtful whether a German court would accept jurisdiction and impose civil liability in an original action predicated solely upon U.S. federal securities laws.

Furthermore, German civil procedure differs substantially from U.S. civil procedure in a number of aspects. With respect to the production of evidence, for example, U.S. federal and state law and the laws of several other jurisdictions based on common law provide for pre-trial discovery, a process by which parties to the proceedings may, prior to trial, compel the production of documents by adverse or third parties and the deposition of witnesses. Evidence obtained in this manner may be decisive in the outcome of any proceeding. No such pre-trial discovery process exists under German law.

If the party in whose favor such final judgment is rendered brings a new suit in a competent court in Germany, such party may submit to the German court the final judgment rendered in the United States. Under such circumstances, a judgment by a federal or state court of the United States against the Issuer or such persons will be regarded by a German court only as evidence of the outcome of the dispute to which such judgment relates. A German court may choose to re-hear the dispute and may render a judgment not in line with the judgment rendered by a federal or state court of the United States.

Ireland

As the United States is not a party to a convention with Ireland in respect of the enforcement of judgments, common law rules apply in order to determine whether a judgment of the courts of the State of New York is enforceable in Ireland. Awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in Ireland. Judgments of the U.S. courts will not be directly enforceable in Ireland and any proceedings in respect of any action would need to be taken before the Irish courts. However, a judgment of a U.S. court may be recognized and enforced in Ireland without retrial or examination of the merits of the case, provided that:

- the U.S. judgment has not been obtained or alleged to have been obtained by fraud or trick;
- the decision of the U.S. court and the enforcement thereof was not and would not be contrary to natural or constitutional justice under the laws of Ireland;
- the U.S. judgment and the enforcement thereof would not be contrary to public policy as understood by the Irish courts or constitute the enforcement of a judgment of a penal or revenue (tax) nature;
- the U.S. judgment is final and conclusive and is for a debt or definite sum of money;
- the procedural rules of the U.S. courts and the Irish courts have been observed;
- the judgment is not inconsistent with a judgment of the Irish courts in respect of the same matter; and
- the Irish enforcement proceedings being commenced within six years from the date of the U.S. judgment, or such other period as may be applicable pursuant to the Irish Statute of Limitations 1957 (as amended).

Jersey

The following summary with respect to the enforceability of certain U.S. court judgments in Jersey is based upon advice provided to us by Jersey legal advisors. As a general rule, foreign judgments, including judgments predicated upon civil liabilities and any judgment obtained in courts outside of Jersey predicated upon U.S. Federal securities laws, cannot be directly enforced in Jersey, although an exception to this rule occurs where the Judgments (Reciprocal Enforcement) (Jersey) Law 1960 (as amended) (the ''1960 Law'') applies.

The 1960 Law provides for the registration and enforcement in Jersey of judgments given in the superior courts of countries which accord reciprocal treatment to judgments given in Jersey. Presently, the reciprocating countries and their superior courts are as follows:

- England and Wales—The Supreme Court of the United Kingdom, the House of Lords, the Court of Appeal and the High Court of Justice;
- Scotland—The Supreme Court of the United Kingdom, the Court of Session and the Sheriff Court;
- Northern Ireland—The Supreme Court of the United Kingdom, and the Court of Judicature of Northern Ireland;
- Isle of Man—Her Majesty's High Court of Justice of the Isle of Man (including the Staff of Government Division); and
- Guernsey—The Royal Court of Guernsey and the Court of Appeal of Guernsey.

Not all judgments given by such superior courts can be registered. The registration procedure set out in Part 2 of the 1960 Law applies only to judgments or orders given or made in civil proceedings, or in criminal proceedings for the payment of a sum of money in respect of compensation or damages to an injured party. It does not apply to judgments given by such superior courts on appeal from an inferior court nor, for example, to an English County Court judgment given in proceedings later transferred to the High Court for enforcement. In addition, the judgment must:

- be final and conclusive as between the parties (whether or not an appeal in the foreign court is pending or possible);
- provide for the payment of a sum of money, but not in respect of taxes or similar charges, or a fine or other penalty;
- be for a moneys sum which has not been wholly satisfied; and
- be able to be enforced by execution.

Further detailed provisions in relation to the enforcement of foreign judgments in Jersey are contained in the 1960 Law. If a foreign judgment falls within Part 2 of the 1960 Law, the judgment creditor must use the registration procedure, as further described in the 1960 Law.

Where registration under the 1960 Law, is not available, it will be necessary for a holder of a foreign judgment to commence fresh proceedings in Jersey. While such proceedings would seek to sue on the foreign judgment as a debt and seek summary judgment in respect thereof, the proceedings might involve a re-examination of the merits of the case (such re-examination to be carried out in accordance with relevant principles of private international law).

In summary, to enforce a foreign judgment *in personam* at common law, the judgment must be final and conclusive, for a debt or definite sum of money (but not payable in respect of taxes or similar charges or a fine or other penalty), and given by a court of competent jurisdiction, but must not be impeachable on the grounds of fraud, or contrary to public policy, or natural justice. In Jersey, it has been held that a final and conclusive non-monetary judgment obtained in the courts of any territory deemed to have jurisdiction in accordance with the principles of private international law as applied by Jersey law, may in appropriate circumstances be recognized and enforced by the Jersey court without a substantive re-examination of the merits—there is currently no strict judicial guidance as to what could constitute appropriate circumstances.

Subject to the foregoing, investors may be able to enforce in Jersey judgments in civil and commercial matters that have been obtained from U.S. federal or state courts. However, we cannot assure you that those judgments will be recognized or enforceable in Jersey. In addition, it is questionable whether a Jersey court would accept jurisdiction and impose civil liability if the original action was commenced in Jersey, instead of the United States, and predicated solely upon U.S. federal securities laws.

Poland

Recognition and enforcement of judgments of foreign courts is subject to:

(1) the Council Regulation (EC) No. 44/2001 of December 22, 2000 on jurisdiction, recognition and enforcement of judgments in civil and commercial matters;

(2) the 2007 Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters;

(3) Agreement between the European Community and the Kingdom of Denmark on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (OJ L79, 21.03.2013, page 4).

(4) other relevant treaties or conventions, including relevant bilateral treaties; and

(5) the rules of the Polish Code of Civil Procedure of November 17, 1964 (Dz.U.1964.43.296 as amended) (the ''Polish Code of Civil Procedure'').

There is no treaty between the United States and Poland providing for the reciprocal recognition and enforcement of judgments (other than arbitration awards) rendered in civil and commercial matters. Therefore, the rules of the Polish Code of Civil Procedure shall apply to recognition and enforcement of U.S. court judgments.

Pursuant to the Polish Code of Civil Procedure, a foreign court judgment is recognized ex lege in Poland, unless one of the following circumstances occurs:

- the judgment is not final in the jurisdiction in which it was issued;

- the judgment was issued in a case which was within the exclusive jurisdiction of the Polish courts;
- the respondent, who did not engage in the dispute on the matter, was not provided with summons initiating the proceedings, in due manner and time, to allow such respondent to take defense;
- a party has been deprived of the opportunity to defend itself in the proceedings;
- the proceeding relating to the same claim and between the same parties commenced in Poland (before a court or other relevant agency) prior to the commencement of the proceeding before a court of the foreign country;
- the judgment is contrary to any earlier final judgment of a Polish court (or other relevant agency) or any earlier final judgment of a foreign court (or other relevant agency) satisfying the conditions for its recognition in Poland, which was issued regarding the same claim between the same parties; and
- the recognition of the judgment would be contrary to the fundamental principles of the legal order of the Republic of Poland.

Any person who has the so-called legal interest may apply to Polish court with a motion for a decision ascertaining that the judgment of a foreign court is or is not recognized in Poland.

The judgment of a foreign court, which is eligible to be enforced, can be enforced in Poland after its enforceability is confirmed by the Polish court. Polish court will confirm the enforceability if:

- the judgment of a foreign court is enforceable in the jurisdiction in which it was issued; and
- none of the circumstances referred to above (relating to the recognition of the judgments) occurs.

Certain judgments of U.S courts (or parts thereof) may be unenforceable or not fully enforceable by Polish courts, or their enforcement can be difficult in practice, in particular: (i) certain forms of specific performance, in particular those which are not recognized or common in Poland, (ii) certain forms (or amounts) of damages or indemnities, in particular, punitive damages or other similar damages or indemnities the amount of which exceeds the actual loss suffered. Judgments (or parts thereof) adjudicating such forms of specific performance or damages or indemnities may be considered as contrary to the fundamental principles of the legal order of the Republic of Poland.

Enforcement is also subject to the effect of any applicable bankruptcy, insolvency, reorganization, liquidation, moratorium as well as other similar laws affecting creditors' rights generally.

LIMITATIONS ON VALIDITY AND ENFORCEABILITY OF THE GUARANTEES AND THE COLLATERAL AND CERTAIN INSOLVENCY LAW CONSIDERATIONS

Set out below is a summary of certain limitations on the enforceability of the Guarantees and the security interests relating to the Notes, and of certain insolvency law considerations in each of the jurisdictions in which the Issuer, the Guarantors and the providers of security are organized or incorporated. It is a summary only. Bankruptcy or insolvency proceedings or a similar event could be initiated in any of these jurisdictions and/or in the jurisdiction of organization or incorporation of a future guarantor under the Notes. The application of these various laws in multiple jurisdictions could trigger disputes over which jurisdictions' law should apply and could adversely affect your ability to enforce your rights and to collect payment in full under the Notes, the Guarantees and any security securing the Notes.

EU insolvency law

The Issuer and certain Guarantors are organized or incorporated under the laws of EU Member States. Pursuant to Council Regulation (EC) no. 1346/2000 on insolvency proceedings (the ''EU Insolvency Regulation''), the court that shall have jurisdiction to open insolvency proceedings in relation to a company is the court of the EU Member State (other than Denmark) where the company concerned has its ''center of main interests'' (as that term is used in Article 3(1) of the EU Insolvency Regulation). The determination of where any such company has its ''center of main interests'' is a question of fact on which the courts of the different EU Member States may have differing and even conflicting views. The term ''center of main interests'' is not a static concept. Although there is a rebuttable presumption under Article 3(1) of the EU Insolvency Regulation that any such company has its ''center of main interests'' in the EU Member State in which it has its registered office, Preamble 13 of the EU Insolvency Regulation states that the ''center of main interests'' of a debtor should correspond to the place where the debtor conducts the administration of its interests on a regular basis and ''is therefore ascertainable by third parties.'' In that respect, factors such as where board meetings are held, the location where the company conducts the majority of its business and the perception of the company's creditors as regards to the center of the company's business operations may all be relevant in the determination of the place where the company has its ''center of main interests.''

If the ''center of main interests'' of a company is and will remain located in the state in which it has its registered office, the main insolvency proceedings in respect of the company under the EU Insolvency Regulation would be commenced in such jurisdiction and accordingly a court in such jurisdiction would be entitled to commence the types of insolvency proceedings referred to in Annex A to the EU Insolvency Regulation with these proceedings being governed by the *lex fori concursus*, i.e., the local laws of the court opening such main insolvency proceedings. Insolvency proceedings opened in one EU Member State under the EU Insolvency Regulation are to be recognized automatically in the other EU Member States (other than Denmark). If the ''center of main interests'' of a debtor is in one EU Member State (other than Denmark), under Article 3(2) of the EU Insolvency Regulation, the courts of another EU Member State (other than Denmark) have jurisdiction to open ''territorial proceedings'' only in the event that such debtor has an ''establishment'' in the territory of such other EU Member State. If the main insolvency proceedings have been opened by the court of the EU Member State where the center of main interests of the debtor is situated, and are outstanding, then the territorial proceedings (entitled ''secondary'' proceedings) can only be winding-up proceedings. If no such main insolvency proceedings are outstanding, the territorial proceedings could still be opened in another EU Member State (except Denmark) under certain circumstances as set forth in Article 3(4) of the EU Insolvency Regulation. The effects of those territorial proceedings are restricted to the assets of the debtor situated in the territory of such other EU Member State. If the company does not have an establishment in any other EU Member State, no court of any other EU Member State has jurisdiction to open territorial proceedings in respect of such company under the EU Insolvency Regulation. In the event that any one or more of the Issuer, the Guarantors or any of their subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Applicable insolvency laws may affect the enforceability of the obligations and the security of the Issuer and the Guarantors.

Germany

German Insolvency Proceedings

Under German insolvency law, insolvency proceedings are not initiated by the competent insolvency court *ex officio*, but require that the debtor and/or a creditor file a petition for the opening of insolvency proceedings (*Antrag auf Eröffnung des Insolvenzverfahrens*). Insolvency proceedings must be initiated by the debtor and can be initiated by a creditor in the event of over-indebtedness (*Überschuldung*) of the debtor or in the event of illiquidity (*Zahlungsunfähigkeit*).

A debtor is over-indebted when its liabilities exceed the value of its assets unless, based on the prevailing circumstances, a continuation of the business is predominantly likely (*überwiegend wahrscheinlich*).

A company is considered to be illiquid if it is unable to pay its debts when they are due. In addition, only the debtor can file for the opening of insolvency proceedings in case of impending illiquidity (*drohende Zahlungsunfähigkeit*), if there is the imminent risk for the Issuer of being unable to pay its debts as and when they fall due, whereas impending illiquidity does not give rise to an obligation for the management of the debtor to file for insolvency proceedings.

If a GmbH (*Gesellschaft mit beschränkter Haftung*), a German stock corporation (*Aktiengesellschaft*), a European law stock corporation based in Germany (*Societas Europaea*—''SE'') or any other company not having an individual as a personally liable shareholder gets into a situation of illiquidity and/or over-indebtedness, the managing director(s) of such company must file a petition for the opening of insolvency proceedings without undue delay but in any event no later than three weeks after such company has become illiquid and/or over-indebted. The management of a debtor can be exposed to criminal sanctions as well as damage claims in the event that filings for insolvency are delayed or not made at all.

If a company faces imminent illiquidity and/or is over-indebted it may also file for a preliminary ''debtor in possession'' protection scheme unless—from a third party perspective—there is no reasonable chance of a successful restructuring. In such case and upon request of the debtor, the court will appoint a preliminary trustee (*vorläufiger Sachwalter*) and prohibit enforcement measures (other than with respect to immoveable assets). It may also implement other preliminary measures to protect the debtor from creditor enforcement actions for up to three months. During that period, the debtor must prepare an insolvency plan which will ideally be implemented in formal ''debtor-in-possession'' proceedings (*Eigenverwaltung*) after formal insolvency proceedings have been opened.

The insolvency proceedings are court-controlled, and, upon receipt of the insolvency petition, the insolvency court may take preliminary protective measures to secure the property of the debtor during the preliminary proceedings (*Insolvenzeröffnungsverfahren*). The court may prohibit or suspend any measures taken to enforce individual claims against the debtor's assets during these preliminary proceedings. As part of such protective measures the court may appoint a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*). The rights and duties of the preliminary administrator depend on the decision of the court. The duties of the preliminary administrator may be, in particular, to safeguard and preserve the debtor's property and to assess whether the debtor's net assets will be sufficient to cover the costs of the insolvency proceedings. Depending on the decision of the court, even the right to manage and dispose of the business and assets of the debtor may pass to the preliminary insolvency administrator. This only applies, where the debtor has not applied for so-called self-administration (*Eigenverwaltung*), in which event the court will only appoint a preliminary trustee (*vorläufiger Sachwalter*), who will supervise the management of the affairs by the debtor. During preliminary insolvency proceedings, a ''preliminary creditors' committee'' (*vorläufiger Gläubigerausschuss*) generally will be appointed by the court if the debtor satisfies two of the following three requirements:

- a balance sheet total in excess of €4,840,000 (after deducting an equity shortfall if the debtor is over-indebted),
- revenues of at least €9,680,000 in the 12 months prior to the last day of the financial year preceding the filing; and/or
- 50 or more employees on an annual-average basis.

The requirements apply to the entity subject to the proceedings without taking into account the assets of other group companies. The preliminary creditors' committee will be able to participate in certain important decisions taken during the preliminary insolvency proceedings. It will, for example, have the power to influence the following: the selection of a preliminary insolvency administrator (*vorläufiger Insolvenzverwalter*) or an insolvency administrator (*Insolvenzverwalter*), orders for ''self-administration'' proceedings (*Anordnung der Eigenverwaltung*), and the appointment of a preliminary trustee (*vorläufiger Sachwalter*). The court opens formal insolvency proceedings (*Insolvenzeröffnung*) if certain formal requirements are met (in particular, but not limited to, evidence being provided of an existing cause of insolvency) and there are sufficient assets to cover at least the cost of the insolvency proceedings. If the assets of the debtor are not expected to be sufficient, the insolvency court will only open main insolvency proceedings if third parties, for instance creditors, advance the costs themselves. In the absence of such advancement, the petition for opening of insolvency proceedings will usually be refused for insufficiency of assets (*Abweisung mangels Masse*).

Upon the opening of the insolvency proceedings, an insolvency administrator (*Insolvenzverwalter*) is usually appointed by the court who has full administrative and disposal authority over the debtor's assets unless debtor-in-possession (*Eigenverwaltung*) are ordered. The insolvency administrator may raise new financial indebtedness and incur other liabilities to continue the debtor's operations or may deem it necessary to wind down the Issuer. Satisfaction of these liabilities as preferential debts of the estate (*Masseverbindlichkeiten*) will be preferred to any insolvency liabilities created by the debtor prior to the opening of insolvency proceedings.

For the holders of the Notes, the most important consequences of such opening of formal insolvency proceedings against a company subject to the German insolvency regime would be the following:

- the right to administer and dispose of assets of the Issuer would generally pass to the insolvency administrator (*Insolvenzverwalter*) as sole representative of the insolvency estate;
- if the court does not order debtor-in-possession proceedings (*Eigenverwaltung*), disposals effected by management of the Issuer after the opening of formal insolvency proceedings are null and void by operation of law;
- if, during the final month preceding the date of filing for insolvency proceedings, a creditor in the insolvency proceedings acquires through execution (e.g., attachment) a security interest in part of the debtor's property that would normally form part of the insolvency estate, such security becomes null and void by operation of law upon the opening of formal insolvency proceedings; and
- claims against the Issuer may generally only be pursued in accordance with the rules set forth in the German Insolvency Code (*Insolvenzordnung*).

Any person that has a right to segregation (*Aussonderung*), i.e., the relevant asset of this person does not constitute part of the insolvency estate, does not participate in the insolvency proceedings; the claim for segregation must be enforced in the course of ordinary court proceedings against the insolvency administrator.

All other creditors, whether secured or unsecured (unless they have a right to segregate an asset from the insolvency estate (*Aussonderungsrecht*) as opposed to a preferential right (*Absonderungsrecht*)) who wish to assert claims against the debtor need to participate in the insolvency proceedings. Any individual enforcement action brought against the debtor by any of its creditors other than creditors with preferred claims (*Absonderung der Masseverbindlichkeit*) is subject to an automatic stay once the insolvency proceedings have been opened (and, if so ordered by a court, also between the time when an insolvency petition is filed and the time when insolvency proceedings commence). Unsecured creditors may file their claims in the insolvency proceedings and will be paid on a pro rata basis from the insolvency estate (to the extent sufficient assets are available). Certain secured creditors have preferential rights regarding the enforcement of their security interests, but German insolvency law imposes certain restrictions on their ability to enforce their security interests outside the insolvency proceedings and in many cases the insolvency administrator will have the sole right to enforce the security. Whether or not a secured creditor remains entitled, after the initiation of insolvency proceedings, to enforce security granted to it by the relevant debtor depends on the type of security.

The insolvency administrator generally has the sole right (a) to realize any moveable assets within its possession which are subject to preferential rights (*Absonderungsrechte*) (e.g., pledges over movable assets and rights (*Mobiliarpfandrechte*) transfer by way of security (*Sicherungsübereignung*)) as well as (b) to collect any claims that are subject to security assignment agreements (*Sicherungsabtretungen*). If such enforcement right is vested in the insolvency administrator, the enforcement proceeds, less certain contributory charges for (a) assessing the value of the secured assets (*Feststellungskosten*) and (b) realizing the secured assets (*Verwertungskosten*) which, in the aggregate, usually add up to 9% of the gross enforcement proceeds (plus VAT (if any)), are paid to the creditor holding the relevant security interest in the relevant collateral up to an amount equal to its secured claims. The unencumbered assets of the debtor serve to satisfy the costs of the insolvency proceeding (*Massekosten*) first and afterwards the preferred creditors of the insolvency estate (*Massegläubiger*). Typically, liabilities resulting from acts of the insolvency administrator after commencement of formal insolvency proceedings constitute liabilities of the insolvency estate. Thereafter, all other claims (insolvency claims (*Insolvenzforderungen*)), in particular claims of unsecured creditors, will be satisfied on a pro rata basis if and to the extent there is cash remaining in the insolvency estate (*Insolvenzmasse*). A different distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and which requires, among other things and subject to certain exceptions, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules.

Under German insolvency laws, it is possible to implement a debt-to-equity swap through an insolvency plan. However, it will not be possible to force a creditor into a debt-to-equity swap with regards to the debt owed to it by the debtor if it does not consent to such swap. Creditors secured by pledges over shares in subsidiaries of the debtor are entitled to preferential satisfaction with regard to the proceeds realized in an enforcement process which has to be effected by means of a public auction outside the insolvency process. However, in the absence of authoritative case law, it is uncertain whether the secured creditors are entitled to initiate the enforcement process in respect of the pledged shares on their own or, as far as the pledged assets are part of any insolvency estate, whether the insolvency administrator has standing to realize the pledges on behalf of and for the benefit of the secured creditors. Even if the law vests the right of disposal regarding the relevant collateral in the insolvency administrator, the secured creditor retains the right of preferred satisfaction with regard to the disposal proceeds (*Absonderungsrecht*). Consequently, the enforcement proceeds minus certain contributory charges as described above are paid to the creditor holding a security interest in the relevant collateral up to an amount equal to its secured claims. Remaining amounts will be allocated to the insolvency estate (*Insolvenzmasse*) and would, after deduction of the costs of the insolvency proceedings (as described above) and after satisfaction of certain preferential liabilities be distributed among the non-preferential unsecured creditors, including, to the extent their claims exceed the enforcement proceeds of the security interests, the holders of the Notes. If a German subsidiary or a subsidiary subject to German insolvency proceedings grants security over its assets to creditors other than the holders of the Notes, such security may result in a preferred treatment of creditors secured by such security. The proceeds resulting from such collateral securing creditors other than the holders of the Notes may not be sufficient to satisfy the holders of the Notes under the Guarantees granted by the German Guarantors after satisfaction of such secured creditors.

The right of a creditor to preferred satisfaction (*Absonderungsrecht*) may not necessarily prevent the insolvency administrator from using a moveable asset that is subject to this right. The insolvency administrator, however, must compensate the creditor for any loss of value resulting from such use. It may take several years before an insolvency dividend, if any, is distributed to unsecured creditors. An alternative distribution of enforcement proceeds can be proposed in an insolvency plan (*Insolvenzplan*) that can be submitted by the debtor or the insolvency administrator and requires, in principle, the consent of the debtor and the consent of each class of creditors in accordance with specific majority rules.

Under German insolvency law, there is no consolidation of the assets and liabilities of a group of companies in the event of insolvency. In the case of a group of companies, each entity, from an insolvency law point of view, has to be dealt with separately (i.e., there is no group insolvency concept under German insolvency law). As a consequence, there is, in particular, no pooling of claims among the respective entities of a group, but rather claims of and vis-à-vis each entity have to be dealt with separately.

Other than secured and unsecured creditors, German insolvency law provides for certain creditors to be subordinated by law (in particular, but not limited to, claims made by shareholders (unless privileged) of the relevant debtor for the return of funds or payment of a consideration), while claims of a person who becomes a creditor of the insolvency estate only after the opening of insolvency proceedings generally rank senior to the claims of regular, unsecured creditors. Powers of attorney granted by the relevant debtor and certain other legal relationships cease to be effective upon the opening of insolvency proceedings. Certain executory contracts become unenforceable at such time unless and until the insolvency administrators opts for performance.

Limitation on Enforcement

Any security (including a guarantee) granted by a German Guarantor being a direct or indirect subsidiary of the Issuer incorporated in Germany in the form of a GmbH (limited liability company) or a GmbH & Co. KG (limited partnership with a limited liability company as general partner) is subject to certain provisions of the German Limited Liability Company Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*—''GmbHG'').

As a general rule, sections 30 and 31 of the GmbHG (''Sections 30 and 31'') prohibit a GmbH from disbursing its assets to its (direct or indirect) shareholders to the extent that the amount of the GmbH's, or in the case of a GmbH & Co. KG, its general partner's net assets determined in accordance with the provisions of the German Commercial Code (*Handelsgesetzbuch*) (i.e., assets minus liabilities and liability reserves) is or would fall below, or increases or would increase an existing shortfall of, the amount of its stated share capital (*Begründung oder Vertiefung einer Unterbilanz*). Guarantees and any other security granted by a GmbH or by a GmbH & Co. KG in order to secure the liabilities of a direct or indirect parent or sister company are considered disbursements under Sections 30 and 31. Therefore, in order to enable German subsidiaries to secure the liabilities of a direct or indirect parent or sister company without the risk of violating Sections 30 and 31 and to protect management from personal liability, it is standard market practice for credit agreements, indentures, guarantees and security documents to contain so-called ''limitation language'' in relation to subsidiaries in the legal form of a GmbH or a GmbH & Co. KG incorporated or established in Germany. Pursuant to such limitation language, the beneficiaries of the guarantees or security interest agree to enforce the guarantees or security interest against the German subsidiary only to the extent that such enforcement would not result in the GmbH's (or, in case of a GmbH & Co. KG, its general partner's) net assets falling below, or increasing an existing shortfall of, its stated share capital (provided that the determination and calculation of such shortfall is subject to certain adjustments and exemptions). Accordingly, any security and Guarantee provided by a (direct or indirect) subsidiary of the Issuer in the legal form of a GmbH or a GmbH & Co. KG incorporated or established in Germany will contain such limitation language in the manner described. This could lead to a situation in which the respective Guarantee or security granted by a GmbH or a GmbH & Co. KG cannot be enforced at all. German capital maintenance rules are subject to evolving case law. Future court rulings may further limit the access of a shareholder to assets of its subsidiaries constituted in the form of a GmbH (or of a GmbH & Co. KG, the general partner or general partners of which is or are a GmbH), which can negatively affect the ability of the German (direct or indirect) subsidiaries of the Issuer to make payments under the Guarantees, of the beneficiaries of the Guarantees to enforce the Guarantees or of the secured parties to enforce the collateral.

Furthermore, the validity and enforceability of any security and guarantee granted by a German Guarantor being a direct or indirect subsidiary of the Issuer incorporated in Germany in the form of a stock corporation (*Aktiengesellschaft*—''AG'') or of any subsidiary of the AG are subject to certain provisions of the German Stock Corporation Act (*Aktiengesetz*—''AktG'').

As a general rule, section 71a of the AktG prohibits an AG (and any of its subsidiaries) from making any advance payment, granting any loan, any security (including any guarantee) or any other benefit to any other person for the purpose of the (direct or indirect) acquisition of any shares in the AG. According to section 71a of the AktG any transaction or agreement providing for any such financial assistance would be held void. In addition, section 57 of the AktG prohibits an AG generally from disbursing its assets to its (direct or indirect) shareholders. Therefore, in order to enable an AG and subsidiaries of an AG to guarantee the liabilities of a direct or indirect parent or sister company without the risk of violating sections 57 and 71a of the AktG and to protect management from personal liability, it is standard market practice for credit agreements, Indenture, guarantees and security documents to contain so-called ''limitation language'' in relation to subsidiaries in the legal form of an AG incorporated in Germany and any of the AG's subsidiaries. Pursuant to such limitation language, the guarantees or security interests do not—in the absence of a domination (*Beherrschungsvertrag*) and/or profit and loss pooling agreement (*Gewinnabführungsvertrag*) between the AG as dominated entity and its shareholder as dominating entity—secure any liabilities of a direct or indirect parent or sister company of the AG (or of any of its subsidiaries). If such domination and/or profit and loss pooling agreement is in place, further limitations may apply with respect to such ''up-stream'' or ''cross-stream'' guarantees or security interests by reference to the shareholder's obligation to compensate losses of the AG under the profit and loss pooling agreement and its ability to satisfy its obligation. Accordingly, any security and Guarantee provided by a (direct or indirect) subsidiary of the Issuer in the legal form of an AG incorporated in Germany and any subsidiary of the AG will contain such limitation language in the manner described. This could lead to a situation in which the respective Guarantee or security granted by an AG or by any of the AG's subsidiaries does not secure any liabilities of a direct or indirect shareholder or of any sister company of an AG and/or cannot be enforced at all. German capital maintenance and financial assistance rules are subject to evolving case law. Future court rulings may further limit the access of a shareholder to assets of its subsidiaries constituted in the form of an AG (or of the subsidiaries of an AG), which could negatively affect the ability of (direct or indirect) subsidiaries of the Issuer constituted in the form of an AG (or of the subsidiaries of an AG) to make payments under the Guarantees, of the beneficiaries of the Guarantees to enforce the Guarantees or of the secured parties to enforce the collateral.

Parallel Debt; Security Interests

Under German law, certain ''accessory'' security interests such as pledges (*Pfandrechte*) require that the pledgee and the creditor of the secured claim be the same person. Such security interests cannot be held for the benefit of a third party by a pledgee which does not itself hold the secured claim. The holders of interests in the Notes from time to time will not be parties to the security documents. In order to permit the holders of the Notes from time to time to benefit from pledges granted to the security agent under German law, the Intercreditor Agreement provides for the creation of a ''parallel debt.'' Pursuant to such parallel debt, the security agent becomes the holder of a claim equal to the sum of any amounts payable by any obligors under, in particular, the Notes and the Indenture (the ''Parallel Debt Obligation''). The pledges governed by German law will directly and exclusively secure the Parallel Debt Obligation, rather than secure the obligations under the Notes or the Noteholders directly. The Parallel Debt Obligation is in the same amount and payable at the same time as the obligations of the Issuer and the Security Providers under the Notes and the Guarantees (the ''Principal Obligations''), and any payment in respect of the Principal Obligations will discharge the corresponding Parallel Debt Obligation and any payment in respect of the Parallel Debt Obligation will discharge the corresponding Principal Obligations. Although the security agent will have, pursuant to the parallel debt, a claim against the Issuer and the Security Providers for the full principal amount of the Notes, there are no published court decisions confirming the validity of the parallel debt structure and of the pledges granted under German law to secure such parallel debt, and hence there is no certainty that German courts will uphold such pledges. Therefore, the ability of the security agent to enforce the Collateral may be restricted. In addition, holders of the Notes bear some risk associated with a possible insolvency or bankruptcy of the security agent.

German law does not generally permit the appropriation of pledged assets by the pledgee upon enforcement of the pledge. The enforcement of a share pledge under German law usually requires the sale of the asset constituting the collateral through a formal process involving a public auction to which certain waiting periods and notice requirements apply. Under German law, it is unclear whether the security interest in the collateral gives the security agent the right to prevent other creditors of the entities having granted such security from foreclosing on and realizing the asset constituting the collateral. Some courts have held that certain types of security interests only give their holders priority (according to their ranking) in the distribution of any proceeds from the realization of the asset constituting the collateral and no right to intervene (i.e., the right to request the court to impose a stay on proceedings initiated by other creditors).

Hardening Periods and Fraudulent Transfer

In the event of insolvency proceedings with respect to a company, which would be based on and governed by the insolvency laws of Germany, the security interests granted as well as a guarantee provided by that entity could be subject to potential challenges by an insolvency administrator (*Insolvenzverwalter*) under the rules of avoidance as set out in the German Insolvency Code (*Insolvenzordnung*).

On the basis of these rules, an insolvency administrator may challenge (*anfechten*) transactions which are deemed detrimental to insolvency creditors and which were effected prior to the commencement of insolvency proceedings. Such transactions can include the payment of any amounts to the Noteholders as well as granting them any security interest (including guarantees). The administrator's right to challenge transactions can, depending on the circumstances, extend to transactions during the ten-year period prior to the commencement of insolvency proceedings. If the Notes, the Guarantees or the security were avoided, holders of the Notes would only have a general unsecured claim in insolvency proceedings in the amount of their original investment and the holders of the Notes would be under an obligation to repay the amounts received by the insolvency estate or to waive such Guarantee or security interest.

In particular, an act (*Rechtshandlung*) or a transaction (*Rechtsgeschäft*) (which terms also include the provision of security or the repayment of debt) may be avoided in the following cases:

- any act (*Rechtshandlung*) granting an insolvency creditor, or enabling an insolvency creditor to obtain, security or satisfaction for a debt (*Befriedigung*) if such act was taken (a) during the last three months prior to the filing of the petition for the opening of insolvency proceedings, provided that the debtor was illiquid (*zahlungsunfähig*) at the time when such act was taken and the creditor knew of such illiquidity (or of the circumstances that imperatively suggested that the debtor was illiquid) at such time, or (b) after the filing of the petition for the opening of insolvency proceedings, if the creditor knew of the debtor's illiquidity or the filing of such petition (or of circumstances that imperatively suggested such illiquidity or filing);
- any act (*Rechtshandlung*) granting an insolvency creditor, or enabling an insolvency creditor, to obtain security or satisfaction for a debt to which such creditor was not entitled, or which was granted or obtained in a form or at a time to which or at which such creditor was not entitled to such security or satisfaction, if (a) such act was taken during the last month prior to the filing of the petition for the opening of insolvency proceedings or after such filing, (b) such act was taken during the second or third month prior to the filing of the petition and the debtor was illiquid at such time, or (c) such act was taken during the second or third month prior to the filing of the petition for the opening of insolvency proceedings and the creditor knew at the time such act was taken that such act was detrimental to the other insolvency creditors (or had knowledge of circumstances that imperatively suggested such detrimental effect);
- a transaction (*Rechtsgeschäft*) by the debtor that is directly detrimental to the insolvency creditors or by which the debtor loses a right or the ability to enforce a right or by which a proprietary claim against a debtor is obtained or becomes enforceable, if it was entered into (a) during the three months prior to the filing of the petition for the opening of insolvency proceedings and the debtor was illiquid at the time of such transaction and the counterparty to such transaction knew of the illiquidity at such time, or (b) after the filing of the petition for the opening of insolvency proceedings and the counterparty to such transaction knew of either the debtor's illiquidity or such filing at the time of the transaction;
- any act (*Rechtshandlung*) by the debtor without (adequate) consideration (e.g., whereby a debtor grants security or a guarantee for a third-party debt, which might be regarded as having been granted gratuitously (*unentgeltlich*)), if it was effected in the four years prior to the filing of the petition for the opening of insolvency proceedings;
- any act (*Rechtshandlung*) performed by the debtor during the ten years prior to the filing of the petition for the opening of insolvency proceedings or at any time after the filing, if the debtor acted with the intent to prejudice its insolvency creditors and the other party knew of such intention at the time of such act;
- any non-gratuitous contract concluded between the debtor and a related party of the debtor which directly operates to the detriment of the creditors can be avoided unless such contract was concluded more than two years prior to the filing for the opening of insolvency proceedings or the other party had no knowledge of the debtor's intention to disadvantage its creditors; in terms of corporate entities, the term ''related party'' includes, subject to certain limitations, members of the management or supervisory board, shareholders owning more than 25% of the debtor's share capital, persons or companies holding comparable positions that give them access to information about the economic situation of the debtor, and other persons that are spouses, relatives or members of the household of any of the foregoing persons;
- any act (*Rechtshandlung*) that provides security or satisfaction for a shareholder loan (*Gesellschafterdarlehen*) made to the debtor or a similar claim if (a) in case of the provision of security, the act took place during the ten years prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition, or (b) in the case of satisfaction, the act took place during the last year prior to the filing of the petition for the opening of insolvency proceedings or after the filing of such petition; and

- any act (*Rechtshandlung*) whereby the debtor grants satisfaction for a loan claim or an economically equivalent claim to a third party if (a) the transaction was effected in the last year prior to the filing of a petition for the opening of insolvency proceedings or thereafter, and (b) a shareholder of the debtor had granted security or was liable as a guarantor (*Bürge*) (in which case the shareholder has to compensate the debtor for the amounts paid (subject to further conditions)).

In this context, ''knowledge'' is generally deemed to exist if the other party is aware of the facts from which the conclusion must be drawn that the debtor was unable to pay its debts generally as they fell due, that a petition for the opening of insolvency proceedings had been filed, or that the act was detrimental to, or intended to prejudice, the insolvency creditors, as the case may be. A person is deemed to have knowledge of the debtor's intention to prejudice the insolvency creditors if it knew of the debtor's imminent illiquidity and that the transaction prejudiced the debtor's creditors. With respect to a ''related party,'' there is a general statutory presumption that such party had ''knowledge.'' Furthermore, even in the absence of an insolvency proceeding, a third-party creditor who has obtained an enforcement order (*Vollstreckungstitel*) but has failed to obtain satisfaction of its enforceable claims by a levy of execution, under certain circumstances, has the right to void certain transactions, such as the payment of debt and the granting of security pursuant to the German Code on Avoidance (*Anfechtungsgesetz*). The conditions for avoidance under the German Code on Avoidance differ to a certain extent from the above-described rules under the German Insolvency Code and the avoidance periods are calculated from the date when a creditor exercises its rights of avoidance in the courts.

In addition, under German law, a creditor who provided additional, or extended existing, funding to a debtor or obtained security from a debtor may be liable in tort if such creditor was aware of the debtor's (impending) insolvency or of circumstances indicating such debtor's (impending) insolvency at the time such funding was provided or extended or such security was granted. The German Federal Supreme Court (*Bundesgerichtshof*) held that this could be the case if, for example, the creditor was to act with the intention of detrimentally influencing the position of the other creditors of the debtor in violation of the legal principle of *bonos mores* (*Sittenwidrigkeit*). Such intention could be present if the beneficiary of the transaction was aware of any circumstances indicating that the debtor as the grantor of the guarantee or security was close to collapse (*Zusammenbruch*), or had reason to enquire further with respect thereto.

Ireland

Pursuant to the EU Insolvency Regulation, the place of the registered office of a company is presumed to be its ''center of main interests'' in the absence of proof to the contrary. Certain of the Guarantors are incorporated under the laws of Ireland. Therefore, any main insolvency proceedings in respect of any Irish Guarantor would likely be commenced and conducted in accordance with the requirements of Irish insolvency laws. However, pursuant to the EU Insolvency Regulation, where an Irish company conducts business in another member state of the European Union, the jurisdiction of the Irish courts may be limited if the company's center of main interests is found to be in another Member State (please see ''—*EU insolvency law*''). There are a number of factors that are taken into account to ascertain the centre of main interests. The center of main interests should correspond to the place where the company conducts the administration of its interests on a regular basis and is therefore ascertainable by third parties. The point at which the center of main interests of a particular company falls to be determined is at the time that the relevant insolvency proceedings are opened.

The following is a general discussion of insolvency proceedings and other matters governed by Irish law for informational purposes only and does not address all the Irish legal considerations that may be relevant to holders of the Notes.

Fixed and Floating Charges

Under Irish law, there are a number of ways in which fixed charge security has an advantage over floating charge security:

(a) an examiner (see ''—*Examinership*'') appointed to the charging company can deal with floating charge assets;

(b) a fixed charge, even if created after the date of a floating charge, may have priority as against the floating charge over the charged assets;

(c) general costs and expenses (including the liquidator's remuneration) properly incurred in a winding-up are payable out of the company's assets (including the assets that are the subject of the floating charge) in priority to floating charge claims;

(d) until the floating charge security crystallizes, a company is entitled to deal with assets that are subject to floating charge security in the ordinary course of business, meaning that such assets can be effectively disposed of by the charging company so as to give a third-party good title to the assets free of the floating charge and so as to give rise to the risk of security being granted over such assets in priority to the floating charge security;

(e) floating charge security is subject to certain challenges under Irish insolvency law (please see ''—*Grant of Floating Charge*''); and

(f) floating charge security is subject to the claims of preferential creditors in a winding-up (such as certain taxes, occupational pension scheme contributions and salaries owed to employees (subject to a cap per employee) and holiday pay owed to employees).

Under Irish law there is a possibility that a court could recharacterize fixed security interests purported to be created by a security document as floating charges; the description given to security interests by the parties is not determinative. Whether security interests labeled as fixed will be upheld as fixed security interests rather than floating security interests will depend on, among other things, whether the chargee has the requisite degree of control over the relevant chargor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the chargee in practice. Where the chargor is free to deal with the secured assets without the consent of the chargee prior to crystallization, the court is likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge in the security documents. In addition, to the extent that any of the assets which are expressed to be subject to a fixed charge are not specifically identified, the court may hold that such assets are, in fact, subject to a floating charge.

Preferred Creditors under Irish Law

Under Section 285 of the Irish Companies Act 1963 (the ''1963 Act''), in a winding-up of an Irish company certain preferential debts are required to be paid in priority to all debts other than those secured by a fixed charge. Preferential debts therefore have priority over debts secured by a floating charge. If the assets of the relevant company available for the payment of general creditors are insufficient to pay the preferential debts, they are required to be paid out of the property subject to the floating charge. Under Section 98 of the 1963 Act, the holder of a floating charge, or a receiver appointed by such a holder, who takes possession of property subject to the floating charge when the company is not in the course of being wound up, is required to pay the preferential debts out of that property in priority to principal and interest secured by the floating charge.

Such preferential debts would comprise, among other things, any amounts owed in respect of local rates and certain amounts owed to the Irish Revenue Commissioners for income/corporation/capital gains tax, value added tax (VAT), employee-related taxes, social security and pension scheme contributions and remuneration, salaries and wages of employees and certain contractors and the expenses of liquidation.

In addition, there is a further limited category of super-preferential creditors which take priority, not only over unsecured creditors and holders of floating security, but also over holders of fixed security. These super-preferential claims include the remuneration, costs and expenses properly incurred by any examiner of the company which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment that have been approved by the Irish courts, (see ''—*Examinership*'' below) and any capital gains tax payable on the disposition of an asset of the company by a liquidator, receiver or mortgagee in possession.

Furthermore, and as referred to above (see ''—*Fixed and Floating Charges*''), in the case of the application of moneys arising from the realization of secured assets that are subject to a floating charge, or in a winding-up, the costs of the liquidation and the liquidator's fees will take priority over the claims of floating chargeholders in respect of relevant assets.

Examinership

Examinership is a court procedure available under the Irish Companies (Amendment) Act 1990, as amended (the ''1990 Amendment Act'') to facilitate the survival of the whole or part of an Irish company or companies in financial difficulties. In circumstances where an Irish company is or is likely to be unable to pay its debts, then that company, the directors of that company, a contingent, prospective or actual creditor of that company, or shareholders of that company holding, at the date of presentation of the petition, not less than one-tenth of the voting share capital of that company are each entitled to petition the court for the appointment of an examiner to that company. Provided the company can demonstrate viability, and can satisfy certain tests, the Irish High Court appoints an independent examiner whose function is to supervise the restructuring process.

Where the Irish High Court appoints an examiner to a company, it may, at the same or any time thereafter, make an order appointing the examiner to be examiner for the purposes of the 1990 Amendment Act to a related company of such company. Once confirmed by the Irish High Court the scheme is binding on the company and all its members and creditors. During the protection period the day-to-day business of the company remains under the control of the directors of the company, subject to certain rights of the examiner to apply to the Irish High Court. The examiner, once appointed, has the power to set aside contracts and arrangements entered into by the company after this appointment and, in certain circumstances, can avoid a negative pledge given by the company prior to this appointment. Furthermore, the examiner may sell assets of the company which are the subject of security. Where such assets are the subject of a fixed security interest, the examiner must account to the holders of the fixed security interest for the amount realized and discharge the amount due to the holders of the fixed security interest out of the proceeds of the sale.

During the period of protection, the examiner will formulate proposals for a compromise or scheme of arrangement to assist the survival of the company, or of a related company, or both, and the whole or any part of its or their undertaking as a going concern. A scheme of arrangement may be approved by the Irish High Court when at least one class of creditors who would be adversely affected by the scheme of arrangement has voted in favor of the proposals and the Irish High Court is satisfied that such proposals are (i) fair and equitable in relation to any class of members or creditors who have not accepted the proposals and whose interests would be impaired by implementation of the scheme of arrangement and (ii) not unfairly prejudicial to the interests of any interested party.

For as long as a company is under the protection of the Irish High Court, no attachment, sequestration, distress or execution shall be put into force against the property or effects of the relevant company except with the consent of the examiner. In addition, no proceedings of any sort may be commenced against a guarantor or any other person liable to pay all or any part of the debts of the company under protection in respect of the debts of that company. This moratorium under the 1990 Amendment Act runs for an initial period of 70 days from the date of the presentation of the petition to the court for the appointment of the examiner. An extension of up to 30 days can be granted on application to the court by the examiner and the period may be further extended by the court for such period as the court considers necessary to decide whether or not to confirm the proposals.

Primary Risks for Holders of Notes in an Examinership

The primary risks to the holders of the Notes, under the laws of Ireland, if an examiner were appointed to an Irish Guarantor and/or to a company related to such an Irish company and where any amounts due under the Notes were unpaid, are as follows:

(a) there may be a delay in enforcing the payment obligations of an Irish Guarantor of the Notes and of any payment obligations contained in a guarantee given by any other related company subject to the examinership proceedings;

(b) the potential for a compromise or scheme of arrangement being approved involving the writing down or rescheduling of the debt due by an Irish Guarantor to the holders of the Notes;

(c) the potential for a compromise or scheme of arrangement being approved involving the writing down or rescheduling of any payment obligations owed to the holders of the Notes by a company related to such an Irish Guarantor;

(d) the potential for the examiner to seek to set aside any negative pledge prohibiting the creation of security or the incurring of borrowings by the Irish Guarantor to enable the examiner to borrow to fund the guarantor during the protection period; and

(e) in the event that a scheme of arrangement is not approved in respect of an Irish company guarantor of the Notes and the guarantor subsequently goes into liquidation, the examiner's remuneration and expenses (including certain borrowings incurred by the examiner on behalf of the guarantor and approved by the Irish High Court) will take priority over the moneys and liabilities which from time to time are or may become due, owing or payable by it to the holders of the Notes.

Challenges to Security

There are circumstances under Irish insolvency law in which the granting by an Irish company of security can be challenged. In most cases this will only arise if an examiner or a liquidator is appointed to the Irish company within a specified period (as set out in more detail below) of the granting of the security and, in addition, the company was ''unable to pay its debts'' when the security interest was granted or ''unable to pay its debts'' as a result.

A company will be ''unable to pay its debts'' if a statutory demand for an amount over €1,270 (approximately) is served on the company and remains unsatisfied for three weeks or an execution order or other process issued on a judgment, decree or order of a court in favor of a creditor is returned unsatisfied in whole or in part or it is proved to the court's satisfaction that the company is not able to pay its debts as they fall due or that the value of the company's assets is less than the amount of its liabilities (taking into account contingent and prospective liabilities).

The following potential grounds for challenge may apply to security interests:

Fraudulent Preference

Under Irish insolvency law, if an Irish company goes into liquidation, a liquidator may apply to the court for an order to set aside certain transactions entered into by an Irish company before the commencement of liquidation on the grounds that such transaction constituted a fraudulent preference. Section 286 of the 1963 Act provides that any conveyance, mortgage, delivery of goods, payment, execution or other act relating to property made or done by or against a company which is unable to pay its debts as they become due, to any creditor, within six months of the commencement of a winding-up of the Irish company, with a view to giving such creditor (or any surety or guarantor of the debt due to such creditor) a preference over its other creditors shall, if the company is at the time of the commencement of the winding-up unable to pay its debts (taking into account the contingent and prospective liabilities), be deemed a fraudulent preference of its creditors and be invalid accordingly. Where the conveyance, mortgage, delivery of goods, payment, execution or other action is in favor of a connected person the six-month period is extended to two years.

Transaction Defrauding Creditors

Under Section 139 of the Irish Companies Act 1990, if in a liquidation, receivership or examination of an Irish company it can be shown to the satisfaction of the court that any property of such company of any kind whatsoever was disposed of either by way of conveyance, transfer, mortgage, security, loan or in any way whatsoever whether by act or omission, direct or indirect, and that the effect of such disposal was to perpetrate a fraud on the Irish company, its creditors or members, the court may, if it deems it just and equitable to do so, order any person who appears to have the use, control or possession of such property or the proceeds of the sale or development thereof to deliver it or to pay a sum in respect of it to the relevant insolvency officer (or other applicant, which could include a creditor or contributory) under such terms or conditions as the court sees fit. In deciding whether it is just and equitable to make an order under Section 139 of the Irish Companies Act 1990, the Irish High Court must have regard to the rights of persons who have bona fide and for value acquired an interest in the property the subject of the application. Section 139 does not apply to a disposal that would constitute a fraudulent preference for the purpose of Section 286 of the 1963 Act.

Grant of Floating Charge

Under Irish insolvency law, if an Irish company is unable to pay its debts at the time of (or as a result of) granting a floating charge, then such floating charge can be avoided if it was granted in the period of one year ending with the onset of insolvency (except to the extent of moneys actually advanced or paid or the actual price or value of the goods or services sold or supplied to the Irish company at the time of or subsequent to the creation of, and in consideration for, the charge, together with interest on that amount at the rate of 5% per annum). Where the floating charge is granted to a ''connected person'' the charge can be challenged if granted within two years of the onset of insolvency.

General

If an Irish Guarantor becomes subject to an Irish law insolvency proceeding and that company has obligations to creditors that are treated under Irish law as senior relative to the company's obligations to the Noteholders, the Noteholders may suffer losses as a result of their subordinated status during such insolvency proceeding.

The validity and enforceability of a guarantee or security interest may be contested on the basis of an *ultra vires* claim. It is important in this regard that any Guarantor incorporated under the laws of Ireland has sufficient powers in its Memorandum of Association to give guarantees and indemnities and to create security over its assets.

Subject to certain exceptions, under Section 60 of the 1963 Act, it is unlawful for an Irish company to give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person or for any shares in the company or its holding company.

Pursuant to Section 1001 of the Irish Taxes Consolidation Act 1997, the holder of a fixed security over book debts of an Irish tax-resident company may be required by notice from the Irish Revenue Commissioners to pay to them sums equivalent to those which the holder thereafter receives in payment of debts due to it by the relevant company. Where the holder of the security has informed the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's liability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issue to the holder of a notice from the Irish Revenue Commissioners.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax-resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. It is possible that the scope of this right of the Irish Revenue Commissioners may override the rights of holders of security (whether fixed or floating) over the debt in question.

Enforcement Process

Receivership

A receiver could be appointed by way of enforcement of the right of the holders of fixed or floating security interests. Receivers are appointed over assets which fall within the security granted, and not over the company itself. The appointment of a receiver could result in the costs and expenses of the receiver taking priority over any amounts otherwise owed to holders of the Notes.

Notes Guarantees

There is a risk that the Guarantees may be challenged as unenforceable on the basis that there is an absence of corporate benefit on the part of an Irish Guarantor or that it is not for the purpose of carrying on the business of the Irish Guarantor.

The directors' primary duty is to act in the best interests of their own company and not in the interest of the group as a whole. Nevertheless, it is often to the advantage of one company to support other members of the group and the Irish courts have held that corporate benefit may be established where the benefit flows to the group generally rather than specifically to the relevant Irish guarantor.

Jersey

Insolvency

Certain of the Guarantors, or expected future Guarantors, are incorporated under the laws of Jersey. Consequently, in the event of an insolvency of any such Guarantors, insolvency proceedings may be initiated in Jersey. There are two principal regimes for corporate insolvency in Jersey: *désastre* and winding-up (including summary winding-up, just and equitable winding-up and creditors' winding-up).

The principal type of insolvency procedure available to creditors under Jersey law is the application for an Act of the Royal Court of Jersey under the Bankruptcy (*Désastre*) (Jersey) Law 1990, as amended (the ''Jersey Bankruptcy Law'') declaring the property of a debtor to be ''en *désastre*'' (a ''declaration''). On a declaration of *désastre*, title and possession of the property of the debtor vest automatically in the Viscount, an official of the Royal Court (the ''Viscount''). With effect from the date of declaration, a creditor has no other remedy against the property or person of the debtor, and may not commence or continue any legal proceedings to recover the debt (except with the consent of the Viscount or the Royal Court).

Additionally, the shareholders of a Jersey company (but not its creditors) can instigate a winding-up of an insolvent company, which is known as a ''creditors' winding-up'' pursuant to Chapter 4 of Part 21 of the Companies (Jersey) Law 1991, as amended (the ''Jersey Companies Law''). On a creditors' winding-up, a liquidator is appointed, usually by the creditors. The liquidator will stand in the shoes of the directors and administer the winding up, gather assets, make appropriate disposals of assets, settle claims and distribute assets as appropriate. After the commencement of the creditors' winding-up, no action can be taken or continued against the company except with the leave of the Royal Court. The corporate state and capacity of the company continues until the end of the winding-up procedure, when the company is dissolved. The Jersey Companies Law requires a creditor of a company (subject to appeal) to be bound by an arrangement entered into by the company and its creditors immediately before or in the course of its winding-up if (inter alia) three-quarters in number and value of the creditors acceded to the arrangement.

Alternatively, a Jersey company as the debtor may be wound up by the Royal Court (under Article 155 of the Jersey Companies Law) if the debtor has not been declared *en désastre* and the Royal Court is of the opinion that it is just and equitable, or expedient in the public interest, to do so. This procedure is less common than the principal corporate insolvency procedures of a creditors' winding-up or a *désastre*. The application to the Royal Court for such winding-up may be made by the debtor, a director, a shareholder, the Minister for Economic Development (the ''Minister'') or the Jersey Financial Services Commission (the ''JFSC'') on just and equitable grounds, or by the Minister or the JFSC on public interest grounds. The test to be applied by the Royal Court in considering the application is whether it holds the above opinion, as opposed to a test of solvency. If the Royal Court orders a debtor to be wound up, it may appoint a liquidator and direct the conduct of the winding-up in the court order.

Transactions at an Undervalue

Under Article 17 of the Jersey Bankruptcy Law and Article 176 of the Jersey Companies Law, the court may, on the application of the Jersey Viscount (in the case of a company whose property has been declared ''*en désastre*'') or liquidator (in the case of a creditors' winding-up, a procedure which is instigated by shareholders not creditors), set aside a transaction (including any Guarantee or security interest) entered into by a company with any person (the ''other party'') at an undervalue. There is a five-year look-back period from the date of commencement of the winding up or declaration of ''*désastre*'' during which transactions are susceptible to examination pursuant to this rule (the ''relevant time''). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction at an undervalue, the operation of the relevant time and the effect of entering into such a transaction with a person connected with the company or with an associate of the company.

Guarantee Waivers

If the Courts of Jersey were asked to enforce a guarantee against a Jersey company, the Jersey company might be able to claim certain rights under Jersey law, known as the *droit de division* and the droit de discussion, being respectively essentially a right to require that any liability of that company under a guarantee be divided or apportioned with another person or persons and a right to require that the assets of the principal obligor or any other person be exhausted before any claim under the guarantee is enforced against the Jersey company. These guarantor rights can be waived by contract, as is the case under the Guarantees.

Preference

Under Article 17A of the Jersey Bankruptcy Law and Article 176A of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared ''*en désastre*'') or liquidator (in the case of a creditors' winding-up), set aside a preference (including any Guarantee or security interest) given by the company to any person (the ''other party''). There is a 12-month look-back period from the date of commencement of the winding-up or declaration of ''*désastre*'' during which transactions are susceptible to examination pursuant to this rule (the ''relevant time''). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a preference, the operation of the relevant time and the effect of entering into a preference with a person connected with the company or with an associate of the company.

Extortionate Credit Transactions

Under Article 17C of the Jersey Bankruptcy Law and Article 179 of the Jersey Companies Law, the court may, on the application of the Viscount (in the case of a company whose property has been declared ''*en désastre*'') or liquidator (in the case of a creditors' winding-up), set aside a transaction providing credit to the debtor company which is or was extortionate. There is a three-year look-back period from the date of commencement of the winding-up or declaration of ''*désastre*'' during which transactions are susceptible to examination pursuant to this rule (the ''relevant time''). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction which is extortionate.

Disclaimer of Onerous Property

Under Article 15 of the Jersey Bankruptcy Law, the Viscount may, within six months following the date of the declaration of *désastre* and under Article 171 of the Jersey Companies Law, a liquidator may within six months following the commencement of a creditors' winding up, disclaim any onerous property of the company. ''Onerous property'' is defined to include any moveable property, a contract lease or other immoveable property if it is situated outside of Jersey that is unsaleable or not readily saleable or is such that it might give rise to a liability to pay money or perform any other onerous act, and includes an unprofitable contract.

A disclaimer operates to determine, as of the date it is made, the rights, interests and liabilities of the company in or in respect of the property disclaimed and to discharge the company from all liability in respect of the property as at the date of the commencement of the creditors' winding-up or *désastre*, but does not, except so far as is necessary for the purpose of releasing the company from liability, affect the rights or liabilities of any other person. A person sustaining loss or damage as a result of a disclaimer is deemed to be a creditor of the company to the extent of the loss or damage and shall have standing as a creditor in the *désastre* or creditors' winding-up. The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) in relation to the power to disclaim onerous property.

Fraudulent Dispositions

In addition to the Jersey statutory provisions referred to above, there are certain principles of Jersey customary law (for example, a Pauline action) under which dispositions of assets with the intention of defeating creditors' claims may be set aside.

Floating Charges

Under the laws of Jersey, a person incorporated, resident or domiciled in Jersey is deemed to have capacity to grant security governed by foreign law over property situated outside the Island of Jersey, but to the extent that any floating charge is expressed to apply to any asset, property and undertaking of a person incorporated, resident or domiciled in Jersey such floating charge is not likely to be held valid and enforceable by the Courts of Jersey in respect of Jersey *situs* assets.

Administrators, Receivers and Statutory and Non-statutory Requests for Assistance

The Insolvency Act 1986 (either as originally enacted or as amended, including by the provisions of the Enterprise Act 2002) does not apply in Jersey and receivers, administrative receivers and administrators (as provided for in the Insolvency Act 1986) are not part of the laws of Jersey. Accordingly, the Courts of Jersey may not recognize the powers of an administrator, administrative receiver or other receiver appointed in respect of Jersey *situs* assets.

However, under Article 49(1) of the Jersey Bankruptcy Law, the Jersey Royal Court may assist the courts of prescribed countries and territories in all matters relating to the insolvency of any person to the extent that the Jersey court thinks fit. These prescribed jurisdictions include the United Kingdom. Further, in doing so, the Royal Court may have regard to the UNCITRAL model law, even though the model law has not been (and is unlikely to be) implemented as a separate law in Jersey.

If the request comes from a prescribed country but not by a court-made request or from a non-prescribed country, then common law and principles of comity will be considered by the Royal Court by virtue of its inherent jurisdiction. If insolvency proceedings are afoot in another jurisdiction in relation to the company, the nature and extent of the cooperation from Jersey is likely to depend on the nature of the requesting country's insolvency regime. If the requesting country adheres to principles of territoriality, as opposed to universality, and, for instance, ring-fences assets for local creditors, full cooperation is highly unlikely. If, however, the jurisdiction applies similar fundamental principles to those applied in Jersey, the Royal Court's approach is more likely to be similar to the position where prescribed countries are involved.

In the case of both statutory and non-statutory requests for assistance, it should not be assumed that the UNCITRAL provisions will automatically be followed. That is a matter for the discretion of the Royal Court. It would also be wrong to assume for European countries that the position will be in accordance with EU Insolvency Regulation. Jersey does not form part of the European Community for the purposes of implementation of its directions. Accordingly, the EU Insolvency Regulation does not apply as a matter of Jersey domestic law and the test of center of main interests does not automatically apply as a result (although the Courts of Jersey may have regard to the concept of centre of main interests).

Security in Insolvency and Enforcement Procedure

Enforcement of Jersey security may be limited by bankruptcy, insolvency, liquidation, dissolution, re-organization or other laws of general application relating to or affecting the rights of creditors, but insolvency or bankruptcy alone will not render the security interests created pursuant to Jersey security interest agreements invalid or non-binding on the parties thereto or any liquidator of a Jersey company or the Viscount in a *désastre* of a Jersey company's property. This is subject to certain statutory exceptions, which include (but are not limited to):

- Article 159(4) of the Jersey Companies Law provides that after the commencement of a creditors' winding-up of a Jersey company no action shall be taken or proceeded with against the company except by leave of the Royal Court and subject to such terms as that court may impose; and
- Article 10(1) of the Jersey Bankruptcy Law provides that with effect from the date of a declaration of *désastre* against a person (the ''bankrupt''), a creditor shall not have any other remedy against the property or person of the bankrupt or commence or (except with the consent of the Viscount or by order of the Royal Court) continue any action or legal proceedings to recover such creditor's debt.

In relation to any Jersey law security interest agreements (the ''Jersey SIAs''), upon the occurrence of an Event of Default (as defined in each of the Jersey SIAs), the secured party may exercise the power of sale over the collateral specified in the Jersey SIAs and apply the sale proceeds in accordance with the provisions of Article 8 of the Security Interests (Jersey) Law 1983. The Security Interests (Jersey) Law 1983 does not allow for the secured party to take title to such collateral absolutely or to transfer the collateral to itself in settlement of the secured obligations other than in relation to collateral that is money or represented by a negotiable instrument or moneys held in a bank account. Further, the Security Interests (Jersey) Law 1983 provides that such power of sale (including any appropriation of money, a negotiable instrument or moneys in a bank account) can only be exercised once the secured party has served notice on the debtor specifying the Event of Default and, where such default is capable of remedy, requiring the debtor to remedy it. In cases where the Event of Default is capable of remedy, the secured party cannot exercise the statutory power of sale until the expiry of a 14 day period following the service of such notice.

- In relation to the Jersey SIAs, under Article 6(4) of the Security Interests (Jersey) Law 1983, on a *désastre* of the property of a debtor, the Viscount may apply to the Royal Court of Jersey for an order vesting in him the rights of the secured party to the collateral subject to a security interest pursuant to the Security Interests (Jersey) Law 1983 (including the power of sale under such law) and directing that it be sold. The proceeds of sale, following deduction of the Viscount's costs (in accordance with his usual practice), will be applied in meeting the secured obligations under any security interests existing in respect of such collateral, according to the priority set out in the Security Interests (Jersey) Law 1983. In our view, the Viscount is most likely to make such application to the Royal Court of Jersey if the secured party is acting in a way that the Viscount considers detrimental to the conduct of the *désastre*, for example, by the secured party being dilatory in exercising his power of sale under the Security Interests (Jersey) Law 1983.
- In relation to the Jersey SIAs, on a *désastre*, the Viscount will automatically take title to the assets of the debtor, subject to any pre-existing rights in respect of such assets. This has the consequence that the Viscount may need to be involved to effect the exercise of the statutory power of sale of assets secured by way of possession pursuant to Article 2(3) of the Security Interests (Jersey) Law 1983. Article 32(7) of the Jersey Bankruptcy Law provides that, where any property of a debtor is subject to a security interest created pursuant to the Security Interests (Jersey) Law 1983, the proceeds of sale are to be applied in the manner set out in Article 8(6) of that Law. Article 8(6) provides for the costs and expenses of the sale to be deducted first from the proceeds of such sale, following which the proceeds would be applied to satisfy those obligations secured under the Security Interests (Jersey) Law 1983 in order of priority according to date of creation. However, where the Viscount is required to be involved in the sale of the secured assets because he holds title following a *désastre*, the Viscount has, as a matter of practice, sought to claim his fees (which are currently approximately 10% of the value of realized assets and 2.5% of the value of distributed assets) from such proceeds of sale.

In the enforcement of foreign security in Jersey, the Royal Court—properly applying the relevant provisions of foreign law—is likely to uphold (subject to the comments above) a claim that the relevant security interest (and other than in respect of any property or assets situated or deemed to be situated in Jersey) is binding on a Jersey company and any liquidator or other similar person having control of the assets of a Jersey company.

A transfer of shares in a Jersey company, not being a transfer made to or with the sanction of the liquidator of the company in a creditors' winding-up (insolvent winding-up) under the Jersey Companies Law, or the Viscount after the property of the company is declared to be *en désastre* under the Jersey Bankruptcy Law, and an alteration in the status of the company's members made after the commencement of the creditors' winding-up or after such declaration of *en désastre*, is void.

Poland

Insolvency

The Issuer's obligations under the Notes are or will be guaranteed by certain Guarantors incorporated in Poland (the ''Polish Guarantors''). If a Guarantor's centre of main interests is in Poland, then pursuant to the Polish Bankruptcy and Rehabilitation Law of February 28, 2003 (Dz.U. 2012.1112 as amended) (the ''Polish Bankruptcy Law'') and the EU Insolvency Regulation, the main bankruptcy proceedings of that Guarantor should be conducted before a Polish court. The EU Insolvency Regulation states that the place of the registered office is presumed to be the center of its main interests, in the absence of proof to the contrary. Consequently, in the event of the insolvency of a Polish Guarantor, bankruptcy proceedings would be governed by Polish law if its centre of main interests is in Poland. Any judgment opening insolvency proceedings granted by a Polish court will be recognized in all other European Union member states (except for Denmark) from the time that judgment becomes effective in Poland. Recognition of these bankruptcy proceedings will not preclude the opening of secondary bankruptcy proceedings, as described in more detail above.

According to the Polish Bankruptcy Law, the grounds for declaring bankruptcy of a debtor which is a commercial company are as follows:

(1) it does not fulfill its due and payable pecuniary obligations (*wymagalne zobowiązania pieniężne*), and/or

(2) its obligations (*zobowiązania*) exceed the total value of its assets (*majątek*), even if it discharges those obligations on a current basis.

Each individual who has the right to represent the Polish Guarantor (whether alone or with others) is obliged to file a motion to declare the Polish Guarantor bankrupt within two weeks from the day the grounds listed above for declaring bankruptcy are met. In practice, it is difficult to determine the day from which the two week time limit for filing the motion should be counted.

Additionally, each of the Polish Guarantor's creditors may file for bankruptcy of the relevant Polish Guarantor.

There are two types of bankruptcy proceedings under Polish law:

''liquidation'' bankruptcy, the principal aim of which is to satisfy creditors from the proceeds obtained from the sale of the debtor's assets (such bankruptcy would result in dissolution of the debtor's company, unless otherwise permitted by law); and

''arrangement'' bankruptcy, which are essentially aimed at satisfying creditors through a settlement approved by the required majority of creditors and the court (such bankruptcy could allow the debtor to continue its business activity following the completion of these proceedings).

Liquidation bankruptcy

In the event of liquidation bankruptcy, the court appoints a bankruptcy receiver (*syndyk*) who takes over the management of the bankrupt's assets. From this moment on, the receiver and not the debtor (the bankrupt entity) administers the bankrupt entity's assets and represents the bankrupt entity. The bankrupt entity's assets become bankruptcy assets which will be liquidated to pay off creditors. The receiver prepares a list of the assets. On the declaration of bankruptcy, all of the debtor's debts become due and payable. Interest may be paid from the bankruptcy estate only for the period up to the date of the declaration of bankruptcy, unless they are secured by mortgages, pledges, registered pledges, treasury pledges and/or maritime pledges, and satisfied from the security assets' proceeds.

Arrangement bankruptcy

The arrangement bankruptcy proceedings are conducted with respect to the debtor, where it has been credibly established that the creditors' claims will be satisfied in a greater extent than they would be in liquidation bankruptcy proceedings, unless, given the debtor's behavior to date, it is uncertain whether the arrangement will be fulfilled, which will not be relevant if the arrangement proposals include a liquidation arrangement.

In the event of arrangement bankruptcy proceedings, the court appoints a court supervisor (nadzorca sądowy) or an administrator (*zarządca*) instead of the bankruptcy receiver. A court supervisor is appointed in situations where the debtor will continue to manage its assets, whereas an administrator is appointed when the debtor is deprived of the right to manage its assets.

If the required majority of creditors vote in favor of an arrangement, the arrangement is accepted and then approved by the court, unless the arrangement is contrary to the rules of law or it is obvious that it will not be performed. The court's decision approving the arrangement may be appealed. The accepted arrangement is binding on (affects) all creditors whose receivables are covered by the arrangement in accordance with the provisions of the Polish Bankruptcy Law. Certain receivables are not covered (affected) by the arrangement. These include, inter alia:

(1) receivables secured with mortgages, pledges, registered pledges, treasury pledges and/or maritime pledges (to the extent they can be satisfied from a security asset); a creditor whose claims are so secured may, however, consent to being subject to an arrangement;

(2) receivables under derivative or repo transactions; and

(3) receivables under employment contracts.

The rules under which the bankrupt entity's debts will be repaid are stipulated in the arrangement.

The most common arrangement involves the debtors paying only a portion of the debts and/or deferral of payments of such debts, and the bankrupt entity continuing its operations. It is also possible, however, to accept a liquidation arrangement where a determination is made as to how the bankrupt entity's assets and the business will be liquidated.

The court may change the manner of conducting the bankruptcy proceedings from the arrangement bankruptcy proceedings into the liquidation proceedings and vice versa, if the grounds for conducting a given type of the proceedings become known after the declaration of bankruptcy.

Other bankruptcy-proceeding issues

Once bankruptcy is declared (irrespective of its type), no mortgage, pledge, registered pledge, treasury pledge and/or maritime mortgage can be established over the bankrupt entity's assets in order to secure a receivable debt which arose before the declaration of bankruptcy. This does not apply to a mortgage where a motion to enter a mortgage was filed with the court at least six months before the filing of the bankruptcy petition.

Provisions of a contract which provide, in the event of a declaration of bankruptcy, for amendments to, or termination of, a legal relationship to which the bankrupt entity is a party, are invalid. A provision of a contract to which the bankrupt entity is a party which renders the achievement of the goal of the bankruptcy proceedings impossible or difficult are ineffective against the bankruptcy estate.

If court proceedings against the bankrupt entity are pending on the day of the bankruptcy declaration in any common courts, then such proceedings are in some cases discontinued. If proceedings were pending in which the bankrupt entity was the plaintiff, the receiver or the administrator replaces the bankrupt entity. If a court supervisor is appointed, it would act together with the bankrupt entity in the proceedings. If enforcement proceedings regarding the receivables included in the arrangement by operation of law, in the case of arrangement bankruptcy, and any receivables which may be filed within the bankruptcy proceedings, in the case of liquidation bankruptcy, were pending against the bankrupt entity on the date of the bankruptcy declaration, they are suspended with effect from the date of the bankruptcy declaration and the proceeds received are transferred to the bankruptcy estate after the decision on the declaration of bankruptcy becomes final.

All the arbitration clauses expire with effect from the date of the bankruptcy declaration and if arbitration proceedings were pending on the date of the bankruptcy declaration, such proceedings are discontinued.

Creditors have a right to submit their claims within the time limit indicated in a decision declaring bankruptcy. Claims supported by evidence of claims are usually admitted, i.e., included in the list of liabilities. If a filed claim is not included in the list, then a creditor has a right to appeal. The procedural requirements for submitting a claim are very formalistic.

Any debt (claim) payable in a currency other than złoty, regardless of whether the claim has fallen due or not, if put on the list of claims, will be expressed in złoty and the złoty equivalent is calculated on the basis of the average exchange rate of the National Bank of Poland prevailing on the date the bankruptcy court issues a decision on the debtor's bankruptcy. Accordingly, in the event of bankruptcy, creditors (e.g. holders of the Notes) may be subject to exchange rate risk between such date when the bankruptcy court issues a decision on the debtor's bankruptcy and the date of receipt of any amounts in the course of bankruptcy liquidation.

In the case of liquidation bankruptcy, creditors under the Guarantee will be satisfied from the proceeds obtained from the sale of a Polish Guarantor's assets. When the repayment of receivables arising under the Guarantee becomes part of an arrangement in arrangement bankruptcy proceedings, there is a possibility that such receivables may be decreased on the basis of a decision of the creditors (such decisions would be subject to certain mandatory rules of the Polish Bankruptcy Law). The proceeds separated to satisfy a receivable whose repayment depends on a condition precedent will be handed over to the creditor if the creditor can prove that the condition has been fulfilled; otherwise this amount will be deposited with the court. The proceeds separated to satisfy a receivable which is not yet due and payable shall be deposited with the court.

As a rule, creditors' receivables towards a Polish Guarantor will be divided into five categories and creditors having their receivables in a lower ranking category may not obtain satisfaction before all receivables in the higher ranking category have been fully satisfied. Any unsecured debt under bonds or credit falls into category four, provided that any unpaid interest under such bonds or credit are included in that category only for a period of one year before the bankruptcy declaration and for any previous period they fall into category five. The first three categories, which rank ahead of category four, concern, inter alia, the following receivables:

(1) the costs of bankruptcy proceedings;

(2) payments due under employment contracts for the period before the date of the declaration of bankruptcy; and

(3) payments to the state, such as taxes and social security obligations for employees.

Within each category, each receivable is satisfied pro rata to the total value of receivables listed in such category.

If an asset owned by the bankrupt entity (i.e., a Polish Guarantor) is subject to a mortgage, pledge, registry pledge, treasury pledge or a maritime mortgage, then a creditor in whose favor the security has been established has a right to receive proceeds from the sale of that asset before the other creditors (with a few exceptions relating to mortgages and maritime mortgages such as, for instance, a certain portion of alimony claims or employee salaries). Where a number of mortgages have been established on a real estate which considerably exceed its value, creditors are repaid from such real estate according to their priority set out in the land and mortgage register maintained for that real estate.

It is not clear whether Polish courts and/or an administrator (*zarządca*) and/or court supervisor (*nadzorca sądowy*) and/or a bankruptcy receiver (*syndyk*) (unless otherwise specifically stated, hereinafter the term ''administrator'' shall include each one of *zarządca*, *nadzorca sądowy* and/or *syndyk*) will give effect to provisions on subordination in intercreditor agreements. There is a risk that in the course of insolvency proceedings claims of all unsecured creditors will be discharged on a *pari passu* basis, irrespectively of any provisions on subordination in intercreditor agreements, and the creditors who are the parties to such agreements may have to enforce their rights thereunder only outside of the insolvency proceedings (e.g. by claiming the return of particular amounts from other creditors who are the parties to such agreements).

Security under Polish law in general

Under Polish law, in general, all security interests, including, without limitation, mortgages and pledges, are considered accessory to the underlying secured claims, i.e. security interest, including in particular, without limitation, the mortgages and pledges automatically terminate if the secured claims are repaid, become void or terminate. See also ''—*Parallel Debt*'' below.

The establishment of certain security interests in Poland requires the execution of appropriate documents and entry into registers or filings with relevant courts. The establishment of the mortgages on real estate in Poland (if such is to be established) will require the execution of a deed before a Polish notary public and submission to and entry (registration) of each mortgage in the land and mortgage register held by the Polish court. The establishment of the pledges will require execution of the pledge agreements and, with respect to registered pledges, the entry (registration) of each registered pledge in the pledge register held by the Polish court.

The process of registration of mortgages and/or registered pledges may take up to several months and, until they are completed, the mortgages and/or registered pledges will not legally exist. Once they are registered, the statutory priority of the mortgages and/or registered pledges will be determined by the priority of the filing motions for the registration thereof. In respect of certain rights, such as shares and bank accounts, on which the registered pledges are to be established, the payment obligations under the Notes will be secured additionally by financial pledges, which however may not give the same scope of rights to the secured creditors as the registered pledges.

As a general rule, the establishment of the pledges (registered and financial) or mortgages over the assets of a Polish Guarantor will not prevent third party creditors from initiating enforcement proceedings under the Polish Code of Civil Procedure to satisfy their claims from the assets encumbered by the pledges or mortgages. In such event, the Security Agent will be able to participate in the distribution of funds resulting from such enforcement and its claims will have priority over unsecured claims of third parties (except for certain court enforcement expenses, alimony claims and employee and pension claims) and claims secured with the lower ranking pledges or mortgages according to the order of priorities set forth in accordance with the Polish Code of Civil Procedure.

In respect of the registered or financial pledges, the Security Agent will have the right to satisfy claims secured with such pledges by assuming title to the pledged assets on the terms set out in the respective pledge agreements. Regarding the registered pledges, it would be also possible for the Security Agent to satisfy its claims by selling such assets in an auction made by a notary public or a court enforcement officer in priority of other creditors. In respect of the registered pledges on the so-called collection of assets, the Security Agent will have the right to satisfy claims secured with such pledges also by leasing the pledgor's enterprise to a third party or handing-over such enterprise to a receiver (a manager). However, if any third party creditor initiates enforcement proceedings to satisfy their claims from the assets encumbered by such pledges, the Security Agent will not be able to exercise any such specific method of enforcement of the registered pledges (by taking the title to the encumbered assets, by sale of such assets via an auction made by a notary public or a court enforcement officer, and in the event of pledges established on the collection of assets and rights, also by leasing the pledgor's enterprise to a third party or handing-over such enterprise to a receiver (a manager)), but only be entitled to enforcement of such pledges via a standard court enforcement process which is usually considered as more time-consuming and more expensive for the secured creditor. Additionally, in insolvency proceedings, the bankruptcy receiver retains the discretion to prevent the Security Agent from acquiring title to the pledged assets or from sale of such assets via an auction made by a notary public or a court enforcement officer or may even refrain from liquidating (selling) such encumbered assets separately, and may sell the entire business of the bankrupt entity (entire bankruptcy estate) as a going concern, if he/she considers that such sale would be more commercially beneficial.

Polish law does not recognize the enterprise pledge/mortgage (i.e., one security interest over the whole business of an entity). In particular, without limitation, mortgages on real estate and pledges on movable assets or transferrable rights or the assignments of such rights are separate security interests from which the secured creditors have to satisfy separately. The result of this is that in the enforcement process the sale of the whole business of an entity that provided security interests over its assets as a going concern may be impossible in practice (this limitation does not apply to the bankruptcy trustee to sell the entire business of the bankrupt entity (entire bankruptcy estate) as a going concern if such a sale would be more commercially beneficial—see above).

In the event of enforcement of a pledge on shares in a Polish company, not only do the Polish regulations relating to the pledge apply, but also the provisions of Polish company law with respect to transfer of shares have to be adhered to. Further, the pledge over shares will be of limited economic value when the company whose shares are pledged becomes insolvent.

The security established for the benefit of the Security Agent in Poland includes the establishment of both financial pledges and registered pledges over the same assets. The co-existence of registered and financial pledges established as encumbrances over a single asset, securing the same claim, is not expressly provided for under the Polish law and we cannot assure you that the validity of the coexisting registered and financial pledges established in favor of the bank creditors and the Security Agent would not be subject to challenge, for example, under concepts of over collateralization and/or violation of principles of social co-existence.

It is prohibited under Polish law to make a covenant under which the owner of the real property undertakes to a creditor secured by mortgage on such real property that it shall not dispose of or encumber such property before the expiration of the mortgage.

The mortgages secure claims up to a given amount stated in the respective notarial deeds. If any such mortgage is considered as excessive (over-collateralization), the owner of the property so encumbered may request that the mortgage amount be reduced.

The Polish mortgage law was subject to a major amendment which entered into force on February 20, 2011. In particular, one of the changes was the introduction of the concept of over-collateralization to the Polish mortgage law. There is no case law or practice in respect of these new rules. It is uncertain how these new rules of the Polish mortgage law will be interpreted by Polish courts or how these new rules law and their interpretation will affect the other provisions of Polish law (for example, with respect to a registered pledge).

Polish Law on the Acquisition of Real Estate by Foreigners

Under the Polish Law on the Acquisition of Real Estate by Foreigners (*Ustawa o nabywaniu nieruchomości przez cudzoziemców*), the acquisition of real estate in Poland or the acquisition of shares in a Polish company which owns real estate in Poland or any other action through which such Polish company becomes controlled by a foreign entity, in certain situations requires a permit from the Polish Ministry of Internal Affairs and Administration (an ''MOI Permit''). The Polish Law on the Acquisition of Real Estate by Foreigners provides for a number of exemptions from the duty to obtain the MOI Permit. In particular, such duty is waived with respect to persons domiciled in countries which are members of the European Economic Area. However, these exemptions are not absolute and they do not apply to certain types of real estates. Pursuant to the provisions of the Law on the Acquisition of Real Estate by Foreigners, if a Polish Guarantor hold, or acquire, land which may be purchased by persons domiciled in European Union member states only subject to prior receipt of an MOI Permit, an acquisition, by the Security Agent or by other entities, of shares in such Polish Guarantor in the course of enforcement of the pledges established on such shares, or an acquisition, by the Security Agent or by other entities, of real estate in the course of enforcement of the mortgages, may also require such an MOI Permit.

Pursuant to the Polish Competition Act of February 16, 2007 (Dz.U.2007.50.331, as amended) (the ''Competition Act''), taking control over an entrepreneur by way of, among other things, an acquisition of shares and/or any part of its assets and/or an acquisition of a right to exercise voting rights of shares in such entrepreneur, may require prior approval of the President of the Polish Competition Authority and/or antimonopoly authorities of other countries and/or the EC. Therefore, if the Security Agent enforces the registered pledges by way of an acquisition of title to the encumbered shares or other assets or by exercising the voting rights in respect of shares encumbered by pledges (registered or financial pledges), it may require prior approval(s) of the respective antimonopoly authority(ies). Violation of the Competition Act or other respective antimonopoly laws or regulations may result in fines, a duty to dispose of the acquired assets or other penalties.

Perfection requirements

Under Polish law, certain security interests, such as registered pledges and mortgages, will be validly established after the fulfillment of certain perfection requirements. The registered pledge will be established not on execution of a respective pledge agreement between the pledgor and the Security Agent, but on entering such pledge into the registry of pledges maintained by the pertinent court. There will be a time lapse between

(1) filing the application to enter certain security interests; and

(2) the fulfillment of additional perfection requirements.

For example, in the case of registered pledges, the time lapse typically takes from one to four weeks, in all cases depending on a given register and provided that the applications were properly filed and paid for. Moreover, the pledge over shares of the Polish Guarantors will become effective against the Polish Guarantor once the Polish Guarantor is notified of the establishment of such pledge.

Parallel Debt

As stated above, security interests under Polish law are considered accessory to the underlying secured claims. Such security interests cannot be held for the benefit of a third party by e.g. a pledgee which does not itself hold the secured claim. The holders of interests in the Notes from time to time will not be parties to the security documents. In order to permit the holders of the Notes from time to time to benefit from pledges granted to the security agent under Polish law, the Intercreditor Agreement provides for the creation of a ''parallel debt.'' Pursuant to such parallel debt, the security agent becomes the holder of a claim towards each obligor equal to the sum of any amounts payable by that obligor under, in particular, the Notes and the Indenture (the ''Parallel Debt Obligation''). The pledges and other security interests governed by Polish law will directly and exclusively secure the Parallel Debt Obligation, and not the obligations under the Notes or the Indenture, and such security interests will be established not for the benefit of holders of the Notes directly but for the benefit of the Security Agent only. The Parallel Debt Obligation is in the same amount and payable at the same time as the obligations of the Issuer and the Guarantors under the Notes and the Guarantees (the ''Principal Obligations''), and any payment in respect of the Principal Obligations will discharge the corresponding Parallel Debt Obligation and any payment in respect of the Parallel Debt Obligation will discharge the corresponding Principal Obligations. The financing structures and security interests based on the parallel debt are subject to risks under Polish law. Polish law does not regulate expressly parallel debt and there have been no decisions of the Supreme Court of Poland clearly recognizing such structures as parallel debt. There is some practice in Poland in respect of establishing the security interests to secure parallel debt: registration courts enter registered pledges and mortgages which secure parallel debts and in limited number of decisions the Supreme Court of Poland, in the reasoning of such decisions, indirectly recognized the parallel debt. However, in the Polish legal system decisions of courts, including the Supreme Court of Poland, are not source of law, the concept of parallel debt is not specifically regulated in Polish law and the practice relating to parallel debt is still limited. Therefore, we cannot assure you that such parallel debt, and thus the validity of the security interests securing such parallel debt, will not be subject to challenge.

Effectiveness of the Guarantee and security in the case of a Polish Guarantor's bankruptcy

Under the Polish Bankruptcy Law, the Guarantees and other security granted by the Polish Guarantors may be declared ineffective or deemed to be ineffective in certain situations. In particular, establishing security and paying an undue debt (*dług niewymagalny*), which was given or made by the bankrupt entity within two months before filing the bankruptcy petition, are ineffective towards the bankruptcy estate. However, the receiver of such payment or beneficiary of such security may, by bringing an appropriate action or charge, seek the recognition of such acts as effective if at the time they were performed it was unaware of the existence of grounds for declaring bankruptcy of the payer or grantor of security.

A Guarantee or security granted within six months before the filing of the bankruptcy petition will be ineffective towards the insolvency estate, if they were granted by the bankrupt entity to its partners or shareholders, their representatives or spouses of the same, or affiliates, their partners or shareholders, representatives, or spouses of the same as well as with another company, in the event of either being the controlling company.

The Guarantees granted within one year before the filing of the motion for bankruptcy will also be deemed ineffective towards the bankruptcy estate if the value of the Guarantees significantly exceeded the consideration for a Polish Guarantor, or there was no consideration for a Polish Guarantor. It is not entirely clear under the Polish Bankruptcy Law whether the Guarantees are subject to such clawback provisions. Also, mortgages, pledges, registered pledges or maritime mortgages established in the year preceding the bankruptcy declaration may be declared ineffective towards the bankruptcy estate by the judge commissioner if the bankrupt entity was not a personal debtor of the secured creditor and did not obtain any benefit whatsoever in connection with the establishment of such security interest. This rule shall apply respectively in situations where an encumbrance was established in exchange for a manifestly low (*niewspółmiernie niskie*) consideration. Regardless of the value of the consideration received by the bankrupt, the judge-commissioner will declare encumbrances ineffective towards the bankruptcy estate if they secure debts of the bankrupt company's partners or shareholders, their representatives or spouses of the same, or affiliates, their partners or shareholders, representatives, or spouses of the same as well as with another company, in the event of either being the controlling company.

The transaction security (such as mortgages, pledges and security assignments of rights) and the Guarantees may be affected by the provisions of Art. 527 of the Civil Code pursuant to which a transaction effected by a debtor to the detriment of its creditors (i.e., where the debtor became insolvent or became insolvent to a greater extent as a result of the transaction) and a third party has gained a benefit, each of the creditors (or, if the debtor is declared bankrupt, the relevant bankruptcy officer) may demand that the transaction be declared ineffective if:

(1) the debtor consciously acted to the creditors' detriment, and

(2) the third party knew or, had it acted with due diligence, could have known that the debtor was acting to the detriment of its other creditors (and the third party's knowledge that the debtor consciously acted to the creditors' detriment is presumed if the entrepreneur who received the benefit as a result of the transaction with the debtor remained in a permanent economic relationship with such debtor).

In addition, if the Polish Guarantor's entering into a given agreement made it wholly or partially impossible to satisfy a third party's claim, such third party may request that the court declare such an agreement ineffective towards that party, provided the Polish Guarantor and the other party to the agreement knew of the third party's claim or if the agreement was for no consideration.

The assets, receivables and other rights transferred by the debtor for security purposes under the assignment agreements will not be excluded from the bankruptcy estate on the debtor's bankruptcy. Instead, assets transferred under such assignment agreements, and claims secured by such assignment agreements, will be treated accordingly as assets being subject to, and claims secured by, the pledge.

In the event that a Polish Guarantor is declared bankrupt, the receivable debts which are secured by the pledges or mortgages established over the assets of the Polish Guarantor are placed (either upon a motion of a creditor or ex officio) on the list of receivables. The consequences for such securities differ depending on the way the insolvency proceedings are carried out.

In the case of the arrangement bankruptcy proceedings claims secured on the bankrupt entity's assets by mortgage, pledge, registered pledge or transfer of title to movables, receivables or other rights, are not subject to arrangement to the extent covered by the value of assets on which security was established. Notwithstanding that, a creditor whose claims are so secured may consent to being subject to arrangement. If the creditor consents to its claims being subject to the arrangement, the above rights remain in force; however, such rights secure the claims in the amount and on the terms as may be changed (affected) by the arrangement. The arrangement does not infringe the rights resulting from the mortgage or pledges, if they were established on the assets of a third party.

In the case of the liquidation bankruptcy proceedings, all assets of the debtor, including these on which the mortgages and pledges were established, are included in the bankruptcy estate and are, in general (see the next paragraph), subject to the sale in the course of the insolvency proceedings. Sums obtained from the liquidation (sale) of assets encumbered with mortgages and/or pledges, less the costs of liquidation (sale) of the said assets and other costs of insolvency proceedings capped at 10% of the sum received from the liquidation of the security asset are allocated to satisfy the creditors whose claims were secured on these assets. Amounts remaining after satisfaction of these claims are included in the funds of the bankruptcy estate.

Other limitations on Validity and Enforceability of the Guarantees and security

Under Polish law, financial assistance restrictions apply to joint-stock companies (*spółki akcyjne*). Financial assistance is understood very broadly as providing by a company, directly or indirectly, any financing for the purposes of the acquisition of shares issued by that company, inter alia by granting of credit, loan, guarantee or security. The company may provide such financial assistance only if all of the following conditions are specified:

(1) the financing is provided by a joint-stock company on arm's length basis, including, without limitation, with respect to interest payable to the company and security established in favor of the company and after conducting by the company of a due diligence in respect of the debtor's financial position;

(2) the acquisition of the company's shares, for the purposes of which the financing is provided, is made at a fair price;

(3) the financing could only be granted up to the amount of the joint-stock company's reserve capital created for that purpose; such reserve capital can only be created out of funds which can, pursuant to the applicable rules of Polish law, can be paid out as dividends;

(4) the joint-stock company's general meeting must adopt in advance an appropriate resolution, which must be based on a management board's report, which must:

   (a) indicate the grounds and objectives for providing such financing;

   (b) confirm that the financing is in the joint-stock company's interests; and

   (c) set out terms and conditions for such financing, including the security interest granted to the joint-stock company, a justified price as well as the risks and impact on the joint-stock company's solvency; and

(5) the management board's report must be filed with the registry court and published.

Polish law does not provide specific limitations on financial assistance with respect to a limited liability company (*spółka z ograniczoną odpowiedzialnością*). However, a Polish limited liability company should comply with both the general corporate laws and the insolvency laws which may provide certain limitations on the enforcement of the Guarantees.

These financial assistance restrictions may affect the Guarantees and security granted by a Polish Guarantor which has the legal form of a joint-stock company. Additionally, in the Polish legal doctrine opinions are expressed that the financial assistance rules may apply (indirectly) to other companies (also limited liability companies) if they are subsidiaries of a joint-stock company which is subject (directly) to financial assistance rules, and therefore there is a risk that provision of financing by a subsidiary of a joint-stock company (even if such subsidiary is not a joint-stock company but e.g. a limited liability company) would be considered as indirect financial assistance provided by such joint-stock company.

In accordance with Art. 189 sec. 2 of the Polish Commercial Companies Code, shareholders of a limited liability company (*spółka z ograniczoną odpowiedzialnością*) may not receive any payments out of a company's assets which are necessary for the share capital to be fully paid up. A more general Art. 189 sec. 1 prohibits the return of capital to such shareholders. In relation to a Polish joint-stock company (*spółka akcyjna*), Art. 344 sec. 1 of the Polish Commercial Companies Code stipulates that no payments for shares may be reimbursed to a shareholder, either fully or partially, except as allowed by the law for the duration of the company's existence. In the Polish legal doctrine opinions are expressed that in certain situations, for example when the financial standing of a company entering into a transaction is poor and the shareholder of such a company benefits from a transaction, it may constitute in fact the return of capital to the shareholder. A breach of these rules results in the shareholders' obligation to return the payments up to the amount of the share capital. Therefore, any guarantee under the Guarantees by any of the Guarantors incorporated under Polish law in such legal form could be affected, or could be set aside, to the extent that it would result in a reduction of its assets necessary to fully cover its share capital in breach of Art. 189 sec. 2 of the Polish Commercial Companies Code, may be considered a return of capital prohibited by Art. 189 sec.1 of the Polish Commercial Companies Code, or a payment prohibited by Art. 344 sec. 1 of the Polish Commercial Companies Code.

Under the Guarantees, the obligations of the Guarantors incorporated under Polish law are also subject to the application of laws on bankruptcy and insolvency, and the laws on rehabilitation proceedings, as set out in the Polish Bankruptcy Law. Specifically, pursuant to Art. 11 sec. 2 of the Polish Bankruptcy Law, a corporate entity is deemed to be insolvent if its obligations (*zobowiązania*) exceed the value of its assets (*majątek*), even if it discharges those liabilities on a current basis. Given certain legal controversies regarding the application of this rule (especially to future and contingent liabilities), and in order to mitigate the possibility that a Polish Guarantor could be declared bankrupt under this rule, the liability of certain Guarantors incorporated under Polish law on account of payments under the Guarantees may be limited to the amount equivalent to the Polish Guarantor's net positive assets.

United Kingdom

The Issuer and certain of the Guarantors and providers of Collateral are incorporated in, maintain their respective registered offices in and conduct their business and the administration of their interests on a regular basis in and from England and Wales (each a ''U.K. Obligor''). On the basis of these factors, an English court may conclude that the U.K. Obligors have their ''center of main interests,'' within the meaning of the EU Insolvency Regulation, in England and therefore insolvency proceedings in England constituting ''main insolvency proceedings'' under article 3(1) of the EU Insolvency Regulation may be commenced in respect of a U.K. Obligor.

Overview of U.K. Insolvency Proceedings

Liquidation

Priority of Claims in a U.K. Liquidation

Upon liquidation of any U.K. Obligor, the order of priorities is such that debts due by it to any holders of fixed charges over U.K. assets are paid first out of the realization proceeds of assets subject to such fixed charges (subject to the prior payment of the costs of preservation and realization of the fixed charge assets). Where there are floating charges, liquidation expenses (discussed further below), preferential creditors, and unsecured creditors to the extent of the ''ring-fenced'' fund (discussed further below) may be paid out of the proceeds of realization of assets subject to those floating charges in priority to payments to creditors secured by virtue of those floating charges. Thereafter, any debts owing to holders of the floating charges would be paid to the extent they are secured by that charge. The categories of preferential debts include certain amounts payable in respect of occupational pension schemes relating to contributions due but unpaid and employee remuneration up to a specified amount. A certain part of the net proceeds of the realization of the assets covered by a floating charge (up to a maximum of £600,000) would be ''ring-fenced'' and made available pro rata to unsecured creditors. Unsecured debts which are not preferential debts would be paid from the proceeds of realizations of unsecured assets (if any) and, after the secured liabilities have been met, from the proceeds of realization of relevant secured assets.

As discussed further below, certain of the security interests over U.K. assets expected to be created in favor of the security agent will be expressed as fixed charges, but there is no certainty that the security will take effect as a fixed charge and it may well take effect as a floating charge. Where no security is provided to secure the obligations of a U.K. Obligor, any principal debt or guarantee obligation of that U.K. Obligor will be unsecured.

Liquidation Expenses

The Insolvency Act 1986 (the ''U.K. Insolvency Act'') broadly states that in a liquidation of a company, where the assets available for payment of its general creditors (excluding any amount ring-fenced for unsecured debts as described above) are not sufficient to meet the liquidation expenses, certain specified liquidation expenses can be claimed out of the realization proceeds of assets subject to a floating charge and, for these purposes, rank ahead of preferential debts and floating chargees' claims. In the case of litigation expenses, this is subject to rules restricting the application of this provision to certain litigation expenses approved by the floating chargee and any preferential creditors or the court. Consequently, realizations by secured creditors upon the enforcement of floating charges securing any principal or guarantee obligation to the Noteholders could potentially be reduced by the amount of any liquidation expenses. If any fixed security is validly created, any claims of creditors holding such fixed security would rank ahead of any such liquidation expenses. The creditors holding the security would though, pay the expenses of realizing their security directly to the liquidator or other person (such as a receiver or security trustee) who disposed of the secured assets on their behalf.

Administration

Administration is an insolvency procedure under the U.K. Insolvency Act pursuant to which a company may be reorganized or its assets realized under the protection of a statutory moratorium. A company may be put into administration either pursuant to a court order or via an out-of-court process. Broadly speaking (and subject to specific conditions), a company can be placed into administration at the application of, among others, the U.K. Obligor itself, its directors or one or more of its creditors (including contingent and prospective creditors). A holder of a qualifying floating charge over the assets of the U.K. Obligor also has the right to appoint an administrator. In addition, he has the right to intervene in an application made for administration proceeding by another person by nominating an alternative administrator or, in certain very specific circumstances, by blocking the appointment altogether by the appointment of an administrative receiver.

Broadly speaking, an interim moratorium comes into effect when an application for an administration order (in the case of court appointment) or a notice of intention to appoint an administrator (in the case of an out of court appointment) is made. At the commencement of the appointment of an administrator, a full statutory moratorium applies Pursuant to both an interim and full moratorium of a U.K. Obligor, no creditor could take any action against that U.K. Obligor, including, among other things, commencing a legal process against the U.K. Obligor, winding up the U.K. Obligor or enforcing security or repossessing goods in the U.K. Obligor's possession under a hire purchase or similar agreement, without the permission of the court or (in the case of a full moratorium) the consent of the administrator.

However, certain creditors of a company in administration may be able to realize their security over that company's property notwithstanding the statutory moratorium. This is by virtue of the disapplication of the moratorium in relation to a ''security financial collateral arrangement'' (generally, cash or financial instruments such as shares, bonds or tradable capital market debt instruments) under the Financial Collateral Arrangements (No. 2) Regulations 2003.

Subject to the above points, were a U.K. Obligor to enter administration, it is possible that the security granted by it may not be enforced while it is in administration. Similarly, whilst any principal debt or guarantee obligation owed by it would be accelerated or demanded, no meaningful enforcement action could be taken in respect of any failure to pay.

Expenses of the administration

Broadly speaking, expenses that qualify as expenses of the administration (and which include, among others, expenses properly incurred by the administrator in performing his functions in the administration and necessary disbursements incurred in the course of the administration) enjoy priority status, in a similar way to liquidation expenses (as described above) although the categories of expenses are slightly different. In particular, expenses of the administration can be claimed out of the realization proceeds of assets subject to a floating charge and, for these purposes, rank ahead of preferential debts and floating chargees' claims.

Administration can be used as a proceeding in which to make distributions to creditors like a liquidation in which case claims of creditors may be submitted to the administrator, although court approval generally will be required before he can make a distribution to unsecured creditors. Time limits may be set for receipt and processing of claims before interim dividends are paid.

Small Companies Moratorium

Certain ''small companies'' may, for the purposes of putting together proposals for a company voluntary arrangement, seek court protection from their creditors by way of a ''moratorium'' for a period of up to 28 days, with the option for creditors to extend this protection for up to a further 2 months (although the Secretary of State for Business, Enterprise and Regulatory Reform may, by order, extend or reduce the duration of either period).

A ''small company'' is defined for these purposes by reference to whether the company meets certain tests relating to a company's balance sheet, total turnover and average number of employees in a particular period (although the Secretary of State for Business, Enterprise and Regulatory Reform may, by order, modify the moratorium eligibility qualifications and the definition of a ''small company'').

During the period for which a moratorium is in force in relation to a small company, among other things, no winding up may be commenced (except in very limited circumstances, for example where the U.K. Secretary of State considers it to be in the public interest to do so) or administrator or administrative receiver appointed to that company, no security created by that company over its property may be enforced (except (1) with the leave of the Court or (2) in the case of existence of eligible financial collateral arrangements under the Financial Collateral Arrangements (No 2) Regulations 2003 whereby the requirement to get a court order before enforcing security over small companies will not apply), no other proceedings or legal process may be commenced or continued in relation against that company (except with the leave of the Court) and the company's ability to make payments in respect of debts and liabilities existing at the date of the filing for the moratorium is curtailed. Certain small companies may, however, be excluded from being eligible for a moratorium (although the Secretary of State for Business, Enterprise and Regulatory Reform may, by regulations, modify such exclusions). As the law currently stands, companies that on the date of filing are party to an agreement which is or forms part of a capital market arrangement are excluded from being eligible for this small companies moratorium.

Disposal of secured assets while subject to insolvency proceedings

If a company is the subject of (i) a statutory moratorium as a result of either entering administration or (ii) the small companies moratorium, and either (x) the holder of security created by that company (other than financial collateral as above described) consents or (y) if the Court gives leave, the relevant company or its administrator may dispose of the secured property as if it were not subject to the security. In addition an administrator can dispose of assets subject to a floating charge without seeking the consent of the chargeholder or the leave of the Court.

Where the property in question is subject to a security which was created as a floating charge, the chargee will have the same priority in respect of any property of the company directly or indirectly representing the property disposed of as he would have had in respect of the property subject to the security. Where the security in question is other than a floating charge, it shall be a condition of the chargee's consent or the leave of the Court that the net proceeds of the disposal shall be applied towards discharging the sums secured by the security.

Possible challenges to security interests

Vulnerable transactions

Under English insolvency law, a liquidator or administrator of a company would have certain powers to apply to court to challenge transactions entered into by a U.K. Obligor if that U.K. Obligor is unable to pay its debts (as defined in the U.K. Insolvency Act) at the time of the transaction or becomes unable to pay its debts as a result of the transaction.

A transaction might be challenged in this way (as a transaction at an undervalue) if it involved the U.K. Obligor making a gift or otherwise entering into a transaction on terms that it received no consideration, or the U.K. Obligor received significantly less value than under the transaction it gave in return. Where an undervalue transaction is proved, the court has powers to make any order it thinks fit in order to restore the position to what it would have been had the U.K. Obligor not entered into that transaction. A court will not intervene, however, if it is satisfied that the U.K. Obligor entered into the transaction in good faith and for the purposes of carrying on its business and if, at the time it did so, there were reasonable grounds for believing the transaction would benefit the U.K. Obligor. The court can set aside transactions at an undervalue entered into by the U.K. Obligor within a period of two years ending with the onset of its insolvency (as this date is more specifically defined in the U.K. Insolvency Act). In principle, both a Guarantee granted by a U.K. Obligor or any Collateral provided by it could be challenged as a transaction at an undervalue.

A transaction might also be challenged in this way (as a preference) where a U.K. Obligor has done something or suffered something to be done which has the effect of putting a creditor, surety or guarantor in a better position than the one that person would have been in the event of the U.K. Obligor going into insolvent liquidation. A court will not intervene however when the U.K. Obligor, in deciding to give the preference, was not, in deciding to give the act that amounted to a preference, influenced by a desire to put this person in a better position in the event of insolvent liquidation. If the preference is given to a person connected to the U.K. Obligor (other than an employee), the court can go back two years from the date of the onset of insolvency. If the person is not connected to the U.K. Obligor, the court can only look back and set aside those preferences entered into in the period of six months ending on the onset of the U.K. Obligor's insolvency.

Further, an administrator or a liquidator can apply to court to set aside an extortionate credit transaction. The court can review extortionate credit transactions entered into by a U.K. Obligor up to three years before the day on which the U.K. Obligor entered into administration or went into liquidation. A transaction is ''extortionate'' if, having regard to the risk accepted by the person providing the credit, the terms of it are (or were) such as to require grossly exorbitant payments to be made (whether unconditionally or in certain contingencies) in respect of the provision of the credit or it otherwise grossly contravened ordinary principles of fair dealing.

The U.K. Insolvency Act provides that, in certain circumstances, a floating charge granted by a company during the ''relevant time'' may be invalid in whole or in part if certain conditions are met. In the case of a floating charge which is created in favor of a person that is not connected to a U.K. Obligor, the relevant time is deemed to be the period of 12 months ending with the onset of the U.K. Obligor's insolvency provided that at the time the charge was granted the U.K. Obligor was unable to pay its debts or became unable to pay its debts as a result of the transaction in respect of which the floating charge was granted. If the floating charge is created in favor of a person connected to the U.K. Obligor, the relevant look back time is a period of two years ending with the onset of insolvency.

As a result of the rights to challenge described above, in the event that a U.K. Obligor becomes unable to pay its debts within a period of up to two years of the issuance of the Notes, an administrator or liquidator is appointed and the conditions contemplated in the relevant legal provisions are met, the provision of the relevant Guarantees and Collateral may be challenged by a liquidator or administrator or a court may set aside the granting of the Guarantees and Collateral as invalid.

Recharacterization of fixed security interests

There is a possibility that a court could find that the fixed security interests expressed to be created by the security documents governed by English law properly take effect as floating charges as the description given to them as fixed charges is not determinative. Whether the purported fixed security interests will be upheld as fixed security interests rather than floating security interests will depend, among other things, on whether the secured party has the requisite degree of control over the U.K.

Obligor's ability to deal in the relevant assets and the proceeds thereof and, if so, whether such control is exercised by the holder of the security, in practice. Where a U.K. Obligor is free to deal with the assets that are the subject of a purported fixed charge in its discretion and without the consent of the chargee, the court would be likely to hold that the security interest in question constitutes a floating charge, notwithstanding that it may be described as a fixed charge.

While recharacterization is a risk for all attempts to create fixed security, it is a particular risk in relation to attempts to create fixed security over receivables. This is because even if a company purports to grant fixed security over its receivables, it will likely retain, in practice, the ability to deal with its receivables in its discretion and without the consent of the chargee.

If any fixed security interests are recharacterized as floating security interests, the claims of (i) any unsecured creditors of the relevant U.K. Obligor in respect of that part of the U.K. Obligor's net property which is ring fenced (see explanation about ring fencing above); and (ii) certain statutorily defined preferential creditors of the U.K. Obligor may have priority over the rights of the security agent to the proceeds of enforcement of such security. In addition, as mentioned above, the expenses of a liquidation or administration would also rank ahead of the claims of the security agent as floating charge holder.

Limitation on enforcement

The grant of a Guarantee or Collateral by any of the U.K. Obligors in respect of the obligations of another group company must satisfy certain legal requirements. More specifically, such a transaction must be allowed by the respective company's memorandum and articles of association. To the extent that the above do not allow such an action, there is the risk that the grant of the guarantee and the subsequent security can be found to be void and the respective creditor's rights unenforceable. Some comfort may be obtained for third parties if they are dealing with a U.K. Obligor in good faith, however the relevant legislation is not without difficulties in its interpretation. Further, corporate benefit must be established for each U.K. Obligor in question by virtue of entering into the proposed transaction. Section 172 of the Companies Act 2006 provides that a director must act in the way that he considers, in good faith, would be most likely to promote the success of the U.K. Obligor for the benefit of its members as a whole. If the directors enter into a transaction where there is no or insufficient commercial benefit, they may be found as abusing their powers as directors and such a transaction may be vulnerable to being set aside by a court.

Equitable share charge

The fixed charges over shares granted by certain U.K. Obligors are equitable charges, not legal charges. An equitable charge arises where a chargor transfers the beneficial interest in the shares to the chargee but retains legal title to the shares. Remedies in relation to equitable charges may be subject to equitable considerations or are otherwise at the discretion of the court.

Account banks' right to set-off

With respect to the charges over cash deposits (each an ''Account Charge'') granted by a U.K. Obligor over any of its bank accounts, the banks with which some of those accounts are held (each an ''Account Bank'') may have reserved their right at any time (whether prior to or upon a crystallization event under the Account Charge) to exercise the rights of netting or set-off to which they are entitled under their cash pooling or other arrangements with that U.K. Obligor. As a result, and if the security granted over those accounts is merely a floating (rather than fixed) charge, the collateral constituted by those bank accounts will be subject to the relevant Account Bank's netting and set-off rights with respect to the bank accounts charged under the relevant Account Charge. Once the floating charge has crystallized and converted into a fixed charge (as it would on enforcement or the occurrence of certain insolvency events with respect to the relevant U.K. Guarantor) the collateral will no longer be subject to the relevant Account Bank's netting and set-off rights, since the Account Bank will only be entitled to exercise its netting and set-off rights whilst the bank accounts are subject only to floating security, except where account banks have expressly reserved set-off rights.

Transaction defrauding creditors

Under English insolvency law, where it can be shown that a transaction was at an undervalue and was made for the purpose of putting assets beyond the reach of a person who is making, or may make, a claim against a company, or of otherwise prejudicing the interests of a person in relation to the claim which that person is making or may make, the transaction may be set aside by the court as a transaction defrauding creditors. An application to the court for an order to set aside the transaction may be made by an administrator, a liquidator and, subject to certain conditions, the U.K. Financial Conduct Authority and the U.K. Pensions Regulator. In addition, any person who is, or who is capable of being, prejudiced by the transaction may (with the leave of the court in the case of a company in administration or liquidation) also bring an application to set aside such transaction. The challenge must be made within 12 years (or in the case of claims for a sum of money, 6 years) from the date that the cause of action arose. The relevant company does not need to be insolvent at the time of the transaction. If the court determines that the transaction was a transaction defrauding creditors, the court can make such orders as it thinks fit to restore the position to what it would have been if the transaction had not been entered into and to protect the interests of the victims of the transaction. The relevant court order may affect the property of, or impose any obligation on, any person, whether or not he is the person with whom the transaction was entered into. However, such an order will not prejudice any interest in property which was acquired from a person other than the debtor in good faith, for value and without notice of the relevant circumstances and will not require a person who received a benefit from the transaction in good faith, for value and without notice of the relevant circumstances, to pay any sum unless such person was a party to the transaction.

LISTING AND GENERAL INFORMATION

Listing

Application has been made for the Notes to be listed on the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market operated by the Irish Stock Exchange in accordance with the rules and regulations of such exchange. There can be no assurance that the Issuer will be able to effect such admission of the Notes to trading on the Global Exchange Market. Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published on the Irish Stock Exchange official website (*www.ise.ie*).

It is expected that the total expenses relating to the application for admission of the Notes are listed onto the Official List of the Irish Stock Exchange and admitted to trading on the Global Exchange Market will be approximately €5,500.

For as long as the Notes are listed on the Official List of the Irish Stock Exchange and are traded on the Global Exchange Market thereof and the rules of such exchange shall so require, copies of the following documents may be inspected, in electronic form and obtained free of charge at the specified office of the paying and transfer agent in Ireland during normal business hours on any weekday:

- the Issuer's and Vue Entertainment International Limited's organizational documents;
- the most recent audited consolidated financial statements for fiscal years and any quarterly interim consolidated financial statements prepared by the Issuer;
- the Issuer's and Vue Entertainment International Limited's annual reports for the two most recent years;
- the Indenture relating to the Notes (which includes the form of the Notes); and
- the Guarantees.

After giving effect to the Transactions, each Guarantor will be a wholly owned subsidiary of the Issuer and each guarantee of the Notes will be full and unconditional. The consolidated financial statements included in this offering memorandum include both Guarantor and non-Guarantor subsidiaries.

McCann FitzGerald Listing Services Limited is acting solely in its capacity as listing agent for the Issuer (and not on its own behalf) in connection with the application to the Irish Stock Exchange.

Clearing Information

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set out below.

	ISIN	Common Code
Rule 144A Global Note		
Fixed Rate Note	XS0953085387	095308538
Floating Rate Note	XS0953085973	095308597
Regulation S Global Note		
Fixed Rate Note	XS0953085114	095308511
Floating Rate Note	XS0953085627	095308562

Legal Information

Legal Information about the Issuer

The Issuer was formed as a private limited company under the laws of England and Wales on May 2, 2013 and was reregistered as a public limited company organized under the laws of England and Wales on July 1, 2013, with a company number 08514872. The Issuer's principal executive offices are located at 6 New Street Square, New Fetter Lane, London EC4A 3BF.

The Issuer has obtained all necessary consents, approvals and authorizations in connection with the issuance and performance of the Notes.

Legal Information about the Guarantors

A3 Cinema Limited is a private limited company organized under the laws of England and Wales on June 16, 2004, with registered number 5155508. A3 Cinema Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Apollo Cinemas Limited is a private limited company organized under the laws of England and Wales on February 2, 2002, with registered number 4367985. Apollo Cinemas Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Aurora Cinema (Ireland) Limited is a private limited company organized under the laws of the Republic of Ireland on July 23, 2003, with registered number 373869. Aurora Cinema (Ireland) Limited's registered office is at 70 Sir John Rogerson's Quay, Dublin 2, Ireland.

Aurora Cinema Limited is a private limited company organized under the laws of England and Wales on May 29, 2003, with registered number 04779767. Aurora Cinema Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Aurora Holdings Limited is a private limited company organized under the laws of England and Wales on July 21, 2003, with registered number 04839119. Aurora Holdings Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

CinemaxX Aktiengesellschaft is a stock corporation (*Aktiengesellschaft*) organized under the laws of the Federal Republic of Germany, registered in the commercial register of the local court of Hamburg under registered number HRB 67787. CinemaxX Aktiengesellschaft's registered office is at Valentinskamp 18-20, 20354 Hamburg, Germany.

CinemaxX Cinema GmbH & Co. KG is a limited partnership (*Kommanditgesellschaft*) organized under the laws of the Federal Republic of Germany, registered in the commercial register of the local court of Hamburg under registered number HRA 97892. CinemaxX Cinema GmbH & Co. KG's registered office is at Valentinskamp 18-20, 20354 Hamburg, Germany.

CinemaxX Entertainment GmbH & Co. KG is a limited partnership (*Kommanditgesellschaft*) organized under the laws of the Federal Republic of Germany, registered in the commercial register of the local court of Hamburg under registered number HRA 84034. CinemaxX Entertainment GmbH & Co. KG's registered office is at Valentinskamp 18-20, 20354 Hamburg, Germany.

CinemaxX Movietainment GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of the Federal Republic of Germany, registered in the commercial register of the local court of Hamburg under registered number HRB 120178. CinemaxX Movietainment GmbH's registered office is at Valentinskamp 18-20, 20354 Hamburg, Germany.

Eudialyte Company sp. z. o.o. is a limited liability company *(spółka z ograniczoną odpowiedzialnością*) organized under the laws of Poland, registered on September 5, 2011 under number 0000395256. Eudialyte Company sp. z. o.o.'s registered office is at 50 Nowogrodzka Street, Warsaw, Poland.

Multikino S.A. is a joint stock company (*Spółka Akcyjna*) organized under the laws of Poland, registered on July 10, 2007 under number 0000284604. Multiko S.A.'s registered office is at 49 Mokotowska Street, 00-542 Warsaw, Poland.

Shake UK Newco Limited is a private limited company organized under the laws of England and Wales on April 19, 2013, with registered number 8496825. Shake UK Newco Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Ster Century (UK) Limited is a private limited company organized under the laws of England and Wales on April 2, 1997, with registered number 03347110. Ster Century (UK) Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Treganna Bidco Limited is a private limited company organized under the laws of England and Wales on May 1, 2012, with registered number 8052719. Treganna Bidco Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Vue Beteiligungs GmbH is a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of the Federal Republic of Germany, registered in the commercial register of the local court of Hamburg under registered number HRB 126725. Vue Beteiligungs GmbH's registered office is at Valentinskamp 18-20, 20354 Hamburg, Germany.

Vue Cinemas (UK) Limited is a private limited company organized under the laws of England and Wales on October 14, 1996, with registered number 03263230. Vue Cinemas (UK) Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Vue Cinemas Limited is a private limited company organized under the laws of England and Wales on March 14, 2003, with registered number 04698775. Vue Cinemas Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Vue Entertainment (UK) Limited is a private limited company organized under the laws of England and Wales on October 6, 1998, with registered number 03644899. Vue Entertainment (UK) Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Vue Entertainment Holdings Limited is a private limited company organized under the laws of England and Wales on March 14, 2003, with registered number 4698095. Vue Entertainment Holdings Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Vue Entertainment Holdings (UK) Limited is a private limited company organized under the laws of England and Wales on July 23, 1999, with registered number 3812508. Vue Entertainment Holdings (UK) Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Vue Entertainment International Limited is a private limited company organized under the laws of Jersey on October 26, 2010, with registered number 106780. Vue Entertainment International Limited's registered office is at Equity Trust House, 28-30 The Parade, St. Helier, Jersey, JE1 1EQ.

Vue Entertainment Investment Limited is a private limited company organized under the laws of England and Wales on May 11, 2006, with registered number 5813755. Vue Entertainment Investment Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Vue Entertainment Limited is a private limited company organized under the laws of England and Wales on March 17, 2003, with registered number 04699504. Vue Entertainment Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Vue Holdings (Jersey) Limited is a private limited company organized under the laws of Jersey on October 26, 2010, with registered number 106779. Vue Holdings (Jersey) Limited's registered office is at Equity Trust House, 28-30 The Parade, St. Helier, Jersey, JE1 1EQ.

Vue Holdings (UK) Limited is a private limited company organized under the laws of England and Wales on July 4, 2011, with registered number 7422641. Vue Holdings (UK) Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

Vue Properties Limited is a private limited company organized under the laws of England and Wales on September 19, 1996, with registered number 03252138. Vue Properties Limited's registered office is at 10 Chiswick Park, 566 Chiswick High Road, London W4 5XS United Kingdom.

General

Absence of Significant Change

There has been no material adverse change in Vue's consolidated financial position since November 29, 2012 and there has been no material adverse change in the prospects of the Issuer since its incorporation on May 2, 2013. There has been no significant change in the financial or trading position of Vue since April 4, 2013 (the date of the last financial period for which interim financial information has been published). There has been no significant change in the Issuer's financial position since its incorporation.

Absence of Litigation

Neither the Issuer, Vue, nor any of their direct or indirect subsidiaries has been involved in any governmental, legal or arbitration proceedings relating to claims or amounts which are material in the context of the issuance of the Notes except as otherwise disclosed in this offering memorandum, and, so far as the Issuer is aware, no such governmental, legal or arbitration proceedings is pending or threatened.

Copyright and Licensing

We have reproduced certain material in this offering memorandum with permission from *Django* (Sony Pictures Entertainment), *The Great Gatsby* (Warner Brothers Studio), *Sky Fall* (Sony Pictures Entertainment), *World War Z* (Paramount Pictures Corporation), *Les Miserables* (Universal Studios Inc.), *Despicable Me 2* (Universal Studios Inc.), *Avengers Assemble* (Marvel Studios, Inc.), *Iron Man 3* (Walt Disney Studios), *Cirque du Soleil: Worlds Away 3D* (Paramount Pictures Corporation), *Swan Lake* (Royal Opera House), *Star Trek* (Paramount Pictures Corporation), *Chennai Express* (UTV Disney), *Man of Steel* (Warner Brothers Studio), *The Stone Roses: Made of Stone* (Picture House Entertainment), *Hunger Games* (Lions Gate Entertainment), *The Last Exorcism: Beginning of the End* (StudioCanal), *Monsters University 2* (Disney/Pixar Studios), *The Audience* (National Theatre Live), *Welcome to the Punch* (Momentum Pictures), *Behind the Candelabra* (eOne Films), *The Wolverine* (The Fox Film Corporation), *Oblivion* (Universal Studios Inc.), *The Beast of the Southern Wild* (StudioCanal) and *Dharti* (Think Big Media Ltd and EROS International).

INDEX TO FINANCIAL STATEMENTS

Vue Entertainment International Limited

Interim Financial Statements for the 18 week period ended 4 April 2013

(Registered Number 00106780)

Vue Entertainment International Limited

Interim Consolidated Profit and Loss Account
for the 18 week period ended 4 April 2013

	Notes	Period ended 4 April 2013 £'000 Unaudited	Period ended 29 March 2012 £'000 Unaudited
Turnover	6	**186,479**	93,222
Cost of sales		**(69,284)**	(32,500)
Gross profit		**117,195**	60,722
Administrative expenses		**(102,468)**	(61,111)
Group operating profit/(loss)		**14,727**	(389)
Profit on disposal of fixed assets		**89**	193
Interest receivable and similar income		**111**	21
Interest payable and similar charges		**(24,355)**	(18,227)
Loss on ordinary activities before taxation		**(9,428)**	(18,402)
Tax (charge)/credit on loss on ordinary activities	7	**(3,309)**	1,379
Loss on ordinary activities after taxation		**(12,737)**	(17,023)
Minority interests		**(274)**	—
Loss for the financial period		**(13,011)**	(17,023)

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

The notes on pages F-8 to F-15 form an integral part of these financial statements.

All of the above results relate to continuing operations.

Vue Entertainment International Limited

Interim Consolidated Balance Sheet
as at 4 April 2013

	Notes	As at 4 April 2013 £'000 Unaudited	As at 29 November 2012 £'000 Audited
Fixed assets			
Intangible assets	9	**360,844**	361,109
Tangible assets	10	**299,854**	300,137
Investment in associates		**242**	—
		660,940	661,246
Current assets			
Assets held for sale		**58**	2,082
Stock		**2,454**	2,717
Debtors: amounts falling due within one year		**37,784**	31,712
Debtors: amounts falling due after more than one year		**15,263**	16,385
Cash at bank and in hand		**54,207**	61,933
		109,766	114,829
Creditors: amounts falling due within one year			
Loans (Senior debt net of bank fees)	11	**(18,939)**	(70,811)
Other creditors		**(104,430)**	(189,372)
		(123,369)	(260,183)
Net current liabilities		**(13,603)**	(145,354)
Total assets less current liabilities		**647,337**	515,892
Financed by:			
Loans: amounts falling due after more than one year (Senior debt net of bank fees)	11	**366,884**	233,690
Other creditors: amounts falling due after more than one year		**315,924**	304,999
Provision for liabilities	12	**38,574**	37,884
Preference shares		**8,248**	8,248
Capital and reserves			
Called up share capital	13	**2**	2
Share premium	13	**2,458**	2,458
Profit and loss account		**(86,351)**	(73,996)
Total shareholders' deficit		**(83,891)**	(71,536)
Minority interests		**1,598**	2,607
Capital employed		**647,337**	515,892

The notes on pages F-8 to F-15 form an integral part of these financial statements.

Approved by the Board of Directors and signed on its behalf by:

Alan McNair
Director
28 June 2013

Vue Entertainment International Limited

Interim Consolidated Cash Flow Statement
for the 18 week period ended 4 April 2013

	Notes	18 week period ended 4 April 2013 £'000 Unaudited	18 week period ended 29 March 2012 £'000 Unaudited
Operating activities			
Net cash inflow from operating activities	16	**9,158**	2,112
Return on investments and servicing of finance			
Interest received		**103**	13
Interest paid		**(8,085)**	(9,878)
Net cash outflow from returns on investments and servicing of finance		**(7,982)**	(9,865)
Taxation received/(paid)		**649**	(82)
Cash outflow for capital expenditure and other financial investments			
Payments to acquire tangible assets		**(11,156)**	(4,262)
Landlord contributions received		**700**	—
Proceeds from disposal of tangible assets		**2,371**	694
Investment in subsidiaries		**(3,438)**	—
Net cash outflow from capital expenditure and other financial investments		**(11,523)**	(3,568)
Net cash outflow before financing activities		**(9,698)**	(11,403)
Financing activities			
Bank loans received		**153,529**	375
Bank loans repaid		**(69,752)**	—
Bank loan fees paid		**(3,620)**	—
Repayment of other loans		**(6,571)**	—
Repayment of loan notes		**—**	(4,690)
Repayment of shareholder loans		**(73,845)**	—
Net cash outflow from financing activities		**(259)**	(4,315)
Decrease in cash	17	**(9,957)**	(15,718)

The notes on pages F-8 to F-15 form an integral part of these financial statements.

Vue Entertainment International Limited

Interim Consolidated Statement of Total Recognised Gains and Losses for the 18 week period ended 4 April 2013

	18 week period ended 4 April 2013 £'000 Unaudited	18 week period ended 29 March 2012 £'000 Unaudited
Loss for the financial period	**(13,011)**	(17,023)
Foreign exchange movement	**656**	696
Total recognised losses relating to the financial period	**(12,355)**	(16,327)

Interim Consolidated Statement of Group Shareholders' Deficit for the 18 week period ended 4 April 2013

	Share Capital £'000	Share Premium £'000	Profit and Loss Account £'000	Total Shareholders' Deficit £'000
Balance as at 29 November 2012 (Audited)	2	2,458	(73,996)	(71,536)
Loss for the 18 week period	—	—	(13,011)	(13,011)
Foreign exchange movement	—	—	656	656
At 4 April 2013 (Unaudited)	**2**	**2,458**	**(86,351)**	**(83,891)**

	Share Capital £'000	Share Premium £'000	Profit and Loss Account £'000	Total Shareholders' Deficit £'000
Balance as at 24 November 2011 (Audited)	2	2,458	(33,730)	(31,270)
Loss for the 53 week period	—	—	(41,424)	(41,424)
Foreign exchange movement	—	—	1,158	1,158
At 29 November 2012 (Audited)	**2**	**2,458**	**(73,996)**	**(71,536)**

The notes on pages F-8 to F-15 form an integral part of these financial statements.

Vue Entertainment International Limited

Notes to the Financial Statements

for the 18 week period ended 4 April 2013

1 General Information

The principal activity of the Group is the development and operation of state-of-the-art multiplex cinemas.

As at 4 April 2013 the Group operates a chain of 116 cinema sites. 79 of these sites are in the UK, 31 in Germany, three in Denmark, one in Eire, one in Portugal and one in Taiwan.

This interim condensed consolidated financial information was approved for issue on 28 June 2013. This interim condensed consolidated financial information is unaudited but has been reviewed by the auditors as set out in their report on pages 7 and 8.

2 Basis of preparation

The interim condensed consolidated financial information for the 18 week period ended 4 April 2013 has been prepared in accordance with best practice as derived from IAS 34, 'Interim financial reporting', as adopted by the European Union.

The interim condensed consolidated financial information does not constitute statutory financial statements. Statutory financial statements for the 53 week period ended 29 November 2012 were approved by the board of directors on 10 May 2013 and delivered to the Jersey Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under Article 113B (3) or Article 133B (6) of the Company's (Jersey) law.

The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the 53 week period ended 29 November 2012, which have been prepared in accordance with applicable accounting standards in the United Kingdom and applicable law.

Going-concern basis

The Group meets its day-to-day working capital requirements through operating cash flow and when required has sufficient bank facilities that can be drawn down. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its interim condensed consolidated financial statements.

3 Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those applied in the preparation of the Group's statutory financial statements for the 53 week period ended 29 November 2012.

These accounting policies and interpretations are expected to be applicable to the Group for its 2013 financial statements. It is possible that there will be changes to these standards and interpretations before the end of the Group's 2013 financial year, which might require adjustments to this information before it is included in the financial statements for the 52 week period ended 28 November 2013.

Taxes on income in the interim periods are accrued using the tax rates that would be applicable to the expected total annual profit or loss.

There are no standards that are effective for the first time for this interim period that would be expected to have a material impact on the Group.

The Company has taken advantage of the exemption contained within FRS 8—''Related party Transactions'' not to disclose related party transactions with other members of its group of companies, which are wholly owned subsidiaries. No transactions have taken place with other members of its group of companies, which are not wholly owned subsidiaries.

4 Estimates

This is the first time the Group has prepared interim condensed consolidated financial statements under IAS34. This requires management to make and disclose significant judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimating uncertainty were the same as those that were applied to the Group annual financial statements for the 53 week period ended 29 November 2012. Management have determined that the key areas of judgement to disclose include the nature and obligation of onerous lease provisions, the assessment of the Group's digital investment as operating lease commitments and the carrying value of tangible fixed assets.

5 Financial Risk Management

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the 53 week period ended 29 November 2012 and the director's report on pages 6, 7 and 11.

There have been no significant changes in the risk management policies since year end.

6 Segmental Information

Turnover comprises the value of goods and services provided to customers exclusive of value added tax.

	18 week period ended 4 April 2013 £'000 Unaudited	18 week period ended 29 March 2012 £'000 Audited
Analysis of turnover by geographical market		
United Kingdom*	**107,139**	86,910
Continental Europe	**76,673**	4,086
Other	**2,667**	2,226
	186,479	93,222

All turnover is derived from external customers in the local geographical market.

	18 week period ended 4 April 2013 £'000 Unaudited	18 week period ended 29 March 2012 £'000 Unaudited
(Loss)/profit before taxation		
United Kingdom*	**(18,753)**	(19,177)
Continental Europe	**9,110**	683
Other	**215**	92
	(9,428)	(18,402)

6 Segmental Information (continued)

	As at 4 April 2013 £'000 Unaudited	As at 29 November 2012 £'000 Audited
(Net liabilities)/net assets		
United Kingdom	**(248,391)**	(151,383)
Continental Europe	**164,817**	80,275
Other	**(317)**	(428)
	(83,891)	(71,536)

* For the 18 week period ended 4 April 2013, UK results include turnover (£1,267k) and profit before taxation (£199k) relating to sites that had been classified as assets held for sale which include four sites sold on 31 January 2013 and one site sold on 16 May 2013.

7 Taxation

Analysis of tax for the financial period	18 week period ended 4 April 2013 £'000 Unaudited	18 week period ended 29 March 2012 £'000 Unaudited
Current tax		
UK corporation tax at 24.00% (29 March 2012: 24.67%)	**—**	—
UK underprovision for prior years	**—**	79
Overseas tax incurred	**1,463**	111
Total current tax charge	**1,463**	190
Deferred tax		
Origination and reversal of timing differences—UK	**(508)**	(1,569)
Origination and reversal of timing differences—Overseas	**2,354**	—
Total deferred tax	**1,846**	(1,569)
Taxation charge/(credit) on loss on ordinary activities	**3,309**	(1,379)
Effective tax rate	**24.00%**	24.67%

Deferred Taxation

Deferred tax is measured on a non-discounted basis at the tax rates which are expected to apply in the periods in which such timing differences reverse based on tax rates and laws substantively enacted at the balance sheet date. No provision has been made for deferred tax on gains recognised on the sale of property where potentially taxable gains are rolled over into replacement assets. The total amount unprovided at 4 April 2013 is £1.0m (29 March 2012: £1.0m). At present it is not envisaged that any such tax will become payable in the foreseeable future. Unrecognised deferred taxation in the current period is £nil.

8 Dividends

The directors do not recommend an interim dividend be paid for the 18 week period ended 4 April 2013.

In addition, no dividend was paid for the 18 week period ended 29 March 2012.

9 Intangible Fixed Assets

	As at 4 April 2013 Total Goodwill £'000 Unaudited	As at 29 November 2012 Total Goodwill £'000 Audited
Net book value at 29 November 2012 & 24 November 2011 (Audited)	**361,109**	276,003
Additions	**2,176**	98,682
Amortisation	**(6,902)**	(16,069)
Foreign exchange movement	**4,461**	2,493
Closing net book value	**360,844**	361,109

Additions to goodwill relate to the purchase of 2.33% of the outstanding shares in CinemaxX AG that was made in the 18 week period ended 4 April 2013. As at 4 April 2013, 97.47% of all shares in CinemaxX AG had been acquired.

10 Tangible Fixed Assets

	As at 4 April 2013 £'000 Unaudited	As at 29 November 2012 £'000 Audited
Net book value at 29 November 2012 & 24 November 2011 (Audited)	**300,137**	262,749
Acquisitions	**—**	46,978
Additions	**9,788**	21,422
Disposals	**—**	(1,376)
Depreciation	**(11,987)**	(30,201)
Foreign exchange movement	**1,916**	565
Closing net book value	**299,854**	300,137

The additions for the period include an amount of £nil of capital expenditure accrued as at 4 April 2013 (29 November 2012: £1.3m) relating to expenditure on new sites and other projects.

11 Loans (senior debt net of bank fees)

	As at 4 April 2013 £'000 Unaudited	As at 29 November 2012 £'000 Audited
Loans: amounts falling due within one year	**18,939**	70,811
Loans: amounts falling due after more than one year	**366,884**	233,690
	385,823	304,501

Movement in borrowings is analysed as follows:

	As at 4 April 2013 £'000 Unaudited	As at 29 November 2012 £'000 Audited
At 29 November 2012 & 24 November 2011	**304,501**	238,609
Repayment of bank loan facilities	**(76,323)**	(8,564)
Drawdown of bank loan facilities	**153,529**	67,389
Bank loan fees paid	**(3,620)**	(3,557)
Acquired on acquisition	**—**	7,352
Amortisation	**2,457**	2,402
Currency translation	**5,279**	870
At 4 April 2013 & 29 November 2012	**385,823**	304,501

11 Loans (senior debt net of bank fees) (continued)

On 14 December 2012 the Company signed an amendment to the Senior Facilities Agreement dated 7 November 2010 in order to repay shareholder bridging loans and the standalone term facility loan that had been put in place to fund acquisitions. This amended the Company's existing borrowing facilities via an additional Facility B Loan (Tranche III) of €105m and additional Facility C Loan of £53m.

In addition, the Revolver Facility was increased by £10m from £15m to £25m and the Capex Facility was reduced by £10m from £30m to £20m with an extension of the period to which the Capex Facility can be drawn upon to 20 December 2016. The original facilities being Facility A, BI and BII were not altered by the amendment and are still in existence.

The interest and terms of Facilities A, BI, BII, Revolver and Capex have not changed from the disclosure in the annual financial statements to 29 November 2012. Facility BIII bears interest at EURIBOR plus a maximum margin of 5.0% (dependent on leverage ratio) and is repayable by one instalment in December 2017. Facility C bears interest at LIBOR plus a maximum margin of 5.5% (dependent on leverage ratio) and is repayable by one instalment in December 2018.

On 13 March 2013 the Group entered into two swaps with a notional value of £35m and €70m. Under these swaps, the Group receives or pays interest depending on whether the variable rate (based in LIBOR and EURIBOR respectively) is greater or less than the fixed rate of 0.535% and 0.385% respectively. Both the swaps have a termination date of 28 February 2015. There has been no change in the terms or interest on the swaps previously in place and disclosure can be found in the annual financial statements for the 53 week period to 29 November 2012.

12 Provision for Liabilities

	As at 4 April 2013 £'000 Unaudited	As at 29 November 2012 £'000 Audited
Provision at beginning of period	**37,884**	36,064
Onerous lease provision acquired	**—**	2,281
Charge to the profit and loss account	**1,375**	569
Utilised during the period	**(1,705)**	(4,105)
Unwinding of discount factor on onerous lease	**1,025**	3,075
Foreign exchange movement	**(5)**	—
Provision at the end of the period	**38,574**	37,884

13 Called up Share Capital

	As at 4 April 2013 £'000 Unaudited	As at 29 November 2012 £'000 Audited
Authorised		
100,000,000 (2011: 100,000,000) A Ordinary shares of £0.001	**100**	100
100,000,000 (2011: 100,000,000) B Deferred shares of £0.001	**100**	100
100,000,000 (2011: 100,000,000) B1 Ordinary shares of £0.001	**100**	100
100,000,000 (2011: 100,000,000) B2 Ordinary shares of £0.001	**100**	100
100,000,000 (2011: 100,000,000) C Ordinary shares of £0.001	**100**	100

13 Called up Share Capital (continued)

Allotted, issued and fully paid	Share Capital £'000	Share premium £'000	Total £'000
At 29 November 2012 (Audited)	**2**	**2,458**	**2,460**
Issued during 18 week period to 4 April 2013	—	—	—
At 4 April 2013 (Unaudited)	**2**	**2,458**	**2,460**

The rights of the shareholders of the 'B' shares are restricted in certain circumstances associated with continuing employment.

14 Capital Commitments

	As at 4 April 2013 £'000 Unaudited	As at 29 November 2012 £'000 Audited
At the end of the period, the Group had capital commitments as follows:		
Contracted	**25,903**	20,356

15 Contingent Liabilities

The Company did not have any contingent liabilities as at 4 April 2013 (29 Nov 2012: nil).

16 Reconciliation of Operating Profit/(Loss) to Net Cash Inflow

	18 week period ended 4 April 2013 £'000 Unaudited	18 week period ended 29 March 2012 £'000 Unaudited
Operating profit/(loss)	**14,727**	(389)
Depreciation of fixed assets	**11,987**	9,314
Amortisation of goodwill	**6,902**	4,915
Non cash operating items	**1,136**	(3,249)
Decrease/(increase) in stock	**294**	(44)
Increase in debtors	**(7,188)**	(6,935)
Decrease in creditors	**(18,700)**	(1,500)
Net cash inflow	**9,158**	2,112

17 Reconciliation of Net Cash Flow to Movement in Net Debt

	18 week period ended 4 April 2013 £'000 Unaudited	53 week period ended 29 November 2012 £'000 Audited
(Decrease)/increase in cash in the financial period	**(9,957)**	43,930
Cash outflow/(inflow) from shareholders loans	**73,845**	(96,164)
Cash inflow from bank loans issued	**(153,529)**	(67,389)
Cash outflow from other loans repaid	**6,571**	432
Cash outflow from loan notes repaid	**—**	4,690
Cash outflow from bank loans repaid	**69,752**	8,133
Cash outflow from bank fees paid	**3,620**	3,557
Change in net debt resulting from cash flows	**(9,698)**	(102,811)
Amortisation of bank fees	**(2,457)**	(2,402)
Bank loans acquired on acquisition	**—**	(7,352)
Cash on disposal of properties	**(10)**	—
Exchange movement on net debt	**(3,038)**	(871)
Issue of debt—rolled up interest	**(13,567)**	(31,536)
Movement in debt	**(28,770)**	(144,972)
Net debt at beginning of period	**(615,344)**	(470,372)
Net debt at end of period	**(644,114)**	(615,344)

18 Analysis of Changes in Net Debt

	As at 29 November 2012 £'000 Audited	Cash flow £'000	Acquisition/ (disposal) £'000	Non cash movements £'000	Foreign exchange £'000	As at 4 April 2013 £'000 Unaudited
Cash in hand and at bank	61,933	(9,957)	(10)	—	2,241	**54,207**
Loan notes	(264,529)	—		(10,823)	—	**(275,352)**
Preference shares	(8,248)	—	—	—	—	**(8,248)**
Preference share interest accrued	(2,032)	—	—	(420)	—	**(2,452)**
Shareholders loans	(97,967)	73,845	—	(2,324)	—	**(26,446)**
Bank loans	(304,501)	(73,586)	—	(2,457)	(5,279)	**(385,823)**
	(615,344)	(9,698)	(10)	(16,024)	(3,038)	**(644,114)**

Non cash movement comprises amortisation of bank fees of £2,457k and accrued interest on the loan notes, preference shares and shareholder loans which is rolled into the outstanding balances rather than paid, totalling £13,567k.

19 Post Balance Sheet Events

On 10 May 2013 an agreement was signed to acquire Multikino S.A, a leading Polish multiplex operator. Multikino operates 28 cinemas in Poland and a further two cinemas in Lithuania and Latvia. The completion of the transaction is subject to satisfaction of certain conditions, including regulatory approval by the President of the Polish Competition Authority.

On 16 May 2013 a sale and purchase agreement relating to the sale of Stafford was concluded. The site had been previously shown as an asset held for sale as at 29 November 2012 and 4 April 2013.

19 Post Balance Sheet Events (continued)

On 9 June 2013, Vougeot Bidco Limited and Vougeot Holdco Limited entered into a definitive agreement to acquire the entire issued share capital of Vue Entertainment International Limited, the preference shares of Vue Holdings (Jersey) Limited and the loan notes issued by Vue Holdings (Jersey) Limited from DH P S.àr.l and senior management. Vougeot Holdco Limited is wholly-owned by OPE Vougeot Investment Limited, OPE Vougeot Holdings Limited, PE12PX (Artist) Ltd. and PE12GV (Artist) Ltd. The transaction will complete subject to the satisfaction of certain conditions, including antitrust approval by the European Commission.

Vue Entertainment International Limited

Financial Statements for the Period to 29 November 2012

(Registered Number 00106780)

Independent Auditors' Report to the Members of Vue Entertainment Investment Limited

We have audited the Group and Parent Company financial statements of Vue Entertainment International Limited for the 53 weeks ended 29 November 2012 which comprise the Consolidated Profit and Loss Account, the Consolidated and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Statement of Group Shareholders' Deficit and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 11 and 12 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 29 November 2012 and of the Group's loss and cash flows for the period then ended;
- have been properly prepared in accordance United Kingdom Accounting Standards; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Opinion on other matter

In our opinion the information given in the Directors' Report for the financial period for which financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Parent Company; or

- the Parent Company financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Philip Stokes
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London

10 May 2013

Vue Entertainment International Limited

Consolidated Profit and Loss Account
for the period ended 29 November 2012

	Notes	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Turnover			
Continuing operations:			
Existing		**309,684**	281,088
Acquisitions			
—CinemaxX AG		**59,423**	—
—Apollo Cinemas Limited		**11,573**	—
Turnover	2	**380,680**	281,088
Cost of sales		**(141,165)**	(99,874)
Gross profit		**239,515**	181,214
Administrative expenses		**(221,621)**	(166,385)
Group operating profit			
Continuing operations:			
Existing		**13,001**	14,829
Acquisitions			
—CinemaxX AG		**4,203**	—
—Apollo Cinemas Limited		**690**	—
Group operating profit	3,4	**17,894**	14,829
Profit on disposal of fixed assets	5	**139**	411
Interest receivable and similar income	7	**124**	86
Interest payable and similar charges	8	**(56,790)**	(46,110)
Loss on ordinary activities before taxation		**(38,633)**	(30,784)
Tax charge on loss on ordinary activities	9	**(2,616)**	(2,646)
Loss on ordinary activities after taxation		**(41,249)**	(33,430)
Minority interests		**(175)**	—
Loss for the financial period	23	**(41,424)**	(33,430)

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

The notes on pages F-24 to F-44 form an integral part of these financial statements.

Vue Entertainment International Limited

Consolidated Balance Sheet
as at 29 November 2012

	Notes	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Fixed assets			
Intangible assets	11	**361,109**	276,003
Tangible assets	12	**300,137**	262,749
		661,246	538,752
Current assets			
Assets held for sale	14	**2,082**	—
Stock	15	**2,717**	1,475
Debtors: amounts falling due within one year	16	**31,712**	17,729
Debtors: amounts falling due after more than one year	16	**16,385**	1,158
Cash at bank and in hand		**61,933**	18,003
		114,829	38,365
Creditors: amounts falling due within one year			
Loans (Senior debt net of bank fees)	17	**(70,811)**	(6,832)
Other creditors	17	**(189,372)**	(49,221)
		(260,183)	(56,053)
Net current liabilities		**(145,354)**	(17,688)
Total assets less current liabilities		**515,892**	521,064
Financed by:			
Creditors: amounts falling due after more than one year	18	**538,689**	508,022
Provision for liabilities	19	**37,884**	36,064
Preference shares	20	**8,248**	8,248
Capital and reserves			
Called up share capital	22	**2**	2
Share premium	22	**2,458**	2,458
Profit and loss account	23	**(73,996)**	(33,730)
Total shareholders' deficit	24	**(71,536)**	(31,270)
Minority interests		**2,607**	—
Capital employed		**515,892**	521,064

The notes on pages F-24 to F-44 form an integral part of these financial statements.

Approved by the Board of Directors and signed on its behalf by:

Alan McNair
Director
10 May 2013

Vue Entertainment International Limited

Company Balance Sheet as at 29 November 2012

	Notes	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Fixed assets			
Fixed asset investments	13	**2,364**	2,364
		2,364	2,364
Current assets			
Debtors: amounts falling due within one year	16	**162**	111
Debtors: amounts falling due after more than one year	16	**51**	23
Cash		**—**	4,690
		213	4,824
Creditors: amounts falling due within one year	17	**(233)**	(60)
Net current (liabilities)/assets		**(20)**	4,764
Total assets less current liabilities		**2,344**	7,128
Financed by:			
Creditors: amounts falling due after more than one year	18	**—**	4,690
Capital and reserves			
Called up share capital	22	**2**	2
Share premium	22	**2,458**	2,458
Profit and loss account	23	**(116)**	(22)
Total shareholders' funds	24	**2,344**	2,438
		2,344	7,128

The notes on pages F-24 to F-44 form an integral part of these financial statements.

Approved by the Board of Directors and signed on its behalf by:

Alan McNair
Director
10 May 2013

Vue Entertainment International Limited

Consolidated Cash Flow Statement
for the period ended 29 November 2012

	Notes	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Operating activities			
Net cash inflow from operating activities	29	**62,040**	30,731
Return on investments and servicing of finance			
Interest received		**140**	86
Interest paid		**(24,160)**	(11,197)
Net cash outflow from returns on investments and servicing of finance		**(24,020)**	(11,111)
Taxation (paid)/received		**(1,538)**	366
Cash outflow for capital expenditure and other financial investments			
Payments to acquire tangible assets		**(23,008)**	(16,219)
Landlord contributions received		**1,300**	8,200
Proceeds from disposal of tangible assets		**1,515**	1,653
Investment in subsidiaries		**(148,589)**	(459,460)
Cash balance acquired on acquisition		**29,490**	—
			—
Net cash outflow from capital expenditure and other financial investments		**(139,292)**	(465,826)
Net cash outflow before financing activities		**(102,810)**	(445,840)
Financing activities			
Bank loans (net of bank fees)		**55,699**	236,193
Repayment of other loans		**(433)**	—
(Repayment of)/issue of loan notes		**(4,690)**	216,942
Issue of preference shares		**—**	8,248
Issue of ordinary shares		**—**	2,460
Amounts owed to shareholders		**96,164**	—
Net cash inflow from financing activities		**146,740**	463,843
Increase in cash	30	**43,930**	18,003

The notes on pages F-24 to F-44 form an integral part of these financial statements.

Vue Entertainment International Limited

Consolidated Statement of Total Recognised Gains and Losses for the period ended 29 November 2012

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Loss for the financial period	**(41,424)**	(33,430)
Foreign exchange movement	**1,158**	(300)
Total recognised losses relating to the financial period	**(40,266)**	(33,730)

Consolidated Statement of Group Shareholders' Deficit for the period ended 29 November 2012

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Loss for the financial period	**(41,424)**	(33,430)
Foreign exchange movement	**1,158**	(300)
Movement for the financial period	**(40,266)**	(33,730)
Opening shareholders' deficit	**(33,730)**	—
Closing shareholders' deficit	**(73,996)**	(33,730)

The notes on pages F-24 to F-44 form an integral part of these financial statements.

Vue Entertainment International Limited
Notes to the Financial Statements
for the period ended 29 November 2012

1 Accounting Policies

a) Basis of preparation

These financial statements have been prepared under the historical cost convention in accordance with the Companies (Jersey) Law 1991 and applicable accounting standards in the United Kingdom. A summary of the more important Group accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the period.

The financial statements have been prepared on a going concern basis. The directors deemed it appropriate to prepare the accounts on a going concern basis having given due regard to the trading results and capital structure of the Group. 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 Senior Debt Agreements with Vue Holdings (UK) Limited, a subsidiary undertaking of the Company, signed on 7 November 2010. The Group has also provided that funds are available for planned capital expenditures by way of a facility with a final draw down date of 21 December 2013 (extended to December 2016 under the refinancing—see note 35). The longer term finance of the Group is provided under an A and B loan structure with maturities of 6 and 7 years respectively. Further finance is provided by subordinated shareholder funding with maturity dates on the earlier of 31 December 2020 or an 'exit event'. As a result Vue Entertainment International Limited directors believe that the Company and all its current subsidiaries will, for the foreseeable future, be able to continue trading and meet all their liabilities as they fall due. In December 2012 the Company entered into new senior debt arrangements (see note 35).

There is no material difference between the fair value of financial assets and liabilities and their carrying amount.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Further details regarding areas requiring significant assumptions and estimates are provided in the accounting policies below and in the relevant note to the financial statements where applicable.

b) Accounting reference date

The Company prepares financial statements for either 52 or 53 week periods ending on a Thursday within one week of 30 November. The results of the current period refer to the 53 weeks ended 29 November 2012. The comparative results refer to the 56 week period from 26 October 2010 (date of incorporation) to 24 November 2011.

c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings as listed in note 13. The elimination of group transactions occurs on consolidation.

d) Acquisitions

Treganna Bidco Limited was incorporated on 1 May 2012 as a holding company to acquire Apollo Cinemas Limited. On 10 May 2012 Treganna Bidco Limited acquired 100% of the share capital in Apollo Cinemas Limited.

From 30 March 2012, the first day of Apollo Cinemas Limited's latest financial year, to 10 May 2012 Apollo Cinemas Limited had turnover of £2,784k and an operating loss of £346k; loss before taxation was £389k and taxation credit £713k. The loss after tax for Apollo Cinemas Limited for the year ended

1 Accounting Policies (continued)

29 March 2012 was £5,372k. There is no difference between the profit after tax and the recognised gains and losses for the period.

Vue Beteiligungs AG was incorporated on 23 March 2012 as a holding company to acquire CinemaxX AG. On 10 July 2012 Vue Beteiligungs AG announced its intention to launch a voluntary public takeover offer for all outstanding shares of CinemaxX AG, a group listed on the Frankfurt and Hamburg Stock Exchanges. On 7 August 2012, Vue Beteiligungs AG acquired 91.34% of the share capital of CinemaxX AG as a result of this public offer. As at the Company's financial period end, 95.15% of all shares in CinemaxX AG had been acquired.

From 1 January 2012, the first day of CinemaxX AG's latest financial year, to 7 August 2012, the effective date of acquisition, CinemaxX AG had turnover of €117,416k and an operating profit of €10,788k, profit before taxation was €6,331k and taxation €4,949k. The profit after tax for CinemaxX AG for the year ended 31 December 2011 was €18,778k. There is no difference between the profit after tax and the recognised gains and losses for the period.

The identifiable assets and liabilities of the company acquired are included in the consolidated balance sheet at their fair value at the date of acquisition, and its results included in the profit and loss account from the date of the acquisition. The difference between the fair value of the consideration given and the fair values of the net assets of the entity acquired is accounted for as goodwill.

e) Company profit and loss

The profit and loss account of the Company is not presented as a part of these financial statements.

f) Revenue recognition

Revenue is reported net of value added tax and comprises primarily ticket and concession sales and screen advertising income. Revenue from ticket sales is reported in the period in which the film is shown. Income from screen advertising guaranteed income is recognised evenly over the period to which they relate. Other screen advertising income is recognised as generated. Concession revenue is recognised at the time of sale.

g) Depreciation

Depreciation is provided on all tangible fixed assets in use during the period. The rates used are calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life at the following annual rates:

Short leasehold land and buildings	—	25 years (or length of the lease, if shorter)
Other cinema site assets	—	15 years (or length of the lease, if shorter)
Equipment	—	3–20 years

The annual rate of depreciation on equipment now reflects rates used in CinemaxX AG. The rate within the existing business is 3–10 years in line with the prior year.

Where fixed assets have been revalued these amounts are being depreciated over the shorter of the lease term or 20 years.

h) Impairment of fixed assets

The need for any fixed asset impairment provision is assessed by comparison of the carrying value of an income generating unit, which normally comprises the portfolio of sites that operate within a market place, against a value in use or net realisable value that is lower than the net book value. The value in use has been calculated using a discounted cash flow methodology in accordance with applicable Financial Reporting Standards.

1 Accounting Policies (continued)

The discounting rate used in assessing the value in use of the assets is the estimated weighted average cost of capital employed by the Group, adjusted as necessary for any particular risks of the subsidiary being reviewed. The weighted average cost of capital employed by the Group has been calculated as the weighted average of the internal rate of return applied in the equity funding and the Group's bank debt interest rate.

i) Intangible assets

Goodwill is the difference between the aggregate of the fair value of those separately identifiable assets and liabilities acquired and the fair value of the purchase consideration.

Goodwill is capitalised and amortised over its useful life, which in the opinion of the directors is 20 years. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

j) Fixed asset investments

Investments are stated at cost less provision for impairment. Investments in subsidiaries are reviewed annually for possible impairment.

k) Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for any obsolete items.

l) Pensions

Pension contributions (which are made to a defined contribution Group Personal Pension Plan) are charged to the profit and loss account as incurred. These contributions are invested separately from the Group's assets.

m) Operating lease arrangements

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term. Lease incentives are amortised over the shorter of the period to the next rent review date or over the remaining term of the lease.

n) Finance lease arrangements

Where the Company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a ''finance lease''. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future installments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future installments.

o) Current and deferred taxation

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantially enacted at the balance sheet date, together with any adjustment in respect of tax payable for previous periods.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

1 Accounting Policies (continued)

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

p) Translation of foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the period end rate of exchange. All exchange differences arising are reported as part of the profit or loss for the period.

In respect of the Company's subsidiaries, profit and loss accounts in currencies other than sterling are translated into sterling at average exchange rates. Balance sheets are translated into sterling at the rates ruling at the period end. Exchange differences arising on consolidation are taken directly to reserves.

q) Pre-opening and initial site development expenses

In accordance with accounting pronouncement Urgent Issues Task Force (''UITF'') Abstract 24—''Accounting for Start up Costs'', pre-opening costs are written off in the period in which they are incurred.

Expenditure of a capital nature, as set out in Financial Reporting Standard (''FRS'') 15—''Tangible Fixed Assets'', is capitalised from the date at which the Board approves the development of the cinema site.

r) Financial instruments

As part of its interest rate management strategy the Group has entered into interest rate swap contracts. The interest received/paid on these contracts is netted against the interest paid on the loans.

s) Onerous lease

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 by it. The unavoidable costs of the lease reflect the net cost of exiting from the contract and are measured as the lower of the net present value of the cost of continuing to operate the lease and any penalties or other costs of exiting from it.

t) Related party transactions

The Company has taken advantage of the exemption contained within FRS 8—''Related Party Transactions'' not to disclose related party transactions with other members of its group of companies, which are wholly owned subsidiaries.

u) Minority interests

Equity minority interests represent the share of the profits less losses on ordinary activities attributable to the interests of equity shareholders in subsidiaries which are not wholly owned by the Group.

1 Accounting Policies (continued)

v) Non-current assets held for sale

Non-current assets held are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of their carrying amount and fair value less costs to sell.

2 Segmental Information

Turnover comprises the value of goods and services provided to customers exclusive of value added tax.

Analysis of turnover by geographical market	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
United Kingdom	**303,234**	259,940
Continental Europe	**70,733**	14,251
Other	**6,713**	6,897
	380,680	281,088

All turnover is derived from external customers in the local geographical market.

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
(Loss)/profit before taxation		
United Kingdom	**(41,690)**	(31,997)
Continental Europe	**2,873**	1,081
Other	**184**	132
	(38,633)	(30,784)
(Net liabilities)/net assets		
United Kingdom	**(151,383)**	(34,521)
Continental Europe	**80,275**	3,968
Other	**(428)**	(717)
	(71,536)	(31,270)

3 Turnover, cost of sales, gross profit and administration expenses

	Period ended Period ended 29 November 2012			Period ended 24 November 2011
	Continuing £'000	Acquisitions £'000	Total £'000	Total £'000
Turnover	**309,684**	**70,996**	**380,680**	281,088
Cost of sales	**(112,859)**	**(28,306)**	**(141,165)**	(99,874)
Gross profit	**196,825**	**42,690**	**239,515**	181,214
Administrative expenses	**(183,824)**	**(37,797)**	**(221,621)**	(166,385)
Group operating profit	**13,001**	**4,893**	**17,894**	14,829

All results in the prior year refer to continuing operations only.

4 Operating Profit

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Operating Profit is stated after charging:		
Fees payable to the Company's auditor for the audit of the Group and Company's annual financial statements	**80**	80
—Other services: Fees payable to the Company's auditor for auditing of financial statements of associates of the company pursuant to legislation	**85**	77
—Other services: Fees payable to unassociated auditors	**131**	—
—Fees relating to corporate finance transactions	**—**	944
—All other services	**58**	—
Depreciation on tangible fixed assets (note 12)	**30,201**	24,907
Realised foreign exchange loss	**5**	1
Provision for liabilities (note 19)	**569**	2,086
Impairment of assets held for sale	**332**	—
Goodwill amortised (note 11)	**16,069**	13,441
Rentals under operating leases on plant and machinery	**67,812**	49,235
Rentals under operating leases on other	**1,401**	—
Pre-opening expenses	**106**	76

Fees payable for the audit of the Company: £1,000 (2011: £1,000).

5 Profit on Disposal of Fixed Assets

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Profit on disposal of fixed assets	**139**	411

6 Staff Costs

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Wages and salaries	**44,613**	34,056
Social security costs	**3,295**	1,966
Other pension costs	**241**	154
	48,149	36,176

The average monthly number of employees during the period was made up as follows:

	Period ended 29 November 2012	Period ended 24 November 2011
Cinema	**3,797**	3,156
Administration	**143**	111
	3,940	3,267

6 Staff Costs (continued)

The Executive Directors of the Company are remunerated by a subsidiary undertaking, Vue Services Limited, in respect of their services to both the Company and the Group. Non-executive directors are not employed by the Company or Group.

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Aggregate emoluments, including benefits in kind	**2,176**	2,083
Defined contribution scheme—Company contributions	**29**	48
	2,205	2,131

Highest paid director	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Aggregate emoluments, including benefits in kind	**715**	916
Defined contribution scheme—Company contributions	**21**	12
	736	928

Retirement benefits are accruing to three directors under a defined contribution scheme.

7 Interest Receivable and Similar Income

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Bank interest	**64**	79
Other interest	**60**	7
	124	86

8 Interest Payable and Similar Charges

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Interest and similar charges		
Bank loans and overdrafts	**16,958**	15,040
Other interest	**2,821**	1,029
Amortisation of issue costs of bank loans	**2,402**	2,113
Unwinding of discount factor on onerous lease	**3,075**	3,353
Shareholder loans and preference share interest—rolled up interest	**31,534**	24,575
	56,790	46,110

9 Taxation on Loss on Ordinary Activities

Analysis of tax for the financial period	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
United Kingdom		
Corporation tax at 24.67% (2011: 26.67%)	**—**	323
Double taxation relief	**—**	(323)
Under/(over) provision for prior years	**79**	(673)
Overseas tax incurred	**932**	325
Total current tax charge/(credit)	**1,011**	(348)
Deferred tax		
Origination of timing differences—United Kingdom	**1,605**	2,994
Total deferred tax	**1,605**	2,994
Taxation on loss on ordinary activities	**2,616**	2,646

Factors affecting current tax charge for the financial period

The effective rate of current tax for the period, based on the UK standard rate of corporation tax is 24.67% (2011: 26.67%). The current tax charge for the period differs (2011: differs) from the tax on profit at the standard rate for the reasons in the reconciliation below:

Analysis of tax charge for the financial period	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Group		
Loss on ordinary activities before tax	**(38,633)**	(30,784)
Loss on ordinary activities multiplied by the effective rate of corporation tax in the UK of 24.67% (2011: 26.67%)	**(9,531)**	(8,211)
Effects of:		
Capital allowances in excess of depreciation	**(804)**	(1,596)
Expenses not deductible for tax purposes	**11,890**	10,626
Utilisation of brought forward losses	**(1,107)**	—
Foreign branch income not subject to UK tax	**(438)**	—
Overseas tax suffered	**932**	—
Tax under/(over) provided in prior periods	**79**	(673)
Other timing differences	**(10)**	(494)
Current tax charge/(credit) for the financial period	**1,011**	(348)

The standard rate of corporation tax in the UK changed from 26% to 24% with effect from 1 April 2012. Accordingly, the Group profits for this accounting period are taxed at an effective rate of 24.67%. A further reduction to 23% effective from 1 April 2013 was substantially enacted by Parliament on 3 July 2012 and further changes are proposed to reduce the tax rate to 21% by 1 April 2014.

10 Loss of the Parent Company

The profit and loss account of the Company is not presented as a part of these financial statements. The Company's loss for the period ended 29 November 2012 was £94k (2011: £22k).

11 Intangible Fixed Assets

	Total Goodwill £'000
Cost	
At 24 November 2011 as previously reported	289,444
Additions	98,682
Foreign exchange	2,493
29 November 2012	**390,619**
Accumulated amortisation	
At 24 November 2011	(13,441)
Charged for the period	(16,069)
At 29 November 2012	**(29,510)**
Net book value at 29 November 2012	**361,109**
Net book value at 24 November 2011	276,003

Goodwill is being amortised in equal annual instalments over its estimated economic life of 20 years.

12 Tangible Fixed Assets

	Freehold Land and Buildings £'000	Short Leasehold Land and Buildings £'000	Furniture Fixture and Equipment £'000	Construction in Progress £'000	Total £'000
Cost					
At 24 November 2011	—	251,761	34,970	300	287,031
Acquisitions	936	7,688	32,180	6,174	46,978
Additions	—	9,257	11,427	738	21,422
Transfers	—	—	5,806	(5,806)	—
Disposals	—	—	(2,453)	—	(2,453)
Foreign exchange movement	25	(446)	434	157	170
At 29 November 2012	**961**	**268,260**	**82,364**	**1,563**	**353,148**
Accumulated Depreciation					
At 24 November 2011	—	16,942	7,340	—	24,282
Charge during period	58	19,691	10,452	—	30,201
Disposals	—	—	(1,077)	—	(1,077)
Foreign exchange movement	—	(279)	(116)	—	(395)
At 29 November 2012	**58**	**36,354**	**16,599**	**—**	**53,011**
Net book value at 29 November 2012	**903**	**231,906**	**65,765**	**1,563**	**300,137**
Net book value at 24 November 2011	—	234,819	27,630	300	262,749

The additions for the period include an amount of £1.3m of capital expenditure accrued at 29 November 2012 (2011: £2.9m) relating to expenditure on new sites and other projects.

Company

The Company had no tangible fixed assets at 29 November 2012 (2011: £nil).

12 Tangible Fixed Assets (continued)

Finance lease agreements

Included within the net book value of £300m is £133k (2011: £nil) relating to assets held under finance lease agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £9k (2011: £nil).

13 Fixed Asset Investments

Company	£'000
At 29 November 2012 & at 24 November 2011	**2,364**

The details of the Company's subsidiary undertakings as at 29 November 2012 are shown below:

	Country of registration	Nature of Business	Proportion of shares held (ordinary shares)	Capital & Reserves £'000	Profit/(Loss) for year £'000
Direct subsidiary undertakings					
Vue Holdings (Jersey) Ltd	Jersey	Holding	100%	11,522	4,675
Indirect subsidiary undertakings					
Vue Holdings (UK) Limited	United Kingdom	Holding	100%	(24,664)	(14,954)
Vue Entertainment Investment Ltd	United Kingdom	Holding	100%	(151,005)	(31,327)
Treganna Bidco Limited	United Kingdom	Holding	100%	(86)	(86)
Vue Beteiligungs AG	Germany	Holding	100%	33,503	(2,226)
Vue Booking Services Limited	United Kingdom	Operating	100%	6,539	1,904
Vue Services Limited	United Kingdom	Operating	100%	7,235	(18)
Vue Entertainment Limited	United Kingdom	Operating	100%	168,258	20,563
Spean Bridge Cinemas (Algarve) Lda	Portugal	Operating	100%	(3,094)	(428)
SBC Taiwan Limited	Taiwan	Operating	100%	(4,458)	184
Ster Century (UK) Limited	United Kingdom	Operating	100%	37,004	2,116
Apollo Cinemas Limited	United Kingdom	Operating	100%	5,245	418
CinemaxX Aktiengesellschaft	Germany	Operating	95%	54,302	(1,122)
CinemaxX Cinema GmbH & Co. KG	Germany	Operating	95%	56,762	26
CinemaxX Entertainment GmbH & Co. KG	Germany	Operating	95%	(6,057)	4,586
CinemaxX Movietainment GmbH	Germany	Operating	95%	(5,025)	1,209
CinemaxX Entertainment Verwaltungsgesellschaft mbH	Germany	Operating	95%	21	(1)
Silencium Betriebs GmbH	Germany	Operating	95%	(5,190)	(1)
CinemaxX Filmtheater GmbH	Germany	Operating	95%	(1,404)	(9)
CinemaxX Danmark A/S	Denmark	Operating	92%	1,780	831
CinemaxX MaxXtainment GmbH	Germany	Operating	71%	19	(1)
Verwaltung CinemaxX Cinema GmbH	Germany	Operating	95%	3	(1)
CinemaxX Cinetainment GmbH	Germany	Operating	95%	(1,307)	374
Vue Entertainment Holdings Limited	United Kingdom	Holding	100%	127,479	—
Vue Entertainment Holdings (UK) Limited	United Kingdom	Holding	100%	100,971	—
Spean Bridge Luxemburg S.ar.l	Luxembourg	Holding	100%	(263)	(7)
A3 Cinemas Limited	United Kingdom	Holding	100%	86	—
Spean Bridge Luxemburg Investments S.ar.l	Luxembourg	Holding	100%	(14,886)	(2)
Spean Bridge (Taiwan) S.ar.l	Luxembourg	Holding	100%	(8,140)	(12)
Vue Entertainment (UK) Limited	United Kingdom	Holding	100%	5,736	—
Aurora Holding Limited	United Kingdom	Holding	100%	1,027	—
Aurora Cinema Limited	United Kingdom	Holding	100%	524	—
Aurora Cinema (Ireland) Limited	Eire	Holding	100%	18,495	—
Vue Cinemas Limited	United Kingdom	Holding	100%	9,290	—
Vue Theatres (UK) Limited	United Kingdom	Inactive	100%	2,046	—
Spean Bridge Cinemas (Italia) Srl	Italy	Inactive	100%	7	(3)
Vue Cinemas (UK) Limited	United Kingdom	Inactive	100%	12,455	—
Vue Properties Limited	United Kingdom	Inactive	100%	73,885	—

13 Fixed Asset Investments (continued)

The directors believe that the carrying value of the investments is supported by their underlying net assets.

The respective statutory financial year-ends of the following subsidiary undertakings is 31 December in accordance with local requirements: Spean Bridge Cinemas (Algarve) Lda, Spean Bridge Luxembourg S.ar.l, Spean Bridge Luxembourg Investments S.ar.l and Spean Bridge (Taiwan) S.ar.l, CinemaxX Aktiengesellschaft, CinemaxX Cinema GmbH & Co. KG, CinemaxX Entertainment GmbH & Co. KG, CinemaxX Movietainment GmbH, CinemaxX Entertainment Verwaltungsgesellschaft mbH, Silencium Betriebs GmbH, CinemaxX Filmtheater GmbH, CinemaxX Danmark A/S, CinemaxX MaxXtainment GmbH, Verwaltung CinemaxX Cinema GmbH and CinemaxX Cinetainment GmbH.

14 Assets Held For Sale

	Group		Company	
	As at 29 November 2012 £'000	As at 24 November 2011 £'000	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Cinemas held for sale	**2,082**	—	**—**	—

At 29 November 2012, the Group held five sites for resale at their net book value of £2,082k.

15 Stock

	Group		Company	
	As at 29 November 2012 £'000	As at 24 November 2011 £'000	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Finished goods and goods for resale	**2,717**	1,475	**—**	—

16 Debtors

	Group		Company	
	As at 29 November 2012 £'000	As at 24 November 2011 £'000	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Amounts falling due within one year:				
Trade debtors	**6,757**	3,056	**—**	—
Other debtors	**6,341**	1,450	**—**	—
Group relief receivable	**—**	—	**40**	—
Prepayments and accrued income	**18,614**	13,223	**2**	4
Loan notes receivable from subsidiary undertaking	**—**	—	**120**	107
	31,712	17,729	**162**	111
Amounts falling due after more than one year:				
Deferred tax (see note 21)	**16,385**	1,158	**—**	—
Preference interest receivable	**—**	—	**51**	23
	48,097	18,887	**213**	134

The loan notes bear interest of 12% per annum which is rolled up to increase the value of the loan.

17 Creditors: Amounts Falling Due Within One Year

	Group		Company	
	As at 29 November 2012 £'000	As at 24 November 2011 £'000	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Trade creditors	**18,183**	9,177	**—**	—
Other tax and social security	**5,971**	3,418	**—**	—
Other creditors	**3,082**	1,628	**—**	—
Accruals	**46,024**	28,489	**81**	3
Corporation tax payable	**529**	31	**—**	
Amounts due to group undertakings	**—**	—	**152**	57
Amounts owed to shareholders	**97,967**	—	**—**	—
Deferred income	**17,616**	6,478	**—**	—
	189,372	49,221	**233**	60
Bank loans (net of bank fees)	**70,811**	6,832	**—**	—
	260,183	56,053	**233**	60

Amounts owed to group undertakings are interest free and repayable on demand.

On 10 May 2012 the shareholders advanced loans of £16,500k to Vue Holdings (Jersey) Limited with interest at LIBOR plus 2.25% per annum, compounding monthly. The loan was repaid on 17 December 2012 including interest of £284k.

Prior to the acquisition of CinemaxX AG, the shareholders advanced loans of €107,720k (£87,082k) to the Group. As at 29 November 2012 the balance outstanding was €98,909k (£79,664k). The loan was repaid on 17 December 2012 including interest of €1,506k (£1,220k).

On 10 July 2012 Vue Beteiligungs AG entered into a standalone facility of €90,000k (£70,827k) with Lloyds TSB Bank plc to facilitate the acquisition of CinemaxX AG of which €85,631k (£69,225k) was outstanding at period end. This loan was repaid following the refinancing of the Group on 17 December 2012 (see note 35).

18 Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	As at 29 November 2012 £'000	As at 24 November 2011 £'000	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Bank loans (net of bank fees)	**233,691**	231,777	**—**	—
Loan notes payable	**264,529**	240,598	**—**	4,690
Preference share interest payable	**2,032**	919	**—**	—
Deferred income	**38,437**	34,728	**—**	—
	538,689	508,022	**—**	4,690

On 24 November 2010, Vue Holdings (UK) Limited borrowed £255.0m and entered into banking facilities of £15.0m and a capital expenditure facility of £30.0m from Nomura International PLC, Mediobanca Banca Di Credito Finanziario and Lloyds TSB Bank plc. The loan and borrowing facility are secured by a fixed and floating charge over certain of the Vue Entertainment International Limited Group's assets. Vue Holdings (UK) Limited was party to these facilities. Under these facilities all surplus cash balances are held as collateral for the bank loans advanced to the group members. Vue Holdings (UK) Limited has given a cross guarantee to its banks in respect of any borrowings under any of the above facilities up to the limit of these facilities.

18 Creditors: Amounts Falling Due After More Than One Year (continued)

At 29 November 2012 the Group had drawn bank loans of £304.5m net of related unamortised fees, £70.8m of which is included within creditors due within one year (see note 17). These represent fully drawn balances on the Group's term credit facilities Facility A, Facility B (Tranche I) and Facility B (Tranche II), a partial drawn balance on the Lloyds TSB Bank plc standalone facility and £nil drawn down on the Capex facility and Revolving facility.

Facility A Loan

A loan of £65.0m was drawn down on 21 December 2010 and is repayable in bi-annual instalments over a 6 year period commencing 31 May 2011 with a final redemption on 20 December 2016. The loan bears interest at LIBOR plus a margin of between 3.50% and 4.50%. During the period the Group reduced its borrowings under this facility by £8.1m (2011: £5.0m). The balance outstanding as at 29 November 2012 was £51.9m (2011: £60.0m). Following submission of these financial statements to the Company's banking syndicate, £nil (2011: £4.6m) is repayable under the ''excess cash flow'' covenant requirements.

Facility B Loan (Tranche I)

A loan of £190.0m was drawn down on 21 December 2010 and on 29 December 2010 £21.2m of this was converted into a €25.0m (Tranche II) loan leaving £168.8m repayable by one instalment on 20 December 2017. The Tranche I loan bears interest at LIBOR plus a margin of between 4.50% and 5.00%.

Facility B Loan (Tranche II)

A loan of €25.0m (£21.2m) was converted from the Tranche I loan on 29 December 2010 and is repayable by one installment which is due on 20 December 2017. The loan bears interest at EURIBOR plus a margin of between 4.50% and 5.00%. The balance outstanding as at 29 November 2012 was €25.0m (£20.2m) (2011: €25.0m (£21.5m)).

Revolving Facility

The Group is able to draw down on a £15.0m working capital facility, which was undrawn as at 29 November 2012 (2011: undrawn). The Group is able to draw on this facility to 20 December 2016. The facility bears interest at LIBOR plus a margin of 4.50%.

Capex Facility

The Group is able to draw down on a £30.0m facility for Capital Expenditure requirements, which was undrawn at 29 November 2012 (2011: undrawn). The Group is able to draw on this facility to 21 December 2013. This facility bears interest at LIBOR plus a margin of 4.50%.

Other Facilities

During the period the Group entered into other loan facilities which had a balance outstanding as at 29 November 2012 of £7,232k (2011: nil).

Capitalised bank fees

On 21 December 2010 the Group paid £13.8m of bank fees relating to the funding above and a further €4.4m (£3.5m) of bank fees relating to the standalone facility of €90.0m with Lloyds TSB Bank plc (see note 17). Group bank loans are stated net of unamortised issue costs at 29 November 2012 of £12.8m (2011: £11.7m). These costs are allocated to the profit and loss account over the terms of the individual loans.

18 Creditors: Amounts Falling Due After More Than One Year (continued)

Swap Contracts

On 10 March 2011 the Group entered into two new swaps with a notional value at 29 November 2012 of £181.0m and €20.0m (£16.2m). Under these swaps, the Group receives or pays interest depending on whether the variable rate (based in LIBOR and EURIBOR) is greater or less than the fixed rates of 2.31% and 2.56% respectively. In total, at 29 November 2012 these swaps cover 62% (2011: 81%) of the Group's Senior Debt facilities.

Security

The bank loans are secured by a fixed and floating charge over certain of the Group's assets.

Loan Notes Interest

Loan notes bear interest of 12% and are redeemable on the earlier of 31 December 2020 or upon an 'exit event'. All interest is rolled up and capitalised on an annual basis to increase the value of the loan.

19 Provision for Liabilities

	Group		Company	
	As at 29 November 2012 £'000	As at 24 November 2011 £'000	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Provision at beginning of period	**36,064**	—	**—**	—
Onerous lease provision acquired	**2,281**	33,331		
Charge to the profit and loss account	**569**	2,086	**—**	—
Utilised during the period	**(4,105)**	(2,706)	**—**	—
Unwinding of discount factor on onerous lease	**3,075**	3,353	**—**	—
Provision at the end of the period	**37,884**	36,064	**—**	—

The carrying value of the onerous lease provision is reviewed annually and any material adjustments amended in line with the most recent projections. £3.8m (2011: £3.7m) of this provision is due within one year and the remaining provision is spread over the lease terms.

20 Preference Shares

	Group		Company	
	As at 29 November 2012 £'000	As at 24 November 2011 £'000	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Shares issued	**8,248**	8,248	**—**	—

21 Deferred Taxation

The deferred tax asset in the balance sheet comprises:

	Group		Company	
	As at 29 November 2012 £'000	As at 24 November 2011 £'000	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Recognised at start of period	**1,158**	—	**—**	—
Deferred tax acquired	**16,403**	4,152	**—**	—
Transfers to translation reserve	**429**	—	**—**	—
Credit to profit and loss account	**(1,605)**	(2,994)	**—**	—
Recognised at end of period	**16,385**	1,158	**—**	—
Analysis of timing differences				
Depreciation in excess of capital allowances	**1,450**	1,068	**—**	—
Tax loss carried forward	**14,925**	77	**—**	—
Other timing differences	**10**	13	**—**	—
	16,385	1,158	**—**	—

Deferred tax is measured on a non-discounted basis at the tax rates which are expected to apply in the periods in which such timing differences reverse based on tax rates and laws substantively enacted at the balance sheet date. No provision has been made for deferred tax on gains recognised on the sale of property where potentially taxable gains are rolled over into replacement assets. The total amount unprovided is £1.0m (2011 £1.2m). At present it is not envisaged that any such tax will become payable in the foreseeable future. Unrecognised deferred taxation in the current period is £nil.

Deferred tax acquired as at 29 November 2012 relates to taxable losses carried forward within the CinemaxX AG group in accordance with FRS19 (see note 34).

22 Called Up Share Capital

	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Authorised		
100,000,000 (2011: 100,000,000) A Ordinary shares of £0.001	**100**	100
100,000,000 (2011: 100,000,000) B Deferred shares of £0.001	**100**	100
100,000,000 (2011: 100,000,000) B1 Ordinary shares of £0.001	**100**	100
100,000,000 (2011: 100,000,000) B2 Ordinary shares of £0.001	**100**	100
100,000,000 (2011: 100,000,000) C Ordinary shares of £0.001	**100**	100

22 Called Up Share Capital (continued)

Allotted, issued and fully paid	Shares £'000	Share premium £'000	Total £'000
At 26 October 2010	—	—	—
Issued during the period: 2,000,000 A Ordinary	2	1,998	2,000
Issued during the period: 460,000 B1 Ordinary		460	460
Issued during the period: 441,177 C Ordinary	—	—	—
At 24 November 2011	2	2,458	2,460
Issued during period	—	—	—
At 29 November 2012	**2**	**2,458**	**2,460**

23 Reserves—Profit and Loss

	Profit and Loss	
	Group £'000	Company £'000
At 24 November 2011	(33,730)	(22)
Loss for the financial period	(41,424)	(94)
Translation reserve	1,158	—
At 29 November 2012	**(73,996)**	**(116)**

24 Reconciliation of Movements in Shareholders' (Deficit)/Funds

	Group		Company	
	As at 9 November 2012 £'000	As at 24 November 2011 £'000	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Loss for the financial period	**(41,424)**	(33,430)	**(94)**	(22)
Translation reserve movement	**1,158**	(300)	**—**	—
Net reduction for the financial period	**(40,266)**	(33,730)	**(94)**	(22)
Share capital issued	**—**	2,460	**—**	2,460
Opening shareholders' (deficit)/funds	**(31,270)**	—	**2,438**	—
Closing shareholders' (deficit)/funds	**(71,536)**	(31,270)	**2,344**	2,438

25 Capital Commitments

	As at 29 November 2012 £'000	As at 24 November 2011 £'000
At the end of the period, the Group had capital commitments as follows:		
Contracted	**20,356**	7,904

Company

At 29 November 2012, the Company had no capital commitments (2011: £nil).

26 Contingent liabilities

The Company did not have any contingent liabilities as at the date of signature of these accounts (2011: nil).

27 Commitments under Finance Leases

	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Finance leases which expire:		
Within one year	**51**	—
In two to five years	**36**	—
	87	—

28 Commitments under Operating Leases

As at 29 November 2012 and 24 November 2011, the Group had commitments payable in the following period under non-cancellable operating leases, analysed according to the period in which the lease expires, as follows:

	Land & Buildings		Other	
	As at 29 November 2012 £'000	As at 24 November 2011 £'000	As at 29 November 2012 £'000	As at 24 November 2011 £'000
Operating leases which expire:				
Within one year	**671**	—	**6**	25
In two to five years	**2,893**	375	**352**	190
Over five years	**82,316**	55,211	**489**	7,275
	85,880	55,586	**847**	7,490

Other commitments in 2011 include upfront payments made under a lease for certain equipment which will be spread for accounting purposes over the useful life of the equipment of seven years.

At 29 November 2012, the Company had no financial commitments under non-cancellable operating leases (2011: £nil).

29 Reconciliation of Operating Profit to Net Cash Inflow

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Operating Profit	**17,894**	14,829
Depreciation of fixed assets	**30,201**	24,907
Amortisation of goodwill	**16,069**	13,441
Non cash operating items	**(4,629)**	(1,874)
(Increase)/decrease in stock	**(811)**	683
(Increase)/decrease in debtors	**(7,013)**	1,465
Increase/(decrease) in creditors	**10,329**	(22,720)
Net cash inflow	**62,040**	30,731

30 Reconciliation of Net Cash Flow to Movement in Net Debt

	Period ended 29 November 2012 £'000	Period ended 24 November 2011 £'000
Increase in cash in the financial period	**43,930**	18,003
Cash inflow from shareholders loans	**(96,164)**	—
Cash inflow from loan notes issued	**—**	(216,942)
Cash inflow from bank loans issued	**(67,389)**	(255,000)
Cash outflow from other loans repaid	**433**	—
Cash outflow from loan notes repaid	**4,690**	—
Cash outflow from bank loans repaid	**8,133**	5,000
Cash outflow from bank fees paid	**3,557**	13,807
Change in net debt resulting from cash flows	**(102,810)**	(435,132)
Amortisation of bank fees	**(2,402)**	(2,113)
Acquired on acquisition	**(7,352)**	—
Exchange movement on bank loan	**(872)**	(304)
Issue of debt—rolled up interest	**(31,536)**	(24,575)
Movement in debt	**(144,972)**	(462,124)
Net debt at beginning of period	**(462,124)**	—
Net debt at end of period	**(607,096)**	(462,124)

31 Analysis of Changes in Net Debt

	As at 24 November 2011 £'000	Cash flow £'000	Acquisition £'000	Non cash movements £'000	29 November 2012 £'000
Cash in hand and at bank	18,003	43,930	—	—	61,933
Loan notes	(240,598)	4,690	—	(28,621)	(264,529)
Preference share interest accrued	(919)	—	—	(1,113)	(2,032)
Shareholder loan	—	(96,164)	—	(1,803)	(97,967)
Bank loans	(238,610)	(55,266)	(7,352)	(3,273)	(304,501)
	(462,124)	(102,810)	(7,352)	(34,810)	(607,096)

32 Pension

The Group operates a defined contribution scheme in the form of a Group Personal Pension Plan for its employees. The assets of the plan are held separately from those of the Group in an independently administered fund. Contributions to the fund made by employees are matched by equal contributions to the fund from the Group. Contributions payable by the Group to the fund in respect of the period ended 29 November 2012 amounted to £241k (2011: £154k). At 29 November 2012, there were outstanding contributions of £46k (2011: £48k) included within creditors.

33 Acquisition of Apollo Cinemas Limited

On 10 May 2012 the Company's subsidiary, Treganna Bidco Limited acquired 100% of the share capital in Apollo Cinemas Limited.

The Company believes that the carrying value of the underlying assets and liabilities on acquisition are the current fair value and these are reflected below.

	Book Value prior to acquisition £'000	Assets held for sale £'000	Accounting treatment alignment £'000	Fair value to the Group £'000
Tangible fixed assets	14,805	(2,414)	—	12,391
Assets held for sale	—	2,414	—	2,414
Stock	124	—	—	124
Debtors	1,678	—	—	1,678
Overdraft	(1,404)	—	—	(1,404)
Creditors	(11,089)	—	—	(11,089)
Deferred tax	—	—	713	713
Net assets acquired	4,114	—	713	4,827
Consideration satisfied by:				
Cash consideration				13,149
Total consideration				13,149
Goodwill				8,322

Deferred taxation has been calculated in respect of various fair value adjustments arising on the acquisition in accordance with FRS 19. Timing differences relate to fixed assets and have been determined based on the difference between the pre-existing tax written down value and/or the agreed purchase price and their fair value in respect of qualifying expenditure. A significant proportion of sites assets and their associated fair value do not qualify for capital allowances. These items give rise to a permanent timing difference.

The assets held for sale relate to five sites within the acquired Apollo Cinemas Limited circuit that were identified for disposal.

In its last financial year to 29 March 2012, Apollo Cinemas Limited made a loss after tax of £5,372k.

The table below shows the results of the acquired business from 30 March 2012 to 10 May 2012.

	£'000
Turnover	2,784
Operating loss	(346)
Interest	(43)
Loss on ordinary activities before taxation	(389)
Taxation	713
Retained profit for the period	324

There is no difference between the profit after tax and the recognised gains and losses for 30 March 2012 to 10 May 2012.

34 Acquisition of CinemaxX AG

On 10 July 2012 the Company's subsidiary, Vue Beteiligungs AG, announced its intention to launch a voluntary public takeover offer for all outstanding shares of CinemaxX AG, a group listed on the Frankfurt

34 Acquisition of CinemaxX AG (continued)

and Hamburg Stock Exchanges. The effective date of acquisition was 7 August 2012. As at the Company's financial year end, 95.15% of all shares in CinemaxX AG had been acquired.

The Company believes that the carrying value of the underlying assets and liabilities on acquisition are the current fair value and these are reflected below.

	Book Value prior to acquisition £'000	Revaluations £'000	Accounting treatment alignment £'000	Fair value to the Group £'000
Intangible fixed assets	6,739	(1,120)	(5,446)	173
Tangible fixed assets	64,591	—	(30,004)	34,587
Stock	307	—	—	307
Debtors	5,202	—	—	5,202
Cash	30,894	—	—	30,894
Creditors	(33,587)	—	4,722	(28,865)
Provision for liabilities	(2,247)	—	—	(2,247)
Borrowings	(8,121)	—	—	(8,121)
Deferred tax	18,643	—	(2,953)	15,690
Minority interests	(2,366)	—	—	(2,366)
Net assets acquired	80,055	(1,120)	(33,681)	45,254
Consideration satisfied by:				
Cash consideration				135,440
Total consideration				135,440
Goodwill				90,186

Deferred taxation has been calculated in respect of taxable losses carried forward within the CinemaxX AG Group in accordance with FRS 19. These taxable losses are available to be offset against future taxable profits.

Revaluation adjustments reflect the write-down of goodwill.

Fair value adjustments have been made for the alignment of accounting policies to be in line with Group policy.

The intangible fixed asset adjustment reflects IT software licenses being included as tangible fixed assets and the reversal of goodwill relating to the purchase of a new site which under Group policy will not be recognised as no formal contract has been signed.

The tangible fixed asset adjustment reflects IT software licenses reclassified from intangible fixed assets. Additionally the leasing of buildings and other cinema assets are to be treated as operating leases rather than finance leases, in line with UK GAAP.

The provisions adjustment relates to the reversal of provisions for the purchase of a new site which under Group policy will not be recognised as no formal contract had been signed.

The deferred tax adjustment reflects the carried forward losses available to be utilised by the Group.

In its last financial year to 31 December 2011, CinemaxX AG made a profit after tax of €18,778k under IFRS reporting.

34 Acquisition of CinemaxX AG (continued)

The table below shows the results under IFRS reporting of the acquired business from 1 January 2012 to 7 August 2012.

	€'000
Turnover	117,416
Operating profit/(loss)	10,788
Interest	(4,457)
Profit/(loss) on ordinary activities before taxation	6,331
Taxation	(4,949)
Retained profit/(loss) for the period	1,382

There is no difference between the profit after tax and the recognised gains and losses from 1 January 2012 to 7 August 2012.

35 Post Balance Sheet Events

On 14 December 2012 the shareholders of Vue Holdings (Jersey) Limited signed a sale and purchase agreement relating to the sale of 100% of the share capital in Treganna Bidco Limited to Vue Entertainment Holdings (UK) Limited (a fellow subsidiary undertaking of Vue Entertainment International Limited). Treganna Bidco Limited owned 100% of the share capital in Apollo Cinemas Limited which operated 14 Multiplex Cinemas in the UK at the date of acquisition. At the date of signature of these financial statements, the transaction had been completed.

On 14 December 2012 the shareholders of Vue Holdings (Jersey) Limited signed a sale and purchase agreement relating to the sale of 100% of the share capital in Vue Beteiligungs AG to Vue Entertainment Limited (a fellow subsidiary undertaking of Vue Entertainment International Limited). At the date of acquisition, Vue Beteiligungs AG owned 95.15% of the share capital in CinemaxX AG, the operator of 34 Cinemas in Germany and Denmark. At the date of signature of these financial statements, the transaction had been completed.

The initial acquisition of these entities by the Group had been funded by a combination of bridging loans from shareholders and a standalone term facility loan. On 14 December 2012 the Company signed an amendment to the Senior Facilities Agreement dated 7 November 2010 in order to repay certain bridging loans and the standalone term facility loan (see note 17). This amended the Company's existing borrowing facilities via an additional Facility B Loan (Tranche III) of €105m and additional Facility C Loan of £53m. In addition, the Revolving Facility was increased by £10m from £15m to £25m and the Capex Facility was reduced by £10m from £30m to £20m with an extension of the period to which the Capex Facility can be drawn upon to 20 December 2016.

On 1 January 2013, CinemaxX group signed a lease agreement for Hanover Raschplatz which had previously been run on a management agreement basis.

36 Ultimate Parent Undertaking

The ultimate parent undertaking is DHC Luxembourg V Sàrl, which is registered in Luxembourg, whilst the ultimate controlling parties are limited partnerships constituting Doughty Hanson & Co V, a fund managed by Doughty Hanson & Co.

DH P Sarl, a company registered in Luxembourg, is the largest Group in which the results of the company are consolidated. The group financial statements are drawn up and publicly available from 28 Boulevard Royal, L-2449 Luxembourg.

Vue Entertainment International Limited

Financial Statements for the Period from 26 October 2010 (date of incorporation) to 24 November 2011

(Formerly DH P Topco Limited)

(Registered Number 00106780)

Independent Auditors' Report to the Members of Vue Entertainment International Limited

We have audited the Group and Parent Company financial statements of Vue Entertainment International Limited for the 56 weeks ended 24 November 2011 which comprise the Consolidated Profit and Loss Account, the Consolidated Parent and Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Statement of Group Shareholders' Deficit and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 15 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, 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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Parent Company's affairs as at 24 November 2011 and of the Group's loss and cash flows for the period then ended;
- have been properly prepared in accordance United Kingdom Accounting Standards; and
- have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Opinion on other matter

In our opinion the information given in the Directors' Report for the financial period for which financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Jersey) Law 1991 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Parent Company; or

Independent Auditors' Report to the Members of Vue Entertainment International Limited — (continued)

- the Parent Company financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Philip Stokes
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants
London

24 January 2012

Vue Entertainment International Limited

Consolidated Profit and Loss Account
for the period ended 24 November 2011

	Notes	Period ended 24 November 2011 £'000
Turnover	2	**281,088**
Cost of sales		**(99,874)**
Gross profit		**181,214**
Administrative expenses	3	**(166,385)**
Group operating profit	4	**14,829**
Profit on disposal of fixed assets	5	**411**
Interest receivable and similar income	7	**86**
Interest payable and similar charges	8	**(46,110)**
Loss on ordinary activities before taxation		**(30,784)**
Tax charge on loss on ordinary activities	9	**(2,646)**
Loss for the financial period	22	**(33,430)**

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

All of the above results relate to continuing operations.

The notes on pages F-53 to F-69 form an integral part of these financial statements.

Vue Entertainment International Limited

Consolidated Balance Sheet
as at 24 November 2011

	Notes	As at 24 November 2011 £'000
Fixed assets		
Intangible assets	11	**276,003**
Tangible assets	12	**262,749**
		538,752
Current assets		
Stock	14	**1,475**
Debtors: amounts falling due within one year	15	**17,729**
Debtors: amounts falling due after one year	15	**1,158**
Cash at bank and in hand		**18,003**
		38,365
Creditors: amounts falling due within one year		
Loans (Senior debt net of bank fees)	16	**(6,832)**
Other creditors	16	**(49,221)**
		(56,053)
Net current liabilities		**(17,688)**
Total assets less current liabilities		**521,064**
Financed by:		
Creditors: amounts falling due after one year	17	**508,022**
Provision for liabilities and charges	18	**36,064**
Preference shares	19	**8,248**
Capital and reserves		
Called up share capital	21	**2,460**
Profit and loss account	22	**(33,730)**
Total shareholders' deficit	23	**(31,270)**
		521,064

The notes on pages F-53 to F-69 form an integral part of these financial statements.

Approved by the Board of Directors and signed on its behalf by:

Alan McNair
Director
4 January 2012

Vue Entertainment International Limited

Company Balance Sheet
as at 24 November 2011

	Notes	As at 24 November 2011 £'000
Fixed assets		
Fixed asset investments	13	**2,364**
		2,364
Current assets		
Debtors: amounts falling due within one year	15	**111**
Debtors: amounts falling due after one year	15	**23**
Cash		**4,690**
		4,824
Creditors: amounts falling due within one year	16	**(60)**
Net current assets		**4,764**
Total assets less current liabilities		**7,128**
Financed by:		
Creditors: amounts falling due after more than one year	17	**4,690**
Preference shares	19	**—**
Capital and reserves		
Called up share capital	21	**2,460**
Profit and loss account	22	**(22)**
Total shareholders' deficit	23	**2,438**
		7,128

The notes on pages F-53 to F-69 form an integral part of these financial statements.

Approved by the Board of Directors and signed on its behalf by:

Alan McNair
Director
4 January 2012

Vue Entertainment International Limited

Consolidated Cash Flow Statement
for the period ended 24 November 2011

	Notes	Period ended 24 November 2011 £'000
Operating activities		
Net cash inflow from operating activities	27	**30,731**
Return on investments and servicing of finance		
Interest received		**86**
Interest paid		**(11,197)**
Net cash outflow from returns on investments and servicing of finance		**(11,111)**
Taxation		**366**
Cash outflow for capital expenditure and other financial investments		
Payments to acquire tangible assets		**(16,219)**
Landlord contributions received		**8,200**
Proceeds from disposal of tangible assets		**1,653**
Acquisition of Vue Entertainment Investment Group		**(459,460)**
Net cash outflow from capital expenditure and other financial investments		**(465,826)**
Net cash outflow before financing activities		**(445,840)**
Financing activities		
Bank loans (net of bank fees)		**236,193**
Issue of loan notes		**216,942**
Issue of preference shares		**8,248**
Issue of ordinary shares		**2,460**
Net cash inflow from financing activities		**463,843**
Increase in cash	28	**18,003**

The notes on pages F-53 to F-69 form an integral part of these financial statements.

Vue Entertainment International Limited

Consolidated Statement of Total Recognised Gains and Losses for the period ended 24 November 2011

	Period ended 24 November 2011 £'000
Loss for the financial period	**(33,430)**
Foreign exchange movement	**(300)**
Total recognised losses relating to the financial period	**(33,730)**

Consolidated Statement of Group Shareholders' Deficit for the period ended 24 November 2011

	Period ended 24 November 2011 £'000
Loss for the financial period	**(33,430)**
Issue of shares	**—**
Foreign exchange movement	**(300)**
Movement for the financial period	**(33,730)**
Opening shareholders' deficit	**—**
Closing shareholders' deficit	**(33,730)**

The notes on pages F-53 to F-69 form an integral part of these financial statements.

1 Accounting Policies

a) Basis of preparation

These financial statements have been prepared under the historical cost convention in accordance with the Companies (Jersey) Law 1991 and applicable accounting standards in the United Kingdom. A summary of the more important Group accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the period.

The financial statements have been prepared on a going concern basis. The directors deemed it appropriate to prepare the accounts on a going concern basis having given due regard to the trading results and capital structure of the Group. 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 Senior Debt Agreements with Vue Holdings (UK) Limited, a subsidiary undertaking of the Company, signed on 7 November 2010. The Group has also provided that funds are available for planned capital expenditures by way of a facility with a final draw down date of 21 December 2013. The longer term finance of the Group is provided under an A and B loan structure with maturities of 6 and 7 years respectively. Further finance is provided by subordinated shareholder funding with maturity dates on the earlier of 31 December 2020 or an 'exit event'. As a result Vue Entertainment International Limited directors believe that the Company and all its current subsidiaries will, for the foreseeable future, be able to continue trading and meet all their liabilities as they fall due.

There is no material difference between the fair value of financial assets and liabilities and their carrying amount.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Further details regarding areas requiring significant assumptions and estimates are provided in the accounting policies below and in the relevant note to the financial statements where applicable.

b) Accounting reference date

The Company prepares financial statements for either 52 or 53 week periods ending on a Thursday within one week of 30 November. As this is the first reporting period of the Company, the results for the current period refer to the 56 week period ended 24 November 2011.

c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings as listed in note 13. The elimination of group transactions occurs on consolidation.

d) Acquisitions

On 21 December 2010 the Company acquired 100% of the share holding of Vue Entertainment Investment Limited for a total consideration of £459.5m (see note 31) Vue Entertainment Investment Limited and its related subsidiaries operate various multiplexes in the United Kingdom, Eire, Portugal and Taiwan.

The identifiable assets and liabilities of the company acquired are included in the consolidated balance sheet at their fair value at the date of acquisition, and its results included in the profit and loss account from the date of the acquisition. The difference between the fair value of the consideration given and the fair values of the net assets of the entity acquired is accounted for as goodwill.

1 Accounting Policies (continued)

e) Company profit and loss

The profit and loss account of the Company is not presented as a part of these financial statements.

f) Revenue recognition

Revenue is reported net of value added tax and comprises primarily ticket and concession sales and screen advertising income. Revenue from ticket sales is reported in the period in which the film is shown. Income from screen advertising guaranteed income is recognised evenly over the period to which they relate. Other screen advertising income is recognised as generated. Concession revenue is recognised at the time of sale.

g) Depreciation

Depreciation is provided on all tangible fixed assets in use during the period. The rates used are calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life at the following annual rates:

Short leasehold land and buildings	—	25 years (or length of the lease, if shorter)
Other cinema site assets	—	15 years (or length of the lease, if shorter)
Equipment	—	3–10 years

Where fixed assets have been revalued these amounts are being depreciated over the shorter of the lease term or 20 years.

h) Impairment of fixed assets

The need for any fixed asset impairment provision is assessed by comparison of the carrying value of an income generating unit, which normally comprises the portfolio of sites that operate within a market place, against a value in use or net realisable value that is lower than the net book value. The value in use has been calculated using a discounted cash flow methodology in accordance with applicable Financial Reporting Standards. The discounting rate used in assessing the value in use of the assets is the estimated weighted average cost of capital employed by the Group, adjusted as necessary for any particular risks of the subsidiary being reviewed. The weighted average cost of capital employed by the Group has been calculated as the weighted average of the internal rate of return applied in the equity funding and the Group's bank debt interest rate.

i) Intangible assets

Goodwill is the difference between the aggregate of the fair value of those separately identifiable assets and liabilities acquired and the fair value of the purchase consideration.

Goodwill is capitalised and amortised over its useful life, which in the opinion of the directors is 20 years. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

j) Fixed asset investments

Investments are stated at cost less provision for impairment. Investments in subsidiaries are reviewed annually for possible impairment.

k) Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for any obsolete items.

1 Accounting Policies (continued)

l) Pensions

Pension contributions (which are made to a defined contribution Group Personal Pension Plan) are charged to the profit and loss account as incurred. These contributions are invested separately from the Group's assets.

m) Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term. Lease incentives are amortised over the shorter of the period to the next rent review date or over the remaining term of the lease.

n) Current and deferred taxation

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantially enacted at the balance sheet date, together with any adjustment in respect of tax payable for previous periods.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

o) Translation of foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the period end rate of exchange. All exchange differences arising are reported as part of the profit or loss for the period.

In respect of the Company's subsidiaries, profit and loss accounts in currencies other than sterling are translated into sterling at closing exchange rates. Balance sheets are translated into sterling at the rates ruling at the period end. Exchange differences arising on consolidation are taken directly to reserves.

p) Pre-opening and initial site development expenses

In accordance with accounting pronouncement Urgent Issues Task Force (''UITF'') Abstract 24— ''Accounting for Start up Costs'', pre-opening costs are written off in the period in which they are incurred.

Expenditure of a capital nature, as set out in Financial Reporting Standard (''FRS'') 15—''Tangible Fixed Assets'', is capitalised from the date at which the Board approves the development of the cinema site.

q) Financial instruments

As part of its interest rate management strategy the Group has entered into interest rate swap contracts. The interest received/paid on these contracts is netted against the interest paid on the loans.

1 Accounting Policies (continued)

r) Onerous lease

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 by it. The unavoidable costs of the lease reflect the net cost of exiting from the contract and are measured as the lower of the net present value of the cost of continuing to operate the lease and any penalties or other costs of exiting from it.

s) Related party transactions

The Company has taken advantage of the exemption contained within FRS 8—''Related Party Transactions'' not to disclose related party transactions with other members of its group of companies, which are wholly owned subsidiaries.

2 Segmental Information

Turnover comprises the value of goods and services provided to customers exclusive of value added tax.

Analysis of turnover by geographical market	Period ended 24 November 2011 £'000
United Kingdom	259,940
Continental Europe	14,251
Other	6,897
	281,088

All turnover is derived from external customers in the local geographical market.

	Period ended 24 November 2011 £'000
Profit/(Loss) before taxation	
United Kingdom	(31,997)
Continental Europe	1,081
Other	132
	(30,784)
Net Assets/(Liabilities)	
United Kingdom	(34,521)
Continental Europe	3,968
Other	(717)
	(31,270)

3 Administrative Expenses

	Period ended 24 November 2011 £'000
Administrative expenses	166,385

4 Operating Profit

	Period ended 24 November 2011 £'000
Operating Profit is stated after charging:	
Fees payable to the Group's auditor for audit services	135
—Other services pursuant to legislation	10
—Other services in relation to taxation	12
—All other services	944
Depreciation on owned assets (note 12)	8,060
Depreciation on assets relating to leasehold properties (note 12)	16,847
Realised foreign exchange loss	1
Onerous lease provision charge (note 18)	2,086
Goodwill amortised (note 11)	13,441
Rentals under operating leases on land and buildings	49,235
Pre-opening expenses	76

Fees payable for the audit of the Company: £1,000.

5 Disposal of Fixed Assets

	Period ended 24 November 2011 £'000
Profit on disposal of fixed assets	411

6 Staff Costs

	Period ended 24 November 2011 £'000
Wages and salaries	34,056
Social security costs	1,966
Other pension costs	154
	36,176

The average monthly number of employees during the period was made up as follows:

	Period ended 24 November 2011
Cinema	3,156
Administration	111
	3,267

6 Staff Costs (continued)

The Executive Directors of the Company are remunerated by a subsidiary undertaking, Vue Services Limited, in respect of their services to both the Company and the Group. Non-executive directors are not employed by the Company or Group. The following amounts are for the full period's service including the pre-acquisition period.

	Period ended 24 November 2011 £'000
Aggregate emoluments, including benefits in kind	2,083
Defined contribution scheme—Company contributions	48
	2,131

Highest paid director	Period ended 24 November 2011 £'000
Aggregate emoluments, including benefits in kind	916
Defined contribution scheme—Company contributions	12
	928

Retirement benefits are accruing to three directors under a defined contribution scheme.

7 Interest Receivable and Similar Income

	Period ended 24 November 2011 £'000
Bank interest	79
Other interest	7
	86

8 Interest Payable and Similar Charges

	Period ended 24 November 2011 £'000
Interest and similar charges	
Bank loans and overdrafts	15,040
Other interest	1,029
Amortisation of issue costs of bank loans	2,113
Unwinding of discount factor on onerous lease	3,353
Shareholder loans & preference share interest—rolled up interest	24,575
	46,110

9 Taxation on Loss on ordinary activities

Analysis of tax for the financial period	Period ended 24 November 2011 £'000
United Kingdom	
Corporation tax at 26.67%	**323**
Double taxation relief	**(323)**
Over provision for prior years	**(673)**
Overseas tax incurred	**325**
Total current tax charge	**(348)**
Deferred tax	
Origination of timing differences—United Kingdom	**2,994**
Total deferred tax	**2,994**
Taxation on loss on ordinary activities	**2,646**

Factors affecting current tax charge for the financial period

The effective rate of current tax for the period, based on the UK standard rate of corporation tax was 26.67%. A reconciliation of the current tax charge for the period to the tax on profit at the standard rate is shown below:

Analysis of tax charge for the financial period	Period ended 24 November 2011 £'000
Group	
Loss on ordinary activities before tax	**(30,784)**
Loss on ordinary activities multiplied by the effective rate of corporation tax in the UK of 26.67%	**(8,211)**
Effects of:	
Capital allowances in excess of depreciation	**(1,596)**
Expenses not deductible for tax purposes	**10,626**
Tax overprovided in prior periods	**(673)**
Other timing differences	**(494)**
Current tax charge for the financial period	**(348)**

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

10 Loss of the Parent Company

The profit and loss account of the Company is not presented as a part of these financial statements. The Company's loss for the period ended 24 November 2011 was £22k.

11 Intangible Fixed Assets

	Total Goodwill £'000
Cost	
At acquisition	—
Additions	289,444
24 November 2011	**289,444**
Amortisation	
At acquisition	—
Charged for the period	(13,441)
At 24 November 2011	**(13,441)**
Net book value at 24 November 2011	**276,003**

Goodwill is being amortised in equal annual instalments over its estimated economic life of 20 years.

12 Tangible Fixed Assets

	Short Leasehold Land and Buildings £'000	Furniture Fixture and Equipment £'000	Construction in Progress £'000	Total £'000
Cost				
At 26 October 2010	—	—	—	—
Acquisitions	238,896	30,416	766	270,078
Additions	12,262	6,506	—	18,768
Transfers	466	—	(466)	—
Disposals	—	(2,017)	—	(2,017)
Foreign exchange movement	137	65	—	202
At 24 November 2011	**251,761**	**34,970**	**300**	**287,031**
Depreciation				
At 26 October 2010	—	—	—	—
Charge during period	16,847	8,060	—	24,907
Disposals	—	(775)	—	(775)
Foreign exchange movement	95	55	—	150
At 24 November 2011	**16,942**	**7,340**	**—**	**24,282**
Net book value at 24 November 2011	**234,819**	**27,630**	**300**	**262,749**
Net book value at 26 October 2010	—	—	—	—

The additions for the period include an amount of £2.9m of capital expenditure accrued at 24 November 2011 (£0.3m in acquisition) relating to expenditure on new sites and other projects.

Company

The Company had no tangible fixed assets at 24 November 2011.

13 Fixed Asset Investments

Company	£'000
Cost	
At 26 October 2010	—
Additions	2,364
At 24 November 2011	**2,364**

The details of the Company's subsidiary undertakings as at 24 November 2011 are shown below:

	Country of registration	Nature of Business	Proportion of shares held (ordinary shares)	Capital & Reserves £'000	Profit/(Loss) for year £'000
Direct subsidiary undertakings					
Vue Holdings (Jersey) Ltd	Jersey	Holding	100%	(1,610)	(3,766)
Indirect subsidiary undertakings					
Vue Holdings (UK) Limited	United Kingdom	Holding	100%	(11,033)	(12,886)
Vue Entertainment Investment Ltd	United Kingdom	Holding	100%	(119,680)	(26,186)
Vue Booking Services Limited	United Kingdom	Operating	100%	4,635	1,457
Vue Services Limited	United Kingdom	Operating	100%	7,253	(18)
Vue Entertainment Limited	United Kingdom	Operating	100%	147,695	18,725
Spean Bridge Cinemas (Algarve) Lda	Portugal	Operating	100%	(2,655)	(345)
SBC Taiwan Limited	Taiwan	Operating	100%	(4,670)	300
Ster Century (UK) Limited	United Kingdom	Operating	100%	35,089	2,875
Vue Entertainment Holdings Limited	United Kingdom	Holding	100%	127,480	—
Vue Entertainment Holdings (UK) Limited	United Kingdom	Holding	100%	100,971	—
Spean Bridge Luxemburg S.ar.l	Luxembourg	Holding	100%	(254)	(9)
A3 Cinemas Limited	United Kingdom	Holding	100%	86	—
Spean Bridge Luxemburg Investments S.ar.l	Luxembourg	Holding	100%	(14,885)	(8)
Spean Bridge (Taiwan) S.ar.l	Luxembourg	Holding	100%	(8,127)	(9)
Vue Entertainment (UK) Limited	United Kingdom	Holding	100%	5,735	—
Aurora Holding Limited	United Kingdom	Holding	100%	1,027	—
Aurora Cinema Limited	United Kingdom	Holding	100%	524	—
Aurora Cinema (Ireland) Limited	Eire	Holding	100%	22,886	—
Vue Cinemas Limited	United Kingdom	Holding	100%	9,290	—
Vue Theatres (UK) Limited	United Kingdom	Inactive	100%	2,046	—
Spean Bridge Cinemas (Italia) Srl	Italy	Inactive	100%	10	22
Vue Cinemas (UK) Limited	United Kingdom	Inactive	100%	12,456	—
Vue Properties Limited	United Kingdom	Inactive	100%	73,885	—
Spean Bridge (Greenwich) Limited	United Kingdom	Inactive	100%	1	—
Spean Bridge (Hamilton) Limited	United Kingdom	Inactive	100%	1	—
Spean Bridge (Swindon) Limited	United Kingdom	Inactive	100%	1	—
Vue Entertainment (Livingston) Limited	United Kingdom	Inactive	100%	946	—

The respective statutory financial year-ends of Spean Bridge Cinemas (Algarve) Lda, Spean Bridge Luxembourg S.ar.l, Spean Bridge Luxembourg Investments S.ar.l and Spean Bridge (Taiwan) S.ar.l is 31 December in accordance with local requirements.

14 Stock

	Group As at 24 November 2011 £'000	Company As at 24 November 2011 £'000
Finished goods and goods for resale	**1,475**	**—**

15 Debtors

	Group As at 24 November 2011 £'000	Company As at 24 November 2011 £'000
Amounts falling due within one year:		
Trade debtors	3,056	—
Other debtors	1,450	—
Prepayments and accrued income	13,223	4
Loan notes receivable from subsidiary undertaking	—	107
	17,729	111
Amounts falling due after one year:		
Deferred tax (see note 20)	1,158	—
Preference interest receivable	—	23
	18,887	134

The loan notes bear interest of 12% per annum which is rolled up to increase the value of the loan.

16 Creditors: Amounts Falling Due Within One Year

	Group As at 24 November 2011 £'000	Company As at 24 November 2011 £'000
Trade creditors	9,177	—
Other tax and social security	3,418	—
Other creditors	1,628	—
Accruals	28,489	3
Corporation tax payable	31	—
Amounts due to group undertakings	—	57
Deferred income	6,478	—
	49,221	60
Bank loans (net of bank fees)	6,832	—
	56,053	60

Amounts owed to Group undertakings are interest free and repayable on demand.

17 Creditors: Amounts Falling Due After More Than One Year

	Group As at 24 November 2011 £'000	Company As at 24 November 2011 £'000
Bank loans (net of bank fees)	231,777	—
Loan notes payable	240,598	4,690
Preference interest payable	919	—
Deferred income	34,728	—
	508,022	4,690

17 Creditors: Amounts Falling Due After More Than One Year (continued)

On 24 November 2010, Vue Holdings (UK) Limited borrowed £255 million and entered into banking facilities of £15 million and a capital expenditure facility of £30 million from Nomura International PLC, Mediobanca Banca Di Credito Finanziario and Lloyds TSB Bank plc. The loan and borrowing facility are secured by a fixed and floating charge over certain of the Vue Entertainment International Limited Group's assets. The Company was party to these facilities. Under these facilities all surplus cash balances are held as collateral for the bank loans advanced to the group members. In addition, the Company has given a cross guarantee to its banks in respect of any borrowings under any of the above facilities up to the limit of these facilities.

At 24 November 2011 the Group had drawn bank loans of £238.6m, net of related unamortised fees. These represent fully drawn balances on the Group's term credit facilities Facility A, Facility B (Tranche I), Facility B (Tranche II), Capex Facility, with £nil drawn on the Revolving Facility.

Facility A Loan

A loan of £65.0m was drawn down on 21 December 2010 and is repayable in bi-annual instalments over a 6 year period commencing 31 May 2011 with a final redemption on 20 December 2016. The loan bears interest at LIBOR plus a margin of between 3.50% and 4.50%. During the period the Group reduced its borrowings under this facility by £5.0m. The balance outstanding as at 24 November 2011 was £60.0m. Following submission of these financial statements to the Company's banking syndicate, £4.6m is repayable under the ''excess cash flow'' covenant requirements.

Facility B Loan (Tranche I)

The loan of £190.0m was drawn down on 21 December 2010 and on 29 December 2010 £21.2m of this was converted into a €25.0m (Tranche II) loan leaving £168.8m repayable by one instalment on 20 December 2017. The Tranche I loan bears interest at LIBOR plus a margin of between 4.50% and 5.00%.

Facility B Loan (Tranche II)

This loan of €25.0m (£21.2m) was converted from the Tranche I loan on 29 December 2010 and is repayable by one installment which is due on 20 December 2017. The loan bears interest at EURIBOR plus a margin of between 4.50% and 5.00%. The balance outstanding as at 24 November 2011 was €25.0m (£21.5m).

Revolving Facility

The Group is able to draw down on a £15.0m working capital facility, which was undrawn as at 24 November 2011. The Group is able to draw on this facility to 20 December 2016. The facility bears interest at LIBOR plus a margin of 4.50%.

Capex Facility

The Group is able to draw down on a £30.0m facility for Capital Expenditure requirements, which was undrawn at 24 November 2011. The Group is able to draw on this facility to 21 December 2013. This facility bears interest at LIBOR plus a margin of 4.50%.

Capitalised bank fees

On 21 December 2010 the Group paid £13.8m of bank fees relating to the funding above. Group bank loans are stated net of unamortised issue costs at 24 November 2011 of £11.7m. These costs are allocated to the profit and loss account over the terms of the individual loans.

17 Creditors: Amounts Falling Due After More Than One Year (continued)

Swap Contracts

On 10 March 2011 the Group entered into two new swaps with a notional value at 24 November 2011 of £185.0m and €20.0m (£17.2m). Under these swaps, the Group receives or pays interest depending on whether the variable rate (based in LIBOR and EURIBOR) is greater or less than the fixed rates of 2.31% and 2.56% respectively. In total, at 24 November 2011 these swaps cover 81% of the Group's Senior Debt facilities.

Security

The bank loans are secured by a fixed and floating charge over certain of the Group's assets.

Loan Notes and Preference Share Interest

The preference shares bear interest of 12% and are redeemable on the earlier of 31 December 2020 or upon an 'exit event'.

£212.2m of loan notes bear interest of 12% and are redeemable on the earlier of 31 December 2020 or upon an 'exit event'. £4.7m of the loan notes are interest free and redeemable no earlier than twelve months and one day after issue. All interest is rolled up and capitalized on an annual basis to increase the value of the loan.

18 Provision for Liabilities and Charges

	Group As at 24 November 2011 £'000	Company As at 24 November 2011 £'000
At 26 October 2010	—	—
Onerous lease provision acquired	33,331	—
Charge to the profit and loss account	2,086	—
Utilised during the period	(2,706)	—
Unwinding of discount factor on onerous lease	3,353	—
Provision at the end of the period	**36,064**	–

The carrying value of the onerous lease provision is reviewed annually and any material adjustments amended in line with the most recent projections. £3.7m of this provision is due within one year and the remaining provision is spread over the lease terms.

19 Preference Shares

	Group As at 24 November 2011 £'000	Company As at 24 November 2011 £'000
Shares issued	8,248	—

20 Deferred Taxation

The deferred tax asset in the balance sheet comprises:

	Group As at 24 November 2011 £'000	Company As at 24 November 2011 £'000
Recognised at start of period	—	—
Deferred tax acquired	4,152	—
Credit to profit and loss account	(2,994)	—
Recognised at end of period	1,158	—
Analysis of timing differences		
Depreciation in excess of capital allowances	1,068	—
Tax loss carried forward	77	—
Other timing differences	13	—
	1,158	—

Deferred tax is measured on a non-discounted basis at the tax rates which are expected to apply in the periods in which such timing differences reverse based on tax rates and laws substantively enacted at the balance sheet date. No provision has been made for deferred tax on gains recognised on the sale of property where potentially taxable gains are rolled over into replacement assets. The total amount unprovided is £1.2m. At present it is not envisaged that any such tax will become payable in the foreseeable future.

Unrecognised deferred taxation in the current period is £nil.

21 Called Up Share Capital

	As at 24 November 2011 £'000
Authorised	
100,000,000 A Ordinary shares of £0.001	100
100,000,000 B1 Ordinary shares of £0.001	100
100,000,000 B2 Ordinary shares of £0.001	100
100,000,000 B Deferred shares of £0.001	100
100,000,000 C Ordinary shares of £0.001	100
Allotted, issued and fully paid	
Issued 2,000,000 A Ordinary during the period	2,000
Issued 460,000 B1 Ordinary during the period	460
Issued 441,177 C Ordinary during the period	—
Closing balance	**2,460**

22 Reserves

	Profit and Loss	
	Group £'000	Company £'000
At 26 October 2010	—	—
Loss for the financial period	(33,430)	(22)
Translation reserve	(300)	—
At 24 November 2011	**(33,730)**	**(22)**

23 Reconciliation of Movements in Shareholders' Deficit

	Group As at 24 November 2011 £'000	Company As at 24 November 2011 £'000
Loss for the financial period	(33,430)	(22)
Translation reserve movement	(300)	—
Net reduction for the financial period	(33,730)	(22)
Share capital issued	2,460	2,460
Opening shareholders' funds	—	—
Closing shareholders' deficit	**(31,270)**	**2,438**

24 Capital Commitments

Group	Period ended 24 November 2011 £'000
At 24 November 2011, the Group had capital commitments as follows:	
Contracted	7,904

The capital commitments will be funded through a combination of cash and landlord contributions of £2.4m.

Company

At 24 November 2011, the Company had no capital commitments.

25 Contingent liabilities

The Company did not have any contingent liabilities as at the date of signature of these accounts.

26 Other Financial Commitments

At 24 November 2011, the Group had commitments payable in the following period under non-cancellable operating leases, analysed according to the period in which the lease expires, as follows:

	Land & Buildings As at 24 November 2011 £'000	Other As at 24 November 2011 £'000
Within one year	—	25
In two to five years	—	190
Over five years	55,586	7,275
	55,586	7,490

The Group is committed to make payments of £7.3m during the period ending 29 November 2012 in respect of the continued digitalisation of the circuit. This represents a prepayment for the lease of digital projectors which is being expensed to the profit and loss account over the period of the lease and will result in a charge of £0.9m for the period ending 29 November 2012.

At 24 November 2011, the Company had no financial commitments under non-cancellable operating leases (2010: £nil).

27 Reconciliation of Operating Profit to Net Cash Inflow

	Period ended 24 November 2011 £'000
Operating Profit	14,829
Depreciation of fixed assets	24,907
Amortisation of goodwill	13,441
Non cash operating items	(1,874)
Decrease in stock	683
Decrease in debtors	1,465
Decrease in creditors	(22,720)
Net cash inflow	30,731

28 Reconciliation of Net Cash Flow to Movement in Net Debt

	Period ended 24 November 2011 £'000
Increase in cash in the financial period	**18,003**
Cash inflow from loan notes issued	**(216,942)**
Cash inflow from bank loans issued	**(255,000)**
Cash outflow from bank loans repaid	**5,000**
Cash outflow from bank fees paid	**13,807**
Change in net debt resulting from cash flows	**(435,132)**
Amortisation of bank fees	**(2,113)**
Exchange movement on bank loan	**(304)**
Issue of debt—rolled up interest	**(24,575)**
Movement in debt	**(462,124)**
Net debt at beginning of period	**—**
Net debt at end of period	**(462,124)**

29 Analysis of Changes in Net Debt

	As at 26 October 2010 £'000	Cash flow £'000	Non cash movements £'000	24 November 2011 £'000
Cash in hand and at bank	—	18,003	—	18,003
Loan notes	—	(216,942)	(23,656)	(240,598)
Preference share interest accrued	—	—	(919)	(919)
Bank Loans	—	(236,193)	(2,417)	(238,610)
	—	(435,132)	(26,992)	(462,124)

30 Pension

The Group operates a defined contribution scheme in the form of a Group Personal Pension Plan for its employees. The assets of the plan are held separately from those of the Group in an independently administered fund. Contributions to the fund made by employees are matched by equal contributions to the fund from the Group. Contributions payable by the Group to the fund in respect of the period ended 24 November 2011 amounted to £264k. At 24 November 2011, there were outstanding contributions of £48k included within creditors.

31 Acquisitions

On 21 December 2010 Vue Holdings (UK) Limited acquired Vue Entertainment Holdings (UK) Limited for £459.5m.

31 Acquisitions (continued)

The Company believes that the carrying value of the underlying assets and liabilities on acquisition are the current fair value and these are reflected below.

	Fair value £'000
Tangible fixed assets	270,078
Stock	2,158
Debtors	20,706
Creditors	(58,612)
Deferred income	(35,122)
Onerous lease	(33,331)
Taxation	
—Current	(14)
—Deferred	4,153
Net assets acquired	170,016
Consideration satisfied by:	
Cash consideration (including related fees)	459,460
Total Consideration	459,460
Goodwill	289,444

These items give rise to a permanent timing difference.

There are no fair value adjustments in respect of accounting policies.

The table below shows the results of the acquired business from 26 November 2010 to 21 December 2010.

	£'000
Turnover	15,080
Operating loss	(921)
Interest	(8,510)
Loss on ordinary activities before taxation	(9,431)
Taxation	456
Retained loss for the period	(8,975)

There were no other recognised gains or losses for this period other than those included in the profit and loss account above.

32 Post Balance Sheet Events

There are no post balance sheet events.

33 Ultimate Controlling Party

The ultimate controlling party is limited partnerships constituting Doughty Hanson & Co V Fund managed by Doughty Hanson & Co.

Vue Entertainment Investment Limited

Financial Statements for the Period Ended 25 November 2010

(Registered Number 05813755)

Independent Auditors' Report to the Members of
Vue Entertainment Investment Limited

We have audited the Group and Parent Company financial statements of Vue Entertainment Investment Limited for the 52 weeks ended 25 November 2010, which comprise; the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated Statement of Group Shareholders' Deficit and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on pages 11 and 12, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Parent Company's affairs as at 25 November 2010 and of the Group's loss and cash flows for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or

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

Philip Stokes (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
17 December 2010

Vue Entertainment Investment Limited

Consolidated Profit and Loss Account
for the period ended 25 November 2010

	Notes	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Turnover	2	**308,415**	271,952
Cost of sales		**(107,350)**	(91,150)
Gross profit		**201,065**	180,802
Administrative expenses		**(169,058)**	(150,078)
Group operating profit	3	**32,007**	30,724
Loss on disposal of fixed assets	4	**(225)**	(388)
Interest receivable and similar income	6	**474**	408
Interest payable and similar charges	7	**(44,636)**	(45,180)
Loss on ordinary activities before taxation		**(12,380)**	(14,436)
Tax charge on loss on ordinary activities	8	**(3,487)**	(2,780)
Loss for the financial period	21	**(15,867)**	(17,216)

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

All of the above results relate to continuing operations.

The notes on pages F-78 to F-94 form an integral part of these financial statements.

Vue Entertainment Investment Limited

Consolidated Balance Sheet
as at 25 November 2010

	Notes	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Fixed assets			
Intangible assets:			
Positive goodwill	10	**20,749**	22,120
Negative goodwill	10	**(8,337)**	(8,873)
Tangible assets	11	**271,924**	284,804
		284,336	298,051
Current assets			
Stock	13	**1,865**	1,546
Debtors—amounts falling due within one year	14	**10,176**	9,838
Debtors—amounts falling due after one year	14	**3,697**	6,161
Cash at bank and in hand		**34,960**	34,097
		50,698	51,642
Creditors: amounts falling due within one year			
Loans (Senior debt and Junior subordinated debt)	15	**(25,765)**	(26,535)
Other creditors	15	**(43,932)**	(46,229)
		(69,697)	(72,764)
Net current liabilities		**(18,999)**	(21,122)
Total assets less current liabilities		**265,337**	276,929
Financed by:			
Creditors: amounts falling due after one year	16	**288,260**	291,911
Provision for liabilities and charges	17	**33,600**	28,925
Preference shares	18	**47,729**	47,602
Capital and reserves			
Called up share capital	20	**995**	995
Profit and loss account	21	**(105,247)**	(92,504)
Total shareholders' deficit	22	**(104,252)**	(91,509)
		265,337	276,929

The notes on pages F-78 to F-94 form an integral part of these financial statements.

Approved by the Board of Directors and signed on its behalf by:

Alan McNair
Director
16 December 2010

Vue Entertainment Investment Limited

Company Balance Sheet
as at 25 November 2010

	Notes	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Fixed assets			
Fixed asset investments	12	**239,394**	239,394
		239,394	239,394
Current assets			
Debtors—amounts falling due within one year	14	**9,768**	8,218
Debtors—amounts falling due after one year	14	**—**	1,911
Cash		**1**	14
		9,769	10,143
Creditors: amounts falling due within one year	15	**(85,065)**	(45,736)
Net current liabilities		**(75,296)**	(35,593)
Total assets less current liabilities		**164,098**	203,801
Financed by:			
Creditors: amounts falling due after more than one year	16	**258,972**	267,530
Preference shares	18	**47,729**	47,602
Capital and reserves			
Called up share capital	20	**995**	995
Profit and loss account	21	**(143,598)**	(112,326)
Total shareholders' deficit	22	**(142,603)**	(111,331)
		164,098	203,801

The notes on pages F-78 to F-94 form an integral part of these financial statements.

Approved by the Board of Directors and signed on its behalf by:

Alan McNair
Director
16 December 2010

Vue Entertainment Investment Limited

Consolidated Cash Flow Statement
for the period ended 25 November 2010

	Notes	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Operating activities			
Net cash inflow from operating activities	26	**68,441**	56,452
Return on investments and servicing of finance			
Interest received		**292**	457
Interest paid		**(22,750)**	(17,907)
Net cash outflow from returns on investments and servicing of finance		**(22,458)**	(17,450)
Taxation		**(1,109)**	(227)
Cash outflow for capital expenditure and other financial investments			
Payments to acquire tangible assets		**(15,951)**	(22,904)
Net cash inflow before financing activities		**28,923**	15,871
Financing activities			
Bank loans		**(28,013)**	(13,142)
Issue of shares		**—**	7
Net cash outflow from financing activities		**(28,013)**	(13,135)
Increase in cash	27	**910**	2,736

The notes on pages F-78 to F-94 form an integral part of these financial statements.

Vue Entertainment Investment Limited

Consolidated Statement of Total Recognised Gains and Losses for the period ended 25 November 2010

	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Loss for the financial period	**(15,867)**	(17,216)
Foreign exchange movement	**3,124**	(2,036)
Total recognised losses relating to the financial period	**(12,743)**	(19,252)

Consolidated Statement of Shareholders' Deficit for the period ended 25 November 2010

	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Loss for the financial period	**(15,867)**	(17,216)
Issue of shares	**—**	7
Foreign exchange movement	**3,124**	(2,036)
Movement for the financial period	**(12,743)**	(19,245)
Opening shareholders' deficit	**(91,509)**	(72,264)
Closing shareholders' deficit	**(104,252)**	(91,509)

The notes on pages F-78 to F-94 form an integral part of these financial statements.

1 Accounting Policies

a) Basis of preparation

These financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards. A summary of the more important Group accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the period.

The financial statements have been prepared on a going concern basis. Vue Entertainment Investment Limited directors believe that the Company and all its current subsidiaries will, for the foreseeable future, be able to continue trading and meet all their liabilities as they fall due. As a result, the directors have deemed it appropriate to prepare the accounts on a going concern basis.

There is no material difference between the fair value of financial assets and liabilities and their carrying amount.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. Further details regarding areas requiring significant assumptions and estimates are provided in the accounting policies below and in the relevant note to the financial statements where applicable.

b) Accounting reference date

The Company prepares financial statements for either 52 or 53 week periods ending on a Thursday within one week of 30 November. The results for the current period refer to the 52 week period ended 25 November 2010. The comparative results for the prior period refer to the 52 week period ended 26 November 2009.

c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings as listed in note 12. The principal accounting policies have been consistently applied throughout the group. The elimination of group transactions occurs on consolidation.

d) Acquisitions

The identifiable assets and liabilities of the company acquired are included in the consolidated balance sheet at their fair value at the date of acquisition as adjusted during the hindsight period, and its results included in the profit and loss account from the date of the acquisition. The difference between the fair value of the consideration given and the fair values of the net assets of the entity acquired is accounted for as goodwill.

e) Company profit and loss

As permitted by Section 408 of the Companies Act, the profit and loss account of the Company is not presented as a part of these financial statements.

f) Revenue recognition

Revenue is reported net of value added tax and comprises primarily ticket and concession sales and screen advertising income. Revenue from ticket sales is reported in the period in which the film is shown. Income from screen advertising guaranteed income is recognised evenly over the period to which they relate. Other screen advertising income is recognised as generated. Concession revenue is recognised at the time of sale.

1 Accounting Policies (continued)

g) Depreciation

Depreciation is provided on all tangible fixed assets in use during the period. The rates used are calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life at the following annual rates:

Short leasehold land and buildings	25 years (or length of the lease, if shorter)
Other cinema site assets	15 years (or length of the lease, if shorter)
Equipment	3–10 years

Where fixed assets have been revalued these amounts are being depreciated over the shorter of the lease term or 20 years.

h) Impairment of fixed assets

The need for any fixed asset impairment provision is assessed by comparison of the carrying value of an income generating unit, which normally comprises the portfolio of sites that operate within a market place, against a value in use or net realisable value that is lower than the net book value. The value in use has been calculated using a discounted cash flow methodology in accordance with applicable Financial Reporting Standards.

The discounting rate used in assessing the value in use of the assets is the estimated weighted average cost of capital employed by the Group, adjusted as necessary for any particular risks of the subsidiary being reviewed. The weighted average cost of capital employed by the Group has been calculated as the weighted average of the internal rate of return applied in the equity funding and the Group's bank debt interest rate.

i) Intangible assets

Goodwill is the difference between the aggregate of the fair value of those separately identifiable assets and liabilities acquired and the fair value of the purchase consideration.

Goodwill is capitalised and amortised over its useful life, which in the opinion of the directors is 20 years. It is reviewed for impairment at the end of the first full financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

j) Fixed asset investments

Investments are stated at cost less provision for impairment. Investments in subsidiaries are reviewed annually for possible impairment.

k) Stock

Stock is valued at the lower of cost and net realisable value after making due allowance for any obsolete items.

l) Pensions

Pension contributions (which are made to a defined contribution Group Personal Pension Plan) are charged to the profit and loss account as incurred. These contributions are invested separately from the Group's assets.

m) Leases

Operating lease rentals are charged to the profit and loss account in equal amounts over the lease term. Lease incentives are amortised over the shorter of the period to the next rent review date or over the remaining term of the lease.

1 Accounting Policies (continued)

n) Current and deferred taxation

Current tax is the expected tax payable on the taxable income for the period using tax rates enacted or substantially enacted at the balance sheet date, together with any adjustment in respect of tax payable for previous periods.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

o) Translation of foreign currencies

Assets, liabilities, revenues and costs denominated in foreign currencies are recorded at the rates of exchange ruling at the dates of the transactions; monetary assets and liabilities at the balance sheet date are translated at the period end rate of exchange. All exchange differences arising are reported as part of the profit or loss for the period.

In respect of the Company's subsidiaries, profit and loss accounts in currencies other than sterling are translated into sterling at closing exchange rates. Balance sheets are translated into sterling at the rates ruling at the period end. Exchange differences arising on consolidation are taken directly to reserves.

p) Pre-opening and initial site development expenses

In accordance with accounting pronouncement Urgent Issues Task Force (''UITF'') Abstract 24—''Accounting for Start up Costs'', pre-opening costs are written off in the period in which they are incurred.

Expenditure of a capital nature, as set out in Financial Reporting Standard (''FRS'') 15—''Tangible Fixed Assets'', is capitalised from the date at which the Board approves the development of the cinema site.

q) Financial instruments

As part of its interest rate management strategy the Group has entered into interest rate swap contracts. The interest received/paid on these contracts is netted against the interest paid on loans.

r) Onerous lease

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 by it. The unavoidable costs of the lease reflect the net cost of exiting from the contract and are measured as the lower of the net present value of the cost of continuing to operate the lease and any penalties or other costs of exiting from it.

s) Preference shares

The Group adopts the presentational requirements of FRS 25, 'Financial instruments: Disclosure and presentation' in these financial statements. The effect of this accounting policy is to present the preference shares of £47.7m (2009: £47.6m) as a liability, rather than as part of equity.

1 Accounting Policies (continued)

t) Related party transactions

The Company has taken advantage of the exemption contained within FRS 8—''Related Party Transactions'' not to disclose related party transactions with other members of its group of companies, which are wholly owned subsidiaries.

2 Segmental Information

Turnover comprises the value of goods and services provided to customers exclusive of value added tax.

Analysis of turnover by geographical market	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
United Kingdom	**289,062**	254,069
Europe	**14,598**	14,261
Other	**4,755**	3,622
	308,415	271,952

All turnover is derived from external customers in the local geographical market.

Analysis of loss before taxation and net assets by geographical market	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Profit/(Loss) before taxation and appropriations		
United Kingdom	**(15,078)**	(16,448)
Europe	**2,829**	2,119
Other	**(131)**	(107)
	(12,380)	(14,436)
Net Assets/(Liabilities)		
United Kingdom	**(108,708)**	(95,385)
Europe	**5,040**	4,264
Other	**(584)**	(388)
	(104,252)	(91,509)

3 Operating Profit

	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Operating Profit is stated after charging/crediting		
Fees payable to the Company's auditor for audit services	**68**	60
Fees payable to the Company's auditor for other services		
—Audit of the Company's subsidiaries pursuant to legislation	**71**	73
—Other services pursuant to legislation	**10**	10
—Other services in relation to taxation	**12**	12
—All other services	**100**	205
Depreciation on owned assets	**10,000**	8,905
Depreciation on assets relating to leasehold properties	**18,025**	17,455
Realised foreign exchange (gain)/loss	**(20)**	229
Onerous lease provision charge/(release)	**4,113**	(7,652)
Goodwill amortised	**835**	1,283
Rentals under operating leases on land and buildings	**52,231**	47,775
Pre-opening expenses	**686**	354

4 Disposal of Fixed Assets

	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Loss on disposal of fixed assets	**225**	388

5 Staff Costs

	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Wages and salaries	**37,029**	34,601
Social security costs	**2,418**	2,341
Other pension costs	**410**	324
	39,857	37,266

The average monthly number of employees during the period was as follows:

	Period ended 25 November 2010	Period ended 26 November 2009
Cinema	**3,129**	2,967
Administration	**105**	102
	3,234	3,069

5 Staff Costs (continued)

The Executive Directors of the Company are remunerated by a subsidiary undertaking, Vue Services Limited, in respect of their services to both the Company and the Group.

	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Aggregate emoluments, including benefits in kind	**1,791**	1,657
Sums paid for non executive directors' services	**81**	54
Defined contribution scheme—Company contributions	**66**	64
	1,938	1,775

Highest paid director	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Aggregate emoluments, including benefits in kind	**794**	744
Defined contribution scheme—Company contributions	**12**	12
	806	756

Retirement benefits are accruing to three directors under a defined contribution scheme.

6 Interest Receivable and Similar Income

	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Bank interest	**182**	214
Other interest	**292**	194
	474	408

7 Interest Payable and Similar Charges

	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Interest and similar charges		
Bank loans and overdrafts	**7,752**	12,321
Bank loans and overdrafts—rolled up interest	**2,606**	2,463
Junior subordinated loans—rolled up interest	**6,783**	8,249
Facility fees	**92**	119
Other interest	**13,147**	6,312
Amortisation of issue costs of bank loans	**1,436**	1,485
Amortisation of issue costs of preference shares	**126**	124
	31,942	31,073
Other finance expenditure		
Unwinding of discount factor on onerous lease	**3,032**	5,485
Preference share interest—rolled up interest	**9,662**	8,622
	44,636	45,180

8 Taxation on Profit on ordinary activities

Analysis of tax for the financial period	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
United Kingdom		
Corporation tax at 28% (2009: 28%)	**1,123**	372
Double tax relief	**(448)**	(372)
Adjustment in respect of prior period	**(100)**	(49)
	575	(49)
Foreign tax		
Corporation tax	**448**	375
Total current tax charge	**1,023**	326
Deferred tax		
Origination of timing differences—United Kingdom	**2,464**	2,454
Total deferred tax	**2,464**	2,454
Taxation on Profit on ordinary activities	**3,487**	2,780

Factors affecting current tax charge for the financial period

The effective rate of current tax for the period, based on the UK standard rate of corporation tax was 28% (2009: 28%). A reconciliation of the current tax charge for the period to the tax on profit at the standard rate is shown below:

Analysis of tax charge for the financial period	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Group		
Loss on ordinary activities before tax	**(12,380)**	(14,436)
Loss on ordinary activities multiplied by the effective rate of corporation tax in the UK of 28% (2009: 28%)	**(3,467)**	(4,042)
Effects of:		
Capital allowances in excess of depreciation	**(2,283)**	(2,644)
Expenses not deductible for tax purposes	**7,282**	7,003
Utilisation of brought forward losses	**(283)**	(397)
Tax overprovided in prior periods	**(100)**	(49)
Other timing differences	**(126)**	455
Current tax charge for the financial period	**1,023**	326

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No 2) Act 2010 included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1% per annum to 24% by 1 April 2014. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

9 Profit of the Parent Company

As permitted by Section 408 of the Companies Act, the profit and loss account of the Company is not presented as a part of these financial statements. The Company's loss for the period to 25 November 2010 was £33.1m (2009: £31.4m).

10 Intangible Fixed Assets

	Positive Goodwill £'000	Negative Goodwill £'000	Total Goodwill £'000
Cost			
At 25 November 2010 and At 26 November 2009	27,421	(10,720)	16,701
Amortisation			
At 26 November 2009	(5,301)	1,847	(3,454)
(Charged)/Released for the period	(1,371)	536	(835)
At 25 November 2010	(6,672)	2,383	(4,289)
Net book value at 25 November 2010	**20,749**	**(8,337)**	**12,412**
Net book value at 26 November 2009	22,120	(8,873)	13,247

Goodwill is being amortised in equal annual instalments over its estimated economic life of 20 years.

11 Tangible Fixed Assets

	Short Leasehold Land and Buildings £'000	Furniture Fixture and Equipment £'000	Construction in Progress £'000	Total £'000
Cost				
At 26 November 2009	363,571	92,023	8,227	463,821
Additions	5,595	8,315	454	14,364
Disposals	(124)	(631)	(142)	(897)
Foreign exchange movement	2,314	1,265	—	3,579
New site openings	7,083	691	(7,774)	—
At 25 November 2010	**378,439**	**101,663**	**765**	**480,867**
Depreciation				
At 26 November 2009	118,823	60,194	—	179,017
Charge during period	18,025	10,000	—	28,025
Disposals	(123)	(549)	—	(672)
Foreign exchange movement	1,640	933	—	2,573
At 25 November 2010	**138,365**	**70,578**	**—**	**208,943**
Net book value at 25 November 2010	**240,074**	**31,085**	**765**	**271,924**
Net book value at 26 November 2009	244,748	31,829	8,227	284,804

The additions for the period include an amount of £0.5m of capital expenditure accrued at 25 November 2010 relating to expenditure on new sites and other projects (2009: £2.1m).

Company

The Company had no tangible fixed assets at 25 November 2010 (2009: £nil).

12 Fixed Asset Investments

	Company £'000
Cost	
At 25 November 2010 and 26 November 2009	**239,394**

12 Fixed Asset Investments (continued)

The details of the Company's subsidiary undertakings as at 25 November 2010 are as follows:

	Country of registration	Nature of Business	Proportion of shares held (ordinary shares)	Capital & Reserves £'000	Profit/(Loss) for year £'000
Direct subsidiary undertakings					
Vue Booking Services Limited	United Kingdom	Operating	100%	3,178	1,607
Vue Entertainment Holdings Limited	United Kingdom	Holding	100%	127,480	—
Indirect subsidiary undertakings					
Vue Services Limited	United Kingdom	Operating	100%	7,271	617
Vue Entertainment Limited	United Kingdom	Operating	100%	128,970	21,416
Spean Bridge Cinemas (Algarve) Lda	Portugal	Operating	100%	(2,316)	(551)
SBC Taiwan Limited	Taiwan	Operating	100%	(4,914)	(127)
Vue Properties Limited	United Kingdom	Operating	100%	73,885	—
Ster Century (UK) Limited	United Kingdom	Operating	100%	32,157	5,085
Vue Entertainment Holdings (UK) Limited	United Kingdom	Holding	100%	100,971	—
Spean Bridge Luxemburg S.ar.l	Luxembourg	Holding	100%	(245)	(5)
A3 Cinemas Limited	United Kingdom	Holding	100%	86	(680)
Spean Bridge Luxemburg Investments S.ar.l	Luxembourg	Holding	100%	(14,877)	(10)
Spean Bridge (Taiwan) S.ar.l	Luxembourg	Holding	100%	(8,117)	14
Vue Entertainment (UK) Limited	United Kingdom	Holding	100%	5,735	—
Aurora Holding Limited	United Kingdom	Holding	100%	1,027	—
Aurora Cinema Limited	United Kingdom	Holding	100%	524	—
Aurora Cinema (Ireland) Limited	Eire	Holding	100%	18,495	—
Vue Cinemas Limited	United Kingdom	Inactive	100%	9,290	—
Vue Theatres (UK) Limited	United Kingdom	Inactive	100%	2,046	—
Spean Bridge Cinemas (Italia) Srl	Italy	Inactive	100%	(12)	(12)
Vue Cinemas (UK) Limited	United Kingdom	Inactive	100%	12,456	—

The respective statutory financial year-ends of Spean Bridge Cinemas (Algarve) Lda, Spean Bridge Luxembourg S.ar.l, Spean Bridge Luxembourg Investments S.ar.l and Spean Bridge (Taiwan) S.ar.l is 31 December in accordance with local requirements.

13 Stock

	Group		Company	
	As at 25 November 2010 £'000	As at 26 November 2009 £'000	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Finished goods and goods for resale	**1,865**	1,546	**—**	—

14 Debtors

	Group		Company	
	As at 25 November 2010 £'000	As at 26 November 2009 £'000	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Amounts falling due within one year:				
Trade debtors	**1,397**	1,465	**—**	—
Other debtors	**678**	887	**—**	—
Group relief receivable	**—**	—	**9,031**	8,071
Prepayments and accrued income	**8,101**	7,486	**737**	147
	10,176	9,838	**9,768**	8,218
Amounts falling due after one year:				
Deferred tax (see note 19)	**3,697**	6,161	**—**	1,911
	13,873	15,999	**9,768**	10,129

15 Creditors: Amounts Falling Due Within One Year

	Group		Company	
	As at 25 November 2010 £'000	As at 26 November 2009 £'000	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Bank loans	**13,802**	15,436	**25,766**	15,436
Junior subordinated loans	**11,964**	11,099	**—**	11,099
Trade creditors	**8,244**	4,603	**—**	—
Other tax and social security	**1,035**	2,296	**—**	—
Other creditors	**1,934**	2,072	**—**	—
Accruals	**25,393**	29,626	**3,077**	5,082
Corporation tax payable	**14**	100	**—**	—
Loans owed to group undertakings	**—**	—	**56,222**	14,119
Deferred income	**7,311**	7,532	**—**	—
	69,697	72,764	**85,065**	45,736

Amounts owed to group undertakings are interest free and are repayable on demand.

Bank loans and junior subordinated loans of £25.7m (2009: £26.5m), comprise drawn bank loans and junior subordinated loans of £26.9m (2009: £28.0m), net of issue costs to be amortised in the next period of £1.2m (2009: £1.5m). Following submission of these financial statements to our banking syndicate, £23.9m (2009: £22.2m) is repayable under the ''excess cash flow'' covenant requirements and is reflected in the balance above.

The bank loans are secured by a fixed and floating charge over certain of the Group's assets. Further details of bank loans are given in note 16. Loans owed to group undertakings are interest free and are repayable on demand.

16 Creditors: Amounts Falling Due After More Than One Year

	Group		Company	
	As at 25 November 2010 £'000	**As at 26 November 2009 £'000**	**As at 25 November 2010 £'000**	**As at 26 November 2009 £'000**
Bank loans	**182,307**	195,344	**182,307**	195,344
Junior subordinated loans	**41,204**	46,387	**41,204**	46,387
Deferred income	**29,288**	24,381	**—**	—
Preference interest payable	**35,461**	25,799	**35,461**	25,799
	288,260	291,911	**258,972**	267,530

At 25 November 2010 the Group had drawn bank loans and junior subordinated loans of £249.3m (2009: £268.3m) net of related unamortised fees. These balances represent fully drawn balances on the Group's term credit facilities Senior Facility A, Senior Facility B, Senior Facility C1, Senior Facility C2, Senior Capex Facility, Mezzanine Loan and Junior Subordinated Loan, with £nil (2009: £nil) drawn on the Senior Revolving Facility.

Senior Facility A Loan

A loan of £39.6m was drawn down on 20 June 2006 and is repayable in bi-annual instalments over a 6 year period commencing 30 November 2006. The loan bears interest at LIBOR plus a margin of between 1.50% and 2.25%. During the year the Group reduced its borrowings under this facility by £11.0m (2009: £13.7m). The balance outstanding as at 25 November 2010 was £2.2m (2009: £13.2m). Following submission of these financial statements to the Company's banking syndicate, £2.2m is repayable under the ''excess cash flow'' covenant requirements. This will result in the full repayment of the facility.

Senior Revolving Facility

The Group is able to draw down on a £15.0m working capital facility, which was undrawn as at 25 November 2010 (2009: £nil). The Group is able to draw on this facility to 20 June 2013. The facility bears interest at LIBOR plus a margin of 2.25%.

Senior Capex Facility

The Group was able to draw down on this £35.0m facility for Capital Expenditure requirements until the 20 June 2009, at which time the amount drawn was converted into a term loan. This loan was fully drawn down by 20 June 2009 and is now repayable in bi-annual instalments over a 4 year period ending 20 June 2013. The loan bears interest at LIBOR plus a margin of between 2.00% and 2.75%. £29.2m was outstanding under this facility at 25 November 2010 (2009: £35.0m). Following submission of these financial statements to the Company's banking syndicate, £9.8m is repayable under the ''excess cash flow'' covenant requirements. This reduces future scheduled payments.

Senior Facility B Loan

This loan of £59.4m was drawn down on 20 June 2006 and is repayable by one instalment that is due on 20 June 2014. The loan bears interest at LIBOR plus a margin of between 2.25% and 2.75%.

Senior Facility C1 Loan

This loan of £36.7m was drawn down on 20 June 2006 and is repayable by one instalment that is due on 20 June 2015. The loan bears interest at LIBOR plus a margin of 3.25%.

16 Creditors: Amounts Falling Due After More Than One Year (continued)

Senior Facility C2 Loan

This loan of €33.2m (2010: £28.2m, 2009: £30.0m) was drawn down on 21 June 2006 and is repayable by one installment which is due on 20 June 2015. The loan bears interest at EURIBOR plus a margin of 3.25%.

Mezzanine Loan

This loan of £35.0m was drawn down on 20 June 2006 and is repayable by one installment that is due on 20 June 2016. The loan bears interest at LIBOR plus a margin of 10%. 4% plus LIBOR of the interest cost is payable and 6% of the interest cost is rolled up to increase the loan. The interest accrued, as at 25 November 2010 was £10.5m (2009: £7.9m).

Junior Subordinated Loan

This loan of £42.7m was drawn down on 20 June 2006 and is repayable by one installment that is due on 20 June 2017. The loan bears interest at LIBOR plus a margin of 13%. The full interest cost is rolled up to increase the loan. The interest accrued, as at 25 November 2010 was £12.0m (2009: £14.8m). £11.1m (2009: £12.1m) of the accrued interest was paid in the period, relating to the ''excess'' cash flow sweep. Following submission of these financial statements to the Company's banking syndicate, £12.0m is repayable under the ''excess cash flow'' covenant requirements.

Capitalised bank fees

Group bank loans and junior subordinated loans are stated net of unamortised issue costs at 25 November 2010 of £5.0m (2009: £6.4m). These costs are allocated to the profit and loss account over the terms of the individual loans.

Swap Contracts

During the period the Group had in operation two interest rate swaps as part of the Groups' interest rate management strategy with a notional value of £207.0m (2009: £213.2m) comprising a sterling LIBOR swap of £178.8m (2009: £183.2m) and a Euro EURIBOR swap of €33.2m (£28.2m), (2009: €33.2m, £30.0m). Under these swaps, the Group receives or pays interest depending on whether the variable rate (based in LIBOR and EURIBOR) is greater or less than the fixed rates of 5.15% and 3.67% respectively.

On 25 November these two swap contracts were closed out and settled. The termination of these arrangements resulted in a cost to the Group of £5.8m for the Sterling LIBOR swap and €0.7m (£0.6m) for the Euro EURIBOR swap.

Security

The bank loans are secured by a fixed and floating charge over certain of the Group's assets.

16 Creditors: Amounts Falling Due After More Than One Year (continued)

Drawn bank overdraft and loan facilities: maturity table

	Group		Company	
	As at 25 November 2010 £'000	As at 26 November 2009 £'000	As at 25 November 2010 £'000	As at 26 November 2009 £'000
In one year or less or on demand	**26,925**	28,032	**26,925**	28,032
In more than one year but not more than two years	**2,450**	5,834	**2,450**	5,834
In more than two years but not more than five years	**138,190**	79,042	**138,190**	79,042
In more than five years	**86,720**	161,802	**86,720**	161,802
	254,285	274,710	**254,285**	274,710
Less: unamortised issue costs	**(5,008)**	(6,444)	**(5,008)**	(6,444)
	249,277	268,266	**249,277**	268,266

£1.2m of the issue costs will be amortised in the next period (2009: £1.5m).

17 Provision for Liabilities and Charges

	Group	
	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Provision at the start of the period	**28,925**	33,387
Charge/(Release) to the profit and loss account	**4,113**	(7,652)
Utilised during the period	**(2,470)**	(2,295)
Unwinding of discount factor on onerous lease	**3,032**	5,485
Provision at the end of the period	**33,600**	28,925

The carrying value of the onerous lease provision is reviewed annually and any material adjustments amended in line with the most recent projections. £3.2m of this provision is due to be released within one year (2009: £2.4m) and the remaining provision is spread over the lease terms to 2028.

18 Preference Shares

	Group		Company	
	As at 25 November 2010 £'000	As at 26 November 2009 £'000	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Shares issued	**49,061**	49,061	**49,061**	49,061
Fees (net of amortisation)	**(1,332)**	(1,459)	**(1,332)**	(1,459)
	47,729	47,602	**47,729**	47,602

The preference shares were issued on 20 June 2006 and rank in priority to the holders of any other class of share in the Group. A fixed cumulative dividend of 13% per annum is accruing on the shares and is payable at the redemption date.

The preference shares are redeemable on the earlier of 20 June 2021 or upon an 'exit event'. The preference shares are redeemable at the issue price of £1 per share.

The shares do not have any voting rights.

19 Deferred Taxation

The deferred tax asset shown in the balance sheet comprises:

	Group		Company	
	As at 25 November 2010 £'000	As at 26 November 2009 £'000	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Recognised at start of period	**6,161**	8,615	**1,911**	—
(Credit)/Charge to profit and loss account	**(2,464)**	(2,454)	**(1,911)**	1,911
Recognised at end of period	**3,697**	6,161	**—**	1,911
Analysis of timing differences				
Depreciation in excess of capital allowances	**3,567**	4,242	**—**	—
Tax loss carried forward	**121**	—	**—**	—
Other timing differences	**9**	1,919	**—**	1,911
	3,697	6,161	**—**	1,911

Deferred tax is measured on a non-discounted basis at the tax rates which are expected to apply in the periods in which such timing differences reverse based on tax rates and laws substantively enacted at the balance sheet date. No provision has been made for deferred tax on gains recognised on the sale of property where potentially taxable gains are rolled over into replacement assets. The total amount unprovided is £1.2m (2009: £1.2m). At present it is not envisaged that any such tax will become payable in the foreseeable future.

Unrecognised deferred taxation in the current period is £nil (2009: nil)

20 Called Up Share Capital

	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Authorised		
1,000,000 Ordinary shares of £1 each	**1,000**	1,000
Allotted, issued and fully paid		
Opening issued balance	**995**	988
Issued during the financial period	**—**	7
Closing balance	**995**	995

The total share capital of the Company is £50.1m comprising £1.0m of ordinary shares and £49.1m of preference shares.

21 Reserves

	Profit and Loss	
	Group £'000	Company £'000
At 26 November 2009	**(92,504)**	**(112,326)**
Loss for the financial period	**(15,867)**	**(33,071)**
Translation reserve	**3,124**	**1,799**
At 25 November 2010	**(105,247)**	**(143,598)**

22 Reconciliation of Movements in Shareholders' Deficit

	Group		Company	
	As at 25 November 2010 £'000	As at 26 November 2009 £'000	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Loss for the financial period	**(15,867)**	(17,216)	**(33,071)**	(31,408)
Translation reserve movement	**3,124**	(2,036)	**1,799**	(2,036)
Net reduction for the financial period	**(12,743)**	(19,252)	**(31,272)**	(33,444)
Share capital issued	**—**	7	**—**	7
Opening shareholders' deficit	**(91,509)**	(72,264)	**(111,331)**	(77,894)
Closing shareholders' deficit	**(104,252)**	(91,509)	**(142,603)**	(111,331)

23 Contingent liabilities

The Company did not have any contingent liabilities as at the date of signature of these accounts.

24 Capital Commitments

	As at 25 November 2010 £'000	As at 26 November 2009 £'000
At 25 November 2010, the Group had capital commitments as follows:		
Contracted	**17,290**	14,931

The capital commitments will be funded through a combination of cash and £9.9m of landlord contributions (2009: £6.9m).

Company

At 25 November 2010, the Company had no capital commitments (2009: £nil)

25 Other Financial Commitments

At 25 November 2010, the Group had commitments payable in the following period under non-cancellable operating leases, analysed according to the period in which the lease expires, as follows:

	Land & Buildings		Other	
	As at 25 November 2010 £'000	As at 26 November 2009 £'000	As at 25 November 2010 £'000	As at 26 November 2009 £'000
Within one year	**—**	—	**45**	104
In two to five years	**—**	—	**187**	194
Over five years	**52,247**	50,219	**—**	—
	52,247	50,219	**232**	298

At 25 November 2010, the Company had no financial commitments under non-cancellable operating leases (2009: £nil).

26 Reconciliation of Operating Profit to Net Cash Inflow

	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Operating Profit	**32,007**	30,724
Depreciation of fixed assets	**28,025**	26,360
Amortisation of goodwill	**835**	1,282
Non cash operating items	**5,495**	(10,937)
Increase in stock	**(319)**	(477)
(Increase)/Decrease in debtors	**(1,301)**	2,328
Increase in creditors	**3,699**	7,172
Net cash inflow	**68,441**	56,452

27 Reconciliation of Net Cash Flow to Movement in Net Funds

	Period ended 25 November 2010 £'000	Period ended 26 November 2009 £'000
Increase in cash in the financial period	**910**	2,736
Exchange movement on opening balances	**1,751**	(2,036)
Cash outflow from bank loans	**28,013**	13,142
Change in net debt resulting from cash flows	**30,674**	13,842
Amortisation of bank fees	**(1,436)**	(1,485)
Issue of debt—rolled up interest	**(9,386)**	(10,712)
Movement in debt	**19,852**	1,645
Net debt at beginning of period	**(234,169)**	(235,814)
Net debt at end of period	**(214,317)**	(234,169)

28 Analysis of Changes in Net Funds

	As at 26 November 2009 £'000	Cash flow £'000	Non cash movements £'000	25 November 2010 £'000
Cash in hand and at bank	34,097	910	(47)	34,960
Bank Loans	(268,266)	28,013	(9,024)	(249,277)
	(234,169)	28,923	(9,071)	(214,317)

29 Pension

The Group operates a defined contribution scheme in the form of a Group Personal Pension Plan for its employees. The assets of the plan are held separately from those of the Group in an independently administered fund. Contributions to the fund made by employees are matched by equal contributions to the fund from the Group. Contributions payable by the Group to the fund in respect of the period ended 25 November 2010 amounted to £410k (2009: £324k). At 25 November 2010, there were outstanding contributions of £52k (2009: £52k) included within creditors.

30 Post Balance Sheet Event

On 7 November 2010 the shareholders of Vue Entertainment Investment Limited (''VEIL'') signed a conditional sale and purchase agreement for the sale of the entire share capital in VEIL to a company within the Doughty Hanson & Co V Fund. At the date of signature of these financial statements, the transaction had not been completed. Completion of the transaction will not result in any change to the management structure or trading operations of VEIL or the Group.

31 Related Party Transactions

The Company has taken advantage of the exemption contained within FRS 8 ''Related Party Transactions'' not to disclose related party transactions with other members of its group of companies, which are wholly owned subsidiaries.

Uberior Investments Plc, a shareholder is a 100% wholly owned subsidiary of Bank of Scotland plc.

During the year, the Group paid monitoring fees of £0.3m (2009: £0.3m) to Bank of Scotland Plc.

As at 25 November 2010, the Group reflected a bank balance receivable of £1k (2009: £14k) with Bank of Scotland Plc.

As at 25 November 2010, the Group reflected within creditors outstanding bank loans (including Junior subordinated loans) of £38.4m (2009: £60.5m) with Bank of Scotland Plc.

As at 25 November 2010, the Group reflected within creditors outstanding bank loans (including Junior subordinated loans) of £36.2m (2009: £36.2m) in aggregate with Sculptor Finance (MD) Ireland Limited, Sculptor Finance (ME) Ireland Limited and Sculptor Investments S.A.R.L, each affiliates of two of our shareholders, OZ Master Fund Limited and OZ Europe Master Fund Limited.

CinemaxX Aktiengesellschaft

Consolidated Financial Statements as at and for the year ended 31 December 2012

CinemaxX Aktiengesellschaft

Consolidated Financial Statements as at and for the year ended 31 December 2012

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Translation of Auditor's Report

We have audited the consolidated financial statements, comprising the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the notes to the consolidated financial statements, and the combined management and group management report (group management report) of CinemaxX Aktiengesellschaft, Hamburg, for the financial year from January 1 to December 31, 2012. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional provisions of German commercial law pursuant to § 315a (1) HGB [Handelsgesetzbuch „German Commercial Code''], is the responsibility of the Parent Company's management board. Our responsibility is to express an opinion on the consolidated financial statements and the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [Handelsgesetzbuch „German Commercial Code''] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, March 22, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Schmidt	von Klenze
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

CinemaxX Aktiengesellschaft, Hamburg

Consolidated balance sheet

	Number	31 DEC 2012 KEUR	31 DEC 2011 KEUR
ASSETS			
Non-current assets		**117,259**	**117,367**
Intangible assets	D.1	8,676	2,258
Property, plant and equipment	D.2	46,233	39,304
Cinema real estate in finance lease	D.3	35,848	39,378
Cinema plant and equipment in finance lease	D.3	1,514	2,145
Other receivables and assets		5,491	6,657
Other financial assets	D.4	5,016	6,105
Miscellaneous other assets	D.4	475	552
Deferred taxes	E.9	19,497	27,625
Current assets		**51,131**	**49,956**
Inventories		920	677
Trade accounts receivable	D.5	11,109	7,412
Receivables from taxes on income		369	293
Other assets	D.6	3,123	2,596
Other financial assets		2,884	2,343
Miscellaneous other assets		239	253
Cash and cash equivalents	D.7	35,610	38,978
Balance sheet total		**168,390**	**167,323**

	Number	31 DEC 2012 KEUR	31 DEC 2011 KEUR
LIABILITIES AND EQUITY			
Equity		**52,299**	**45,125**
Equity attributable to the shareholders of the parent company		52,289	45,135
Subscribed capital	D.8	26,962	26,962
Capital reserves	D.8	8,283	8,347
Goodwill offset against capital reserves prior to IFRS conversion	D.9	−62,670	−62,670
Retained earnings		79,895	72,673
Adjusting item from shareholder transactions	D.10	−183	−188
Adjusting item from translation of financial statements in foreign currency		2	11
Non-controlling interests	D.10	10	−10
Non-current provisions and liabilities		**62,866**	**78,851**
Provisions	D.15	3,056	3,438
Bonds	D.11	0	2,509
Trade accounts payable	D.12	3,459	5,003
Finance lease liabilities	D.13	54,578	58,349
Interest-bearing loans	D.14	475	7,845
Other liabilities		1,269	1,707
Other financial liabilities		623	927
Miscellaneous other liabilities		646	780
Deferred taxes	E.10	29	0
Current provisions and liabilities		**53,225**	**43,347**
Provisions	D.15	502	556
Trade accounts payable	D.12	16,949	14,880
Finance lease liabilities	D.13	3,771	3,460
Interest-bearing loans	D.14	549	2,787
Liabilities from taxes on income	E.10	832	1,060
Other liabilities	D.16	30,622	20,604
Other financial liabilities		13,979	5,344
Miscellaneous other liabilities		16,643	15,620
Balance sheet total		**168,390**	**167,323**

CinemaxX Aktiengesellschaft, Hamburg

Consolidated statement of comprehensive income

	Number	2012 KEUR	2011 KEUR
Revenues	**E.1**	**211,914**	**199,603**
Other operating income	E.2	17,684	23,337
Cost of materials	E.3	−81,843	−77,778
Gross result		**147,755**	**145,162**
Personnel expenses	E.4	−40,339	−37,950
Other operating expenses	E.5	−68,491	−65,996
Depreciation, amortization and write-offs on intangible assets, property plant and equipment and assets in finance leases	E.6	−13,517	−11,542
Operating result		**25,408**	**29,674**
Other financial result	E.7	−403	1,219
Interest income	E.8	476	1,030
Interest expenses	E.9	−7,965	−7,533
Earnings before income taxes		**17,516**	**24,390**
Taxes on income	E.10	−10,226	−5,552
Consolidated profit		**7,290**	**18,838**
Other comprehensive income		**−9**	**−10**
Change in the adjusting item from foreign currency translation		−9	−10
Consolidated total comprehensive income		**7,281**	**18,828**
Share of the consolidated profit attributable to shareholders of the parent company		7,222	18,788
Share of the consolidated profit attributable to non-controlling interests		68	50
Share of the consolidated total comprehensive income attributable to shareholders of the parent company		7,213	18,778
Share of the consolidated total comprehensive income attributable to non-controlling interests		68	50
Earnings per share (basic) in EUR	E.11	0.27	0.70
Earnings per share (diluted) in EUR	E.11	0.27	0.68

CinemaxX Aktiengesellschaft, Hamburg

Consolidated statement of cash flows

		2012 KEUR	2011 KEUR
Operating result		**25,408**	**29,674**
Depreciation, amortization and write-offs/impairment on intangible assets and property, plant and equipment in finance leases		13,517	11,542
Decrease in provisions		−436	−353
Losses from the disposal of intangible assets, property, plant and equipment and assets in finance leases		25	87
Share of profit on equity-accounted investees		197	0
Other non-cash income and expenses		−3,852	−828
Increase in accounts receivable, trade		−3,651	−758
Increase/decrease in accounts payable, trade		645	−691
Decrease/increase in other net assets (excluding deferred taxes)		7,952	−4,523
Interest received		476	1,030
Income tax payments		−1,894	−1,765
Cash flow provided by operating activities		**38,387**	**33,415**
Cash payments for investments in property, plant and equipment		−15,278	−19,971
Cash payments for investments in intangible assets		−2,549	−215
Cash payments for investments in financial assets		−399	−399
Cash flow used in investing activities		**−18,226**	**−20,585**
Repayment of financial liabilities and bonds		−12,682	−695
Cash payments/receipts from disposal of shares		−5	115
Distributions		−48	−33
Payments from taking out financial liabilities		0	10,000
Interest payments		−7,334	−7,456
Cash repayment of liabilities related to finance leases		−3,460	−3,176
Cash flow used in financing activities		**−23,529**	**−1,245**
Net increase in cash and cash equivalents		−3,368	11,585
Cash and cash equivalents at beginning of period	D.7	38,978	27,393
Cash and cash equivalents at end of period	D.7	**35,610**	**38,978**

CinemaxX Aktiengesellschaft, Hamburg

Consolidated statement of changes in equity

	Number of shares	Subscribed capital	Capital reserves	Goodwill offset against capital reserves prior to IFRS conversion	Consolidated retained earnings	Adjusting item from shareholder transactions	Adjusting item from the translation of financial statements in foreign currency	Equity attributable to the shareholders of the parent company	Non-controlling interests	Consolidated equity
As per 1 JAN 2011	**26,962,291**	**26,962**	**8,347**	**−62,670**	**53,885**	**−303**	**21**	**26,242**	**6**	**26,248**
Disposal of shares Denmark	0	0	0	0	0	115	0	115	−33	82
Distribution in subsidiary	0	0	0	0	0	0	0	0	−33	−33
Consolidated total comprehensive income	0	0	0	0	18,788	0	−10	18,778	50	18,828
As per 31 DEC 2011	**26,962,291**	**26,962**	**8,347**	**−62,670**	**72,673**	**−188**	**11**	**45,135**	**−10**	**45,125**
Distribution in subsidiary	0	0	0	0	0	0	0	0	−48	−48
Share acquisition CinemaxX Filmtheater GmbH	0	0	0	0	0	5	0	5	0	5
Repayment of convertible bond	0	0	−64	0	0	0	0	−64	0	−64
Consolidated total comprehensive income	0	0	0	0	7,222	0	−9	7,213	68	7,281
As per 31 DEC 2012	**26,962,291**	**26,962**	**8,283**	**−62,670**	**79,895**	**−183**	**2**	**52,289**	**10**	**52,299**

CinemaxX Aktiengesellschaft, Hamburg

Notes to the consolidated financial statements for the financial year 2012

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Please note that for computational reasons, rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur.

A. *General information*

CinemaxX Aktiengesellschaft (''CinemaxX AG'' or ''the Company'') has its legal seat in 20354 Hamburg, Valentinskamp 18–20, Federal Republic of Germany, and operates 30 multiplex cinemas and one traditional cinema in Germany as well as three multiplex cinemas in Denmark.

CinemaxX AG is registered in the company register of the local court of Hamburg under HRB 67787. The consolidated financial statements and the group management report of CinemaxX AG will be published in the electronic Federal Gazette.

The shares of CinemaxX AG are admitted to trading on the regulated market on the Frankfurt/Main, Berlin, Düsseldorf, Hamburg, Stuttgart stock exchanges as well as to Xetra trading.

Dr. Kloiber Vermögensverwaltungsgesellschaft mbH & Co. Beteiligungs KG, Munich, which is controlled by Prof. Dr. Herbert Kloiber, held a direct interest in CinemaxX Aktiengesellschaft holding 84.59% of the shares up to and including August 6, 2012. With effect on August 7, 2012, Vue Beteiligungs AG, meanwhile operating under the name of Vue Beteiligungs GmbH, Hamburg, took over the shares. On December 31, 2012, 95.15% of the shares in CinemaxX Aktiengesellschaft were directly attributable to Vue Beteiligungs AG. Vue Beteiligungs GmbH is a subsidiary of Vue Entertainment International Limited, St. Helier, Jersey/Great Britain. Vue Entertainment International Limited and its subsidiaries (hereinafter, ''Vue Group'') operates modern multiplex cinemas in Great Britain, Ireland, Portugal and Taiwan. The Vue Group is majority owned by Doughty Hanson & Co Fonds V, a private equity fund managed by Doughty Hanson & Co Managers Limited as the investment manager.

B. *Notes on the principles and methods underlying the consolidated financial statements*

1. Principles

The consolidated financial statements of CinemaxX AG and its subsidiaries (''CinemaxX Group'') have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union effective on the balance sheet date. All IFRS to be mandatorily applied in the European Union for the financial year 2012 were taken into consideration. The requirements of IFRS were fully satisfied and result in a fair presentation of the net assets, financial position and results of operations of the CinemaxX Group.

The requirements of Article 4 of Regulation Nr. 1606/2002 of the European Parliament in conjunction with § 315a (1) HGB for the exemption from the obligation to prepare consolidated financial statements in accordance with German commercial law have been fulfilled. All the necessary disclosures and explanatory notes have been made as per § 315a (1) HGB.

For the preparation of the consolidated financial statements, we assumed that the group will continue as a going concern. The consolidated financial statements have been prepared based on historical acquisition and production cost. The presentation currency is in Euro. All amounts are reported in thousands of euros (KEUR) unless stated otherwise. Rounding differences may therefore arise.

The balance sheet uses a current/non-current classification.

The income statement as a component of the statement of comprehensive income has been prepared in accordance with the nature of expense method. In order to improve the clarity and informative value, individual items in the statement of comprehensive income and the balance sheet have been summarized. Individual items are reported separately and explained in the notes.

2. Accounting principles newly issued by the IASB

The basis of accounting according to IFRS for the CinemaxX Group are, in accordance with EU Regulation Nr. 1606/2002 in conjunction with § 315a (1) HGB, the accounting standards issued by the IASB adopted by the Commission of the European Communities within the framework of the endorsement process for the European Union. The IFRS and revisions of IFRS newly issued by the IASB must be mandatorily applied by the CinemaxX Group only after a corresponding decision has been taken by the Commission in the course of an endorsement process.

The following amendment to a standard was mandatorily adopted for the first time in the financial year 2012:

- In October 2010, the IASB published an amendment to IFRS 7 ''Financial Instruments: Disclosures''. The amendment includes disclosure requirements in connection with a transfer of financial assets.

The application of this amendment did not have an effect on the net assets, financial position and results of operations of the group.

The following standards and interpretations have already been endorsed by the EU, but are only to be mandatorily applied at a later date.

- In December 2010 the IASB published an amendment to IAS 12 ''Deferred tax: Recovery of underlying assets''. As per IAS 12, any measurement of deferred taxes must consider whether the temporary difference is reversed by use or by disposal. If the underlying asset is measured at fair value according to IAS 40, the rebuttable presumption is introduced that the reversal will be realized by disposal. An application is mandatory for financial years commencing on or after January 1, 2012.
- IFRS 10 ''Consolidated Financial Statements'' were issued by the IASB in May 2011. IFRS 10 introduces a uniform consolidation model for all companies that takes into account the principle of control of the subsidiary by the parent company. IFRS 10 also includes consolidation principles relating to non-controlling shares, potential voting rights and the loss of the control option. The standard must be mandatorily applied for financial years commencing on or after January 1, 2013, for those adopting it in the European Union for financial years commencing on or after January 1, 2014.
- IFRS 11 ''Joint Arrangements'' was also published in May 2011. This replaces IAS 31 ''Interests in Joint Ventures'' and regulates the presentation of joint arrangements. Joint arrangements may take the form of a joint activity or a joint venture. In connection with a joint activity, the assets, liabilities, income and expenses must be recognized in proportion to the interest, for a joint venture the equity method must be applied. The current option regarding the inclusion of joint ventures by means of proportionate consolidation was not included in IFRS 11. The standard must be mandatorily applied for financial years commencing on or after January 1, 2013, whereby in accordance with IFRS 10 it is mandatory for adopters in the European Union to apply it for the first time for financial years commencing on or after January 1, 2014.
- A standard which condenses the revised disclosure requirements contained in IAS 27, IAS 28, IFRS 10 and IFRS 11 into a single standard was issued in May 2011, namely IFRS 12 ''Disclosures of Interests in Other Entities''. IFRS 12 relates to the disclosures on shares in subsidiaries, associated companies, joint ventures and non-consolidated structured units with the objective of transparently presenting to users of financial statements the nature, risks and financial effects that are associated with such interests. The standard must be mandatorily applied for financial years commencing on or after January 1, 2013 (for adopters in the European Union January 1, 2014).
- IFRS 13 ''Fair Value Measurement'' was published by the IASB in May 2011 and contains rules for determining the fair value. Furthermore, IFRS 13 expands the disclosure requirements required in connection with a fair value measurement. The standard must be mandatorily applied for financial years commencing on or after January 1, 2013.
- The IASB issued amendments to IAS 1 ''Presentation of Items of Other Comprehensive Income'' in June 2011. Thus items under other comprehensive income that are reclassified in subsequent periods by the income statement must, in the future, be reported separately from those that remain in other comprehensive income. The standard must be mandatorily applied for financial years commencing on or after July 1, 2012.
- The IASB has issued an amendment to IAS 19 ''Employee Benefits'' in June 2011. The amendment will mainly concern effects on the recording and measurement of the expense for defined benefit

plans and termination benefits as well as on the disclosure requirements for employee benefits. In future, actuarial gains and losses must be fully recognized in other comprehensive income in equity as they occur. Furthermore, the allocation of past service cost over a period until vesting of the claims is not permitted anymore. The amended standard also contains expanded disclosure requirements as well as amendments regarding the definition of benefits resulting from termination of employment. The standard must be mandatorily applied for financial years commencing on or after January 1, 2013.

- The amendments to IAS 32 ''Financial Instruments'' clarify the requirements for the offset of financial assets and financial liabilities. The amendments are mandatory for financial years commencing on or after January 1, 2014.
- IFRIC 20 regulates the accounting requirements for waste stripping expenses that are incurred during open-cast mining operations. The interpretation is mandatory for financial years commencing on or after January 1, 2013.

These regulations are applied in the CinemaxX Group at the time of mandatory application. The CinemaxX Group currently assumes that the application of that amendment to the standard will not have a significant impact on the presentation of the net assets, financial position and results of operations of the CinemaxX Group. The effects of the first-time application of IFRS 10 to 12 depend on the future acquisition activities of the CinemaxX Group.

The following standards and interpretations published by the IASB and IFRIC still require approval by the EU before they are applied to IFRS consolidated financial statements pursuant to § 315a HGB:

- The IASB published IFRS 9 ''Financial Instruments'' in November 2009. IFRS 9, which regulates the accounting and measurement requirements for financial assets and financial liabilities, represents the first phase of the project for replacing IAS 39, which is scheduled to take place in three stages. IFRS 9 replaces previous categories of financial assets with two categories where measurement is either at fair value or at amortized cost. A measurement at amortized cost requires that the business model of the company consider the holding of financial assets in order to generate contractual cash flows from interest and repayment and allot fixed payment dates for cash flows. With regard to the classification and measurement of financial liabilities, IFRS 9 has essentially adopted the regulations set forth in IAS 39. IFRS 9 is mandatory for financial years commencing on or after January 1, 2015.
- In May 2012 the IASB published a limited number of editorial amendments to various standards which includes IAS 1, IAS 16, IAS 32 and IAS 34 in conjunction with its ''Annual Improvement Project 2009–2011''. These amendments are mandatory for the first time for financial years commencing on or after January 1, 2013.

These standards and interpretations will be applied for the subject to recognition by the EU at the time of first mandatory application. The CinemaxX Group currently assumes that the application of those standards will not have a significant impact on the presentation of the net assets, financial position and results of operations of the CinemaxX Group.

3. Basis of Consolidation

The consolidated financial statements of the Company include all subsidiaries over which CinemaxX AG is able exercise control. Control within the meaning of IAS 27 is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Step acquisitions and disposals of subsidiaries' shares in which control over the respective company or after the disposal of shares is already attributable to the CinemaxX Group before the acquisition an after the share disposal are recognized as transactions between shareholders. A resulting difference between the purchase price of the shares and the share in equity attributable to date to the external shareholder and the amount to be reallocated to the external shareholder is reported in consolidated equity in the item ''Adjusting item from shareholder transactions''. Hidden reserves and charges and the recognition of goodwill are not disclosed for these transactions.

Special-purpose entities that own cinema properties are included in IFRS consolidated financial statements by way of full consolidation, if and to the extent that the business operations of the company solely comprise the lease of the property and the Group bears the majority of the risks and opportunities.

Equity consolidation for companies acquired by external third parties was carried out at the date of acquisition using the acquisition method. When the acquisition method is applied, the costs of the shares acquired are offset against the proportionate fair value of the assets acquired and debts of the subsidiary at the acquisition date. A positive difference arising from the offsetting is capitalized as goodwill. Negative differences that result from the equity consolidation at the date of acquisition are immediately released through the income statement after the values have been reassessed. The date of acquisition is the date on which the option to exercise control over the net assets and the financial and operating activities of the acquired company is transferred to the Group.

Interests where the Company holds between 20% and 50% are recognized according to the equity method, insofar as the Company exercises a significant influence. Cost is increased or reduced annually by the changes in equity of the associated company attributable to the Group, provided no negative recognition is calculated as a result.

The financial statements of the domestic and foreign companies included in the consolidated financial statements are prepared as at the same reporting date as the consolidated financial statements and are based on uniform accounting and valuation methods.

Intercompany profits and losses, revenue, expenses and income, as well as receivables, liabilities and provisions between subsidiaries are eliminated. As per IAS 12, deferred taxes are recognized based on temporary differences resulting from the consolidation.

4. Group of consolidated companies

The companies included in consolidation are CinemaxX AG and its 10 subsidiaries (prior year: 9) as well as an associated company (previous year: 1).

The associated company (shareholding of 49%), CAP Kiel Betriebs-GmbH i.L., Kiel, was cancelled in the commercial register in Kiel on November 8, 2012. In the financial year 2012, the shares held by CinemaxX Danmark A/S, Copenhagen/Denmark, in kino.dk A/S, Copenhagen/Denmark, were included in the consolidated financial statements of CinemaxX Aktiengesellschaft using the equity method. The shareholding of CinemaxX Danmark A/S, Copenhagen/Denmark, amounts to 26% as in prior years. The share of profit attributable to the past financial years in the amount of KEUR 62 was recognized in profit or loss in the financial year 2012. Due to its amount, the carrying amount under the equity method and the share of profits using the equity method are not reported separately, but under non-current other financial assets and other financial result.

With effect from June 4, 2012, CinemaxX acquired 74.99% of the shares in a shell company operating under the name of CinemaxX MaxXtainment GmbH from the lessor of the cinema property Hannover-Raschplatz which, in turn, rents the property from a third party. Furthermore, the CinemaxX Group was granted the option, exercisable at any time, to acquire the outstanding shares and the lessor was granted the option, exercisable at any time, to offer those shares. This option was amended by the shareholder agreement dated December 28, 2012 in order to enable the lessor to exercise the option on expiry of December 31, 2019, at the earliest. The purchase price for shares including shares covered by options is determined by the term of the lease agreement related to the property.

In the course of this share acquisition, a settlement was furthermore reached with the lessor in which the claims of the CinemaxX Group to a variable component of profit or loss under the agency agreement for the cinema operated on the property, Hannover-Raschplatz, for the period 2004 to 2011 in the amount of KEUR 2,042 and the claims of the lessor arising from existing loans against the CinemaxX Group in the amount of KEUR 1,949 were also covered.

A net payment obligation of KEUR 5,900 results from the share purchase agreement including the existing options and the settlement. This is derived from the maximum amount to be paid by the Company of KEUR 7,500 and a payment of KEUR 1,600, which the CinemaxX Group received as part of the settlement. The CinemaxX Group made the payment of the first purchase price installment of KEUR 1,500 in 2012 as well as an further installment payment of KEUR 4,500 in January 2013 after the transfer of the lease agreement.

In accordance with IFRS 3, the acquisition of shares in CinemaxX MaxXtainment GmbH was not classified as a business combination, as the Company in its capacity as a shell company cannot be defined as a ''business'' within the meaning of IFRS 3. The amount of the payment of the CinemaxX Group allocated to the acquisition of shares is equivalent to a compensation payment for the transfer of the lease agreement between lessor and third party and was recognized in the amount of the fair value of the resulting benefit of KEUR 6,220 in intangible assets.

Furthermore, there was an increase in the investment in CinemaxX Filmtheater GmbH from 91% to 100% at a purchase price of KEUR 5. The acquisition was presented in group equity as a shareholder transaction based on the previously existing option to exercise control.

5. Currency conversion

The reporting currency of the consolidated financial statements is euro, which constitutes the functional currency of the parent company and the subsidiaries included in the consolidation with the exception of CinemaxX Danmark A/S, Copenhagen/Denmark, and kino.dk A/S, Copenhagen/Denmark, whose functional currency is the Danish krone. For conversion into the reporting currency, the assets and liabilities of the Danish subsidiary are converted at the respective closing rate at each reporting date. The items in the income statement of the Danish subsidiary are recognized at transaction rates. Differences resulting from the conversion are treated with no corresponding effect on profit or loss and separately recognized within equity.

The rates used in the consolidated financial statements for conversion of the items of CinemaxX Danmark A/S, Copenhagen/Denmark, and kino.dk A/S, Copenhagen/Denmark, developed as follows in relation to the euro:

DKK/EUR	2012	2011
Closing rate	7.44050	7.4342
Average rate	7.44017	7.45060

C. *General accounting and valuation methods*

1. Realization of income and expenses

Revenues and other operating income are generally not realized until the service has been rendered and the risk has therefore been transferred to the customer. Revenues from the sale of tickets and concessions are collected by the customer at the time of utilization of the services provided by the CinemaxX Group. Advertising revenue is realized in profit or loss, provided that the CinemaxX Group has rendered the agreed advertising services.

In conjunction with the sale of vouchers, a portion of the cash receipts are recognized as revenues independently of actual utilization based on statistical empirical data on attendance patterns relating to the probability of redemption.

If customers are awarded prizes in conjunction with the sale of tickets which entitle the customer to free purchase of other products, a portion of the proceeds resulting from ticket sales will be attributed to the prize vouchers under consideration of the probability of redemption based on statistical empirical data. That portion is not collected as sales revenue until the customer redeems his prizes.

Movie rentals are billed weekly in arrears to film distributors. Operating expenses are recognized on the date of utilization of the services or when they are incurred as expense. Interest income and interest expenses are recognized in the period in which they occur.

Borrowing costs are recognized as current expenses as is appropriate. Interest for qualifying assets within the meaning of IAS 23 are not capitalized, as such assets do not exist within the CinemaxX Group.

2. Intangible assets

Intangible assets acquired for a consideration are recognized at cost less amortization and impairments. Intangible assets with an indefinite useful life, except for goodwill, do not exist. If the value of the asset decreases, an impairment is recognized. Intangible assets are amortized over the following useful lives:

Useful life	Years
Software	3–7
Licenses, usage and similar rights	3–5
Compensation payments on the assumption of lease agreements	15
Remaining intangible assets	6

Goodwill arising on the acquisition of subsidiaries is recognized under intangible assets.

3. Property, plant and equipment

As per IAS 16, property, plant and equipment are recognized at costs less straight-line depreciation and any impairments. Property, plant and equipment are depreciated over the following useful lives:

Useful life	Years
Cinema properties	15–30
Buildings on non-owned land	20
Electronic equipment	20
Cash registers, counters	12
Outdoor advertising	9
Lights	10
Analog projection	15
Digital projection (3D)	5, 20
IT	3–7
Flooring	8
Screens	10
Screens (silver screen—3D)	8
Sound	6, 10
Curtains, wall coverings	10
Seating	9
Various interior fixtures and fittings	8–10
Popcorn machines	8

The results from the sale of property, plant and equipment and intangible assets are recognized in other operating income or expenses.

In the financial year 2012, a reassessment of the useful lives of property, plant and equipment was performed in the context of the planned comprehensive renovations and investments in the cinemas. The expected remaining useful lives were adjusted without taking corresponding residual values into account, as the generation of significant proceeds on disposal could not be assumed. This change led to an increase in depreciation in 2012 in the amount of KEUR 698.

4. Leases

CinemaxX AG and its subsidiaries rent and lease properties and equipment for the operation of cinemas. The accounting of leasing transactions is carried out in accordance with the requirements set forth by IAS 17. In this regard, it must be differentiated between operating leases and financing leases depending on the party bearing the significant risks and rewards of ownership. Where the lease is a finance lease, the lessee maintains beneficial ownership and, thus, capitalizes the leased item. A series of lease agreements on cinema properties and cinema equipment which satisfy these criteria are in place within the CinemaxX Group. Therefore, these properties and inventories were capitalized for companies in the CinemaxX Group. At the same time, finance lease payments were recognized as liabilities.

At the inception of the lease, the group recognized assets and liabilities at the same amount in the balance sheet at the lower of the fair value of the asset at the inception of the lease and the present value of the minimum lease payments. The depreciation methods and useful lives of the capitalized assets correspond to comparable assets acquired in the CinemaxX Group. If the useful life of the asset exceeds the term of the underlying lease agreement, the asset is depreciated over the lease term.

The resulting payment obligations are recognized as a liability under financial liabilities. The interest portion of the lease payments is recognized in the income statement over the lease term.

If the criteria set forth in IAS 17 are no longer satisfied due to the amendment of lease agreements, the affected assets and liabilities are derecognized at the time at which the lease amendment comes into effect. The difference existing on this date between the carrying amount of the assets and lease liabilities to be derecognized is recognized in the income statement in other operating income.

Amendments of lease arrangements that do not result in a different classification as per IAS 17, lead to an adjustment of the liability and the asset in other comprehensive income or directly in equity.

For leases classified as operating leases, the payments to be made by the CinemaxX Group are recognized straight-line and in connection with underlying key ratios as expenses as is appropriate.

Compensation payments on the assumption of lease agreements that are classified as operating leases are capitalized as intangible assets and depreciated over the expected lease term.

5. Impairment of property, plant and equipment and intangible assets held under finance leases

The CinemaxX Group reviews the intangible assets and property, plant and equipment to establish whether impairments are necessary.

An impairment of intangible assets—except for goodwill—property, plant and equipment, and assets in finance leases is recognized, if and to the extent that, due to certain events or developments, the carrying amount of the assets no longer exceeds the proceeds expected from the sale of assets or the discounted net cash flows from further usage. The cash flows are discounted at a cost of capital that is based on peer group companies. If it is not possible to calculate the recoverable amount for individual assets, the cash flows are determined for the next highest group of assets for which such cash flows can be calculated.

Goodwill, for which an impairment test must be conducted at least annually, is, for the performance of the impairment tests, allocated to the reporting units for which an allocation of the goodwill is also performed in the internal reporting system of the group. These reporting units correspond to individual cinemas and groups of cinemas. The cash flows of reporting units are discounted at a cost of capital that is based on peer group companies. Impairment is recognized if the net present value of the cash flows is less than the carrying amount of the intangible assets and property, plant and equipment as well as net current assets of the reporting unit including the allocated goodwill.

The impairment test is performed at the end of the financial year. The post-tax interest rate used in the financial year 2012 for the discounting of the cash flows of reporting units when calculating the value in use was 10.75% (prior year: 10.75%). The net cash flow is calculated on the basis of forecasts in the individual reporting units over a forecast horizon of five years. The relevant forecasts for attendance and the development of ticket and concession revenue as well as film rentals, in particular, were used to determine net cash flows. A growth discount of 0% (prior year: 0%) was assumed for the subsequent period in the interest rate.

Reversals of impairments are recognized when the reason for the impairment no longer applies in subsequent periods. The reversal may be recognized to a maximum to the amount that would have been recognized without the impairment. There are no reversal of impairments on impaired goodwill.

6. Financial instruments

Hybrid financial instruments

In the financial year 2008, the company issued convertible bonds which granted holders the right to convert these financial instruments into shares of CinemaxX AG.

The debt component was recognized at the present value of the future interest payments and repayments based on the risk-adjusted interest rate of a matching maturity. Subsequently, the debt component is assessed based on the effective interest rate method.

The equity component is calculated on the date of issue of the hybrid financial instrument as the difference between the fair value of the hybrid financial instrument and the fair value of the debt component and recognized in equity reserves in consolidated equity. There is no subsequent revaluation of the equity component.

If the hybrid financial instruments are redeemed before maturity, the payment must be allocated to the equity and debt component. The method that was used in issuing the convertible bond must be applied. Therefore, the fair value of the liability must be determined, the remaining amount of the payment must be allocated to the equity component.

Other financial instruments

Other financial instruments (financial assets and liabilities) within the meaning of IAS 32 and IAS 39 comprise trade accounts receivable, interests, cash and cash equivalents, current and non-current loans, trade accounts payable as well as certain other financial assets and liabilities based on contractual agreements.

Financial instruments are recognized at amortized cost or at fair value. For current receivables and liabilities, amortized cost is generally equivalent to the nominal amount or the settlement amount. The fair value is generally equivalent to the market value or quoted share price. If an active market does not exist, the fair value can be determined using financial mathematical methods. Should a fair value measurement not be possible, assets are measured at cost.

On each balance sheet date, it is reviewed to determine objective evidence exists that the financial asset or group of financial assets is impaired.

Financial assets are classified within the CinemaxX Group as follows:

- loans and receivables
- available-for-sale financial assets

As per IAS 39, shares in investments are classified for valuation purposes in the category ''available-for-sale financial assets''. Available-for-sale financial assets are recognized at the balance sheet date at fair value or, if this is cannot be determined or not reliably determined, at cost. As the fair values of investments cannot be determined due to an absence of quoted share price or lack of appropriate valuation methods, these shares are recognized at cost.

Impairments on receivables and other ordinary financial assets that are allocated to the category ''loans and receivables'' are usually recognized using impairment accounts. Impairments are recognized if objective evidence exists that the financial asset may be exposed to a risk of default. The amount of the impairment is determined by historical values or individual estimates of risk.

The classification depends on the respective purpose for which the financial assets were acquired. Management determines the classification of financial assets on initial recognition and reviews the classification at each reporting date.

At initial recognition financial liabilities are recognized at their fair values under consideration of market interest rates. The subsequent measurement is at amortized cost using the effective interest method. As per IAS 17.25, interest accruing on finance lease liabilities is determined by the effective interest rate.

Financial assets are derecognized if either the rights to the cash flows that can be generated from the assets have become voided or the significant risks are transferred to a third party in such manner that the criteria for derecognition are fulfilled.

Financial liabilities are derecognized if contractual obligations have been settled, annulled or have expired. Financial liabilities are derecognized when a change to significant conditions causes a significant change to the cash flows associated with the repayment or return. A new financial liability is recognized at the point at which the adjustment comes into force at fair value plus any directly attributable transaction costs. Differences between the carrying amount of the derecognized liability are recognized in the interest result in the income statement.

The fair values of the financial instruments are determined on the basis of corresponding market values or valuations methods. The fair values of liquid assets and other current primary financial instruments correspond to the carrying amounts recognized on the respective reporting dates.

The fair value of non-current financial assets and liabilities is determined based on the expected cash flows using the reference interest rates valid at the balance sheet date.

7. Income taxes

Current taxes are recognized as an expense at the time of their occurrence in the amount of the sum due.

Deferred taxes are recognized on future tax consequences of temporary differences between tax bases of assets and liabilities and their IFRS carrying amounts as for loss carryforwards. Deferred taxes are measured based on regulations issued by the regulatory authorities at the end of the respective financial year for the financial years in which the differences will be reversed or the loss carryforwards are likely to be utilized. Deferred tax assets on temporary differences and loss carryforwards are only recognized to the extent that it is sufficiently probably that they will be realized in the near future, either due to sufficient taxable temporary differences or because it is probable that the companies recognizing tax loss carryforwards will generate sufficient taxable profit against which the tax loss carryforwards can be utilized.

Deferred taxes are recognized on temporary differences that result from the recognition of assets and liabilities at fair value in the context of business combinations. Deferred taxes are only recognized on temporary differences for goodwill if the goodwill can be deducted for tax purposes.

Deferred tax assets and liabilities are only offset if and to the extent that the deferred taxes relate to taxes from income that are levied by the same tax authorities and the taxes can be offset against each other.

8. Inventories

Inventories largely consist of concession products. Concession products are recognized at the lower of cost and net realizable value as of the balance sheet date.

9. Provisions

Provisions include, as per IAS 37, for all identifiable obligations towards third parties arising on past events, the settlement of which is expected to result in an outflow of funds and a reliable estimate of the amount of the obligation can be made.

As per IAS 37, provisions are recognized at the expected settlement amount. The present value of the expected settlement amount of non-current provisions is determined on the basis of market interest rates.

10. Government Grants

The CinemaxX Group received government grants for assets. Government grants are only recognized, as per IAS 20, if there is reasonable assurance that the associated conditions will be met and the grants awarded. Expense-related grants are recognized as income over the period in which the corresponding expenses will be incurred in order to offset such expenses.

Furthermore, the FFA provides companies of the CinemaxX Group with interest-free loans that have a maximum term of ten years.

These loans are recognized when granted at fair value and subsequently amortized using the effective interest rate method.

11. Use of assumptions and estimates

In preparing the consolidated financial statements, assumptions and estimates have been used that have impacted the presentation and amount of the recognized assets, liabilities, income, expenses and contingent liabilities. These assumptions and estimates essentially include to the assessment of impairment of goodwill (KEUR 1,423), the group-wide determination of the useful lives for intangible assets with a definite useful life and property, plant and equipment including the assets held under finance leases (KEUR 90,848), the measurement of provisions (KEUR 3,558) und voucher liabilities

(KEUR 13,882) as well as the realizability of future tax benefits, in particular from the use of tax loss carryforwards, that are recognized as deferred tax assets (KEUR 19,497).

In the case of voucher liabilities, it is currently assumed on the basis on statistical historical values that there is an 85% probability of the issued vouchers being redeemed.

In classifying and capitalizing lease agreements, some estimate parameters were applied.

When capitalizing deferred taxes for loss carryforwards, the estimates made in the group business plan for the period from 2013 to 2017 was used to assess its realizability. Due to the transfer of control to CinemaxX Aktiengesellschaft, the amount of the hidden reserves existing at the time of the transfer on the basis of which a business valuation is determined is also relevant.

In individual cases, the actual values may deviate from the assumptions and estimates made. Changes are recognized once better knowledge is acquired.

All estimates and assessments are continuously re-evaluated and are based on historic experiences and other factors including expectations regarding future events which seem reasonable under the existing conditions.

The group makes estimates and assumptions that concern the future. Naturally, the resulting estimates will seldom be exactly equivalent to subsequent actual circumstances.

12. Contingent liabilities

Contingent liabilities are potential obligations resulting from past events and whose existence depends on future events that are not controlled by the company as well as existing obligations that cannot be recognized as liabilities, because either an outflow of resources is improbable or the amount of the obligation cannot be estimated in a sufficiently reliable manner. Such contingent liabilities are disclosed with their scope of liability prevailing on the balance sheet date.

D. ***Explanatory notes to the consolidated balance sheet***

Non-current assets

1. Intangible assets

In KEUR	Software and other intangible assets	Goodwill	Total
Cost 2012			
January 1, 2012	3,013	7,334	10,347
Additions	7,269	0	7,269
Disposals	31	0	31
December 31, 2012	**10,251**	**7,334**	**17,585**
Accumulated depreciation 2012			
January 1, 2012	2,178	5,911	8,089
Depreciation	831	0	831
Disposals	11	0	11
December 31, 2012	**2,998**	**5,911**	**8,909**
Cost 2011			
January 1, 2011	2,798	7,334	10,132
Additions	215	0	215
December 31, 2011	**3,013**	**7,334**	**10,347**
Accumulated depreciation 2011			
January 1, 2011	1,749	5,911	7,660
Depreciation	429	0	429
December 31, 2011	**2,178**	**5,911**	**8,089**
Carrying amount December 31, 2012	**7,253**	**1,423**	**8,676**
Carrying amount December 31, 2011	**835**	**1,423**	**2,258**

Software, ticket software and concession software as well as compensation payments on the assumption lease agreements are combined under the item ''Software and other intangible assets''.

Additions of KEUR 6,220 relate to the acquisition of shares in CinemaxX MaxXtainment GmbH that, as per IFRS 3, are not classified as a business combination, as the company, in its capacity as a shell company, cannot be defined as a ''business''. The amount attributable to the acquisition corresponds to a compensation payment on the assumption of the lease agreement between the lessor and third party and was recognized at the fair value of the resulting benefit.

Goodwill resulted from the acquisition of the formerly independent reporting units Broadway Filmtheater Betriebs Gesellschaft mbH (KEUR 790)—related to the cinema operation at Holi, Hamburg—and the Berliner Filmtheater Knapp GmbH & Co. KG (KEUR 633)—related to the cinema operation at Potsdamer Platz, Berlin—and is classified under the domestic segment. In order to perform the impairment test, goodwill has been allocated to the individual reporting units (cash generating units) to which derivative goodwill in the internal control of the group is allocated. The allocation is performed for the recognized goodwill at the level of individual cinemas or groups of cinemas. The performance of the impairment test as of December 31, 2012 did not result in any impairment. An impairment would also not have occurred if the significant parameters had deteriorated within the conceivable thresholds.

2. Property, plant and equipment

In KEUR	Land, leasehold rights, and buildings	Other equipment, operational and office equipment	Total
Cost 2012			
January 1, 2012	6,823	127,786	134,609
Additions	0	15,459	15,459
Disposals	0	142	142
December 31, 2012	**6,823**	**143,103**	**149,926**
Accumulated depreciation 2012			
January 1, 2012	5,504	89,801	95,305
Depreciation	219	8,121	8,340
Impairments	0	185	185
Disposals	0	137	137
December 31, 2012	**5,723**	**97,970**	**103,693**
Cost 2011			
January 1, 2011	6,823	108,397	115,220
Additions	0	19,971	19,971
Disposals	0	582	582
December 31, 2011	**6,823**	**127,786**	**134,609**
Accumulated depreciation 2011			
January 1, 2011	5,360	83,595	88,955
Depreciation	144	6,504	6,648
Impairments	0	272	272
Reversals of impairments	0	75	75
Disposals	0	495	495
December 31, 2011	**5,504**	**89,801**	**95,305**
Carrying amount December 31, 2012	**1,100**	**45,133**	**46,233**
Carrying amount December 31, 2011	**1,319**	**37,985**	**39,304**

Land, similar rights to land, and buildings relate to leasehold improvements of air-conditioning and ventilation systems, sprinkler systems, stage and screen structures, lifts and projectors.

Other equipment, furniture and fixtures relate to specific cinema interior fittings that the CinemaxX Group invested based on closed lease agreements. Essentially it relates to new seating, IT equipment, concession equipment and other cinema equipment. The vast majority of this equipment has been pledged as securities for guarantees granted.

3. Finance leases for cinema properties and cinema equipment

In KEUR	Finance Leases for cinema properties	Finance Leases for cinema equipment	Total
Cost 2012			
January 1, 2012	83,032	18,572	101,604
December 31, 2012	**83,032**	**18,572**	**101,604**
Accumulated depreciation 2012			
January 1, 2012	43,654	16,427	60,081
Depreciation	3,530	631	4,161
December 31, 2012	**47,184**	**17,058**	**64,242**
Cost 2011			
January 1, 2011	83,032	18,572	101,604
December 31, 2011	**83,032**	**18,572**	**101,604**
Accumulated depreciation 2011			
January 1, 2011	40,125	15,688	55,813
Depreciation	3,529	739	4,268
December 31, 2011	**43,654**	**16,427**	**60,081**
Carrying amount December 31, 2012	**35,848**	**1,514**	**37,362**
Carrying amount December 31, 2011	**39,378**	**2,145**	**41,523**

The finance leases concerning cinema properties have a fixed agreed minimum term of lease of between 20 and 30 years. The CinemaxX Group has the right, at some locations, to extend the lease agreement by five years under similar conditions. A majority of the leases provide for fixed and attendance-dependent rents as well as price index adjustments.

In the case of four real estate lease agreements and six equipment lease agreements, the present value of the minimum lease installments largely covers the costs incurred by the lessor (present value criterion). The CinemaxX Group is therefore the beneficial owner of these assets. A useful life of the cinema properties of 40 years and useful lives of equipment of between eight and 20 years was used for assessing the present value criterion. Assets held under finance leases are depreciated over the shorter of the useful life and remaining term of the underlying lease agreement.

As the recognition of cinema properties and equipment in accordance with IAS 17, has a significant effect on the profits available for distribution and future results, we have presented the earnings effects for ease of reference.

Year	Effect on net assets	Assets	Liability
2013	–124	33,487	54,578
2014	326	29,701	50,466
2015	699	25,916	45,982
2016	1,110	22,133	41,089
2017	1,597	18,390	35,749
2018	2,229	14,790	29,920
2019	2,812	11,236	23,554
2020	3,068	7,969	17,219
2021	2,595	5,589	12,244
2022	2,535	3,613	7,733
2023	945	2,628	5,803
2024	796	1,642	4,021
2025	1,004	657	2,032
2026	1,207	0	193
2027	193	0	0
Total	**20,992**		

4. Other non-current assets

Other non-current assets essentially relate to deposits that serve as collateral for guarantees (KEUR 4,730, prior year: KEUR 6,105).

Furthermore, shares in kino.dk A/S, Copenhagen, Denmark, recognized in non-current assets using the equity method, totalling KEUR 286 were recognized for the first time in the 2012 financial year. Key figures for the associated company as of December 31, 2012 are as follows:

In KEUR	2012
Non-current assets	207
Current assets	1,365
Non-current provisions and liabilities	0
Current provisions and liabilities	625
Revenues	2,487
Operating result	734
Earnings after taxes	541

Due to the sustainably negative earnings position foreseen for another investment, the CinemaxX Group recognized an impairment totalling KEUR 399 (prior year: KEUR 399) on the carrying amount of this investment.

Current assets

5. Trade accounts receivable

In KEUR	2012	2011
Trade accounts receivable	12,053	8,402
Allowances	–944	–990
	11,109	**7,412**

Trade receivables are receivables deriving from special events, voucher and film canister sales, barter transactions, marketing of advertising spaces such as posters, program folders and admission tickets as well as promotions.

A receivable arose on the sale of the interior fittings following the transfer of a cinema in 2003. The settlement of this receivable is contingent on various conditions, the fulfillment of which can currently be classified as insufficiently probable; thus, the receivable was impaired in 2003.

6. Other current receivables and assets

In KEUR	2012	2011
Other financial assets		
Tax receivables	1,009	293
Creditor accounts with debit balances	898	978
Security deposits	831	822
Receivables from commercial management	43	46
Other current assets	103	204
Total	**2,884**	**2,343**
Other assets		
Deferred charges and prepaid expenses	239	253
Total	**239**	**253**
	3,123	**2,596**

7. Cash and cash equivalents

In KEUR	2012	2011
Bank balances	30,372	36,562
Cash-in-transit	4,805	1,996
Cash on hand	433	420
	35,610	**38,978**

If the bank balances include overnight money or demand deposits, the cash will accrue interest.

Fixed term deposits in banks which the company is not entitled to freely dispose of as they serve as securities for granted guarantees totalling KEUR 4,730 (prior year: KEUR 6,105) were recognized in non-current assets as other financial assets.

8. Equity

The development of the consolidated equity over the financial years 2012 and 2011 is shown in the consolidated statement of changes in equity to which reference is made.

The fully called up and registered share capital of CinemaxX AG as of December 31, 2012 was EUR 26,962,291.00 (2011-12-31: EUR 26,962,291.00) and is divided into 26,962,291 no-par shares at a nominal value of EUR 1.00 each. All shares are bearer stock.

At the annual shareholders' meeting on June 25, 2009, authorized share capital of EUR 11,990,000.00 was resolved. The entry of the amendment to the articles of association was made on July 16, 2009. The authorized share capital amounts as of December 31, 2012 to EUR 8,737,709 due to the increase in share capital in 2010 using authorized share capital.

At the shareholders' meeting held on November 30, 2006, it was resolved to issue convertible bonds and create contingent capital. The convertible bonds were divided into 2,683,438 bearer partial debentures with equal rights with a nominal value of EUR 1.00 each. The convertible bonds were issued in return for a payment in kind by transferring the respective receivables of the creditor due from CinemaxX Cinema GmbH & Co. KG. Each one euro receivable corresponds to a partial debenture of Euro 1.00.

In order to execute the convertible bonds, a resolution was passed at the shareholders' meeting on November 30, 2006 regarding contingent capital, which provides for a contingent increase in share capital of up to EUR 894,480.00 by issuing up to 894,480 shares (''contingent capital 2006''). The contingent capital used to service the convertible bonds was entered in the commercial register of the Company on March 26, 2007 and conferred on the holders of the convertible bond the right to purchase a common share of the Company at a nominal value of EUR 3.00.

By agreement of February 15 and March 14, 2008, respectively, the Company agreed with a lessor to transfer deferred rental liabilities converted to a loan due to CinemaxX Cinema GmbH & Co. KG in the amount of KEUR 2,683 to CinemaxX AG in return for the issue of convertible bonds in the nominal amount of KEUR 2,683. The convertible bonds accrued interest at 0.5% p.a. and conferred on holders of bonds the right to request, on a one-time basis on September 30, 2013, the repayment of the nominal amount of KEUR 2,683 plus a premium of 12.5%.

By agreement of May 21 and June 4, 2012, respectively, the parties concerned agreed to settle the existing convertible bonds with a nominal value of KEUR 2,683 by repayment of the bonds before maturity. CinemaxX AG repaid the convertible debt at its nominal value and an additional premium of 7.5% on June 18, 2012. The repayment was recognized as a decrease in equity of KEUR 64, as per IAS 32.

After repayment of the bond, the shareholders' meeting held on August 30, 2012 re-solved to cancel the contingent capital 2006 and delete para. 4 in § 4 (Contingent Capital 2006) of the articles of association of CinemaxX AG without replacement. The last entry was completed on September 13, 2012.

Equity reserves of KEUR 8,291 were blocked from distribution in accordance with commercial law and stock corporation law provisions.

9. Goodwill offset with equity reserves in prior years

Goodwill which arose on the initial consolidation of five subsidiaries in accordance with the provisions of German commercial law in the period 1997 to 2001, was offset with equity reserves in accordance with the German accounting regulations applied at the time of initial consolidation in the amount of KEUR 62,670 recognized in other comprehensive income or directly in equity.

In adopting IFRS for financial reporting, CinemaxX AG exercised the option set forth in IFRS 1, whereby a retroactive application of IFRS 3 to business combinations that occurred prior to the reporting date of the IFRS opening balance sheet (January 1, 2004) may be waived. The offsetting of the goodwill was therefore retained for the above-mentioned five companies.

10. Minority interests

Non-controlling interests relate to the shares of other shareholders in the equity and the earnings derived from CinemaxX Danmark A/S, Copenhagen.

During the 2012 financial year there was an increase in the interest in CinemaxX Filmtheater GmbH from 91% to 100% at a purchase price of KEUR 5. That acquisition was presented in group equity as a shareholder transaction due to the previously existing option to exercise control.

In KEUR	2012	2011
Share in equity		
• Shareholders of CinemaxX Danmark A/S	10	–17
• Shareholders of CinemaxX Filmtheater GmbH	—	7
	8 10	**–10**
Share in the result		
• Shareholders of CinemaxX Danmark A/S	68	49
• Shareholders of CinemaxX Filmtheater GmbH	—	1
	68	**50**

Liabilities

In KEUR	31 DEC 2012 Total	up to 1 year	1–5 years	More than 5 years	31 DEC 2011
Bonds	**0**	**0**	**0**	**0**	**2,509**
Trade accounts payable	**20,408**	**16,949**	**3,459**	**0**	**19,883**
Finance lease liabilities for cinema properties	46,940	2,990	15,163	28,787	49,668
Finance lease liabilities for Cinema equipment	11,409	781	3,667	6,961	12,141
Finance lease liabilities	**58,349**	**3,771**	**18,830**	**35,748**	**61,809**
Liabilities due to banks	238	238	0	0	9,412
Other interest-bearing loans	786	311	475	0	1,220
Interest-bearing loans	**1,024**	**549**	**475**	**0**	**10,632**
Employees	6,514	6,514	0	0	4,048
Purchase price liabilities	6,000	6,000	0	0	0
FFA loans	993	370	606	17	1,274
Debtors with credit balances	32	32	0	0	15
Other financial liabilities	1,063	1,063	0	0	934
Other financial liabilities	**14,602**	**13,979**	**606**	**17**	**6,271**
Liabilities related to vouchers	13,882	13,882	0	0	14,137
Value-added tax	1,232	1,232	0	0	172
Other accruals	1,511	865	646	0	956
Prepayments received	100	100	0	0	156
Miscellaneous	564	564	0	0	619
Miscellaneous other liabilities	**17,289**	**16,643**	**646**	**0**	**16,040**
Provisions	3,558	502	1.736	1,320	3,994
Income tax liabilities	832	832	0	0	1,060
Deferred taxes	29	0	29	0	0
Total liabilities	**116,091**	**53,225**	**25,782**	**37,084**	**122,198**

11. Bonds

By agreement of May 21 and June 4, 2012, respectively, the parties concerned agreed to settle the existing convertible bonds with a nominal value of KEUR 2,683 by repayment of the bonds before maturity. CinemaxX AG repaid the conversion bond at its nominal value plus a premium of 7.5% on June 18, 2012. The repayment amount totalled KEUR 2,885. In accordance with IAS 32, KEUR 2,821 was allocated to the derecognition of the liability resulting in an expense of KEUR 201 which is recognized in other financial result. The remaining amount of KEUR 64 was recognized as a decrease in equity reserves as per IAS 32.

12. Trade accounts payable

These are predominantly liabilities due to film distributors, with whom payment terms of between 7 and 28 days have been agreed, as well as liabilities to concession suppliers. Liabilities to lessors of cinema properties and equipment also exist.

13. Obligations arising on finance and operating leases

Finance lease liabilities relate to the cinema properties and equipment recognized in accordance with IAS 17. Obligations arising from finance and operating leases are as follows:

	Total		up to 1 year		1–5 years		over 5 years	
In KEUR	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Finance leases								
Future lease payments	92,471	101,421	8,948	8,949	35,795	35,795	47,728	56,677
Interest effect	34,122	39,612	5,177	5,489	16,965	18,534	11,980	15,589
Present value	**58,349**	**61,809**	**3,771**	**3,460**	**18,830**	**17,261**	**35,748**	**41,088**
Operating leases payments	**234,310**	**250,794**	**27,217**	**27,247**	**102,172**	**106,470**	**104,921**	**117,078**
Total lease payments	**326,783**	**352,215**	**36,166**	**36,196**	**137,967**	**142,265**	**152,650**	**173,755**
Contingent lease payments (revenue-based rents)	**146**	**183**						
Contractually guaranteed minimum lease payments from sublease agreements	**5,182**	**6,245**	**1,573**	**1,439**	**3,195**	**3,719**	**414**	**1,087**

14. Interest-bearing loans

The bank loan in the amount of KEUR 10,000 with a term of up to December 30, 2015, borrowed in 2010, was repaid early on December 29, 2012. Due to the change in control of CinemaxX Aktiengesellschaft which took place in the financial year, the loan provider exercised its right to terminate and claim full repayment of the loan. The repayment amount totalled KEUR 7,059 plus a prepayment fee of KEUR 238.

The carrying amount of the installment-purchase agreement for cinema equipment with a remaining term of 42 months and monthly installments of KEUR 29 amounts to KEUR 786 as of December 31, 2012 (prior year: KEUR 1,079).

In addition, interest-free loans have been provided by the German Federal Film Board [Filmförderungsanstalt] Berlin, discounted to present value at a discount rate of 6% are present.

15. Provisions

Provisions in the CinemaxX Group developed as follows in the 2012 financial year:

In KEUR	1 JAN 2012	Utilization	Reversal	Addition	Accumulated interest	31 DEC 2012
Onerous contracts	3,195	584	0	22	176	2,809
Obligation to make renovations	651	0	0	28	0	679
Miscellaneous	148	148	0	70	0	70
Total	**3,994**	**732**	**0**	**120**	**176**	**3,558**

The provisions essentially relate to provisions for onerous contracts from subleases and an obligatory contribution that relates to a net obligation associated with an investment. In measuring the provisions from the obligatory contribution, which the CinemaxX Group has in the amount of KEUR 33 monthly until 2020, estimates regarding the probability of an agreement before the expiry of the obligation and possible compensation payments were taken into consideration.

16. Other current liabilities

In addition to KEUR 13,882 (prior year: KEUR 14,137) liabilities from vouchers to be redeemed, other current liabilities relate to liabilities for personnel costs in the amount of KEUR 6,514, cost of the planned digitalization in the amount of KEUR 3,236 (previous year KEUR 1,488). Furthermore, KEUR 6,000 relates to the purchase price liability associated with the acquisition of shares in CinemaxX MaxXtainment GmbH and the outstanding put/call options on remaining shares.

Government grants are recognized in other current liabilities. These are grants from the FFA which are awarded on the basis of submitted investment applications. If companies in the CinemaxX Group receive grants from the FFA before payment of the subsidized assets, these amounts are presented in liabilities as other liabilities.

E. *Explanatory notes to the consolidated statement of comprehensive income*

1. Revenues

The development of revenues by product and country is shown in detail in segment reporting.

2. Other operating income

In KEUR	2012	2011
Promotional grants from distributors	4,956	5,766
Income related to other periods	3,589	9,394
Reversal of voucher liabilities	2,506	2,164
Rental income	1,689	1,511
Income from the release of provisions and derecognition of liabilities	1,073	1,882
Revenue from sale of film cans	462	394
Revenue from parking tickets	383	368
Other	3.026	1.858
Total	**17,684**	**23,337**

The income related to other periods results in the amount of KEUR 2,294 from settlement agreements with the lessor of the cinema Hannover-Raschplatz in conjunction with the share acquisition in CinemaxX MaxXtainment GmbH.

In the prior year, KEUR 6,776 was omitted related to the implementation of the judgement of the European Court of Justice on the taxing of popcorn and tortilla chips dated March 10, 2011.

Furthermore, income related to other periods includes to income from utility cost calculations for past years and waivers from deferred rental liabilities and reversals of liabilities for grants no longer expected to be recovered.

As in the prior year, the income from the release of voucher liabilities is based on a release rate of 15%.

3. Cost of sales

In KEUR	2012	2011
Film rents	63,490	60,642
Purchases of goods	13,293	12,272
FFA levies and comparable international levies	3,633	3,369
Miscellaneous	1,427	1,495
	81,843	**77,778**

4. Personnel expenses

In KEUR	2012	2011
Wages	21,736	21,119
Salaries	13,521	11,744
Other personnel expenses	199	223
Social security	4,883	4,864
	40,339	**37,950**

Personnel costs increased in the financial year by KEUR 2,389 against the prior year to KEUR 40,339. This increase is attributable to agreed adjustments in collective labor agreements, remuneration of the management board and measures in connection with the digitalization envisaged for 2013.

Personnel expenses relate to defined contribution pension schemes in the form of employer contributions to statutory retirement plans. Contributions in the amount of KEUR 2,356 (prior year: KEUR 2,375) were made in the financial year.

In KEUR	2012	2011
Employer contributions to statutory retirement plans		
—Domestic	2,308	2,341
—International	48	34
	2,356	**2,375**

The group had the following average headcount for the year:

Number of employees	2012	2011
Senior staff	33	33
Salaried employees	328	225
Industrial employees	1,339	1,493
Minor employees	400	347
	2,100	**2,098**

5. Other operating expenses

In KEUR	2012	2011
Rent	27,217	26,592
Incidental rental expenses	10,833	10,505
Advertising costs	7,582	6,971
Cleaning	4,621	4,444
Repairs/maintenance	3,301	3,315
Legal and consulting fees	2,060	1,842
Expenses arising on barter transactions	2,054	1,788
Insurance/contributions/levies	1,826	1,854
Office expenses	1,574	1,331
Subcontracting	1,201	824
Cost of monetary transactions	817	647
Expenses related to other periods	636	1,392
Security costs	383	375
Property taxes	215	229
Miscellaneous	4,171	3,887
	68,491	**65,996**

6. Amortization, depreciation and impairments

In KEUR	2012	2011
Depreciation		
—on intangible assets and property, plant and equipment	9.171	7,077
—on cinema properties held under finance leases	3,530	3,529
—on cinema equipment held under finance leases	631	739
Total	**13,332**	**11,345**
Impairments		
—of non-current assets held for sale	0	0
—of property, plant and equipment	185	272
Total	**185**	**272**
Impairment reversals		
—of property, plant and equipment	0	75
Total	**0**	**75**
	13,517	**11,542**

Impairments of KEUR 185 relate to equipment of the cinemas located in Dresden and Bremen. The cinema locations are individual cash-generating units at whose level an impairment test was carried out based on earnings forecasts.

7. Other financial result

In KEUR	2012	2011
Impairment of investments	−399	−399
Discharge of the convertible bond	−201	0
Profit from associated companies	197	0
Final consolidation profit	0	1.618
	−403	**1,219**

As in prior periods, the impairments of investments are attributable to shares in Cineplex GmbH Mannheim & Co. KG, Mannheim.

An expense of KEUR 201 resulted from the repayment of the convertible bond in the financial year 2012.

Profit of KEUR 197, KEUR 62 of which is attributable to prior years, results from the first-time recognition of the share in kino.dk A/S, Copenhagen/Denmark, using the equity method.

8. Interest income

Interest income amounted to KEUR 476 (prior year: KEUR 1,030). In the prior year, KEUR 811 resulted from the interest on tax refunds related to the implementation of the judgment of the European Court of Justice.

9. Interest expenses

In KEUR	2012	2011
Finance leases of cinema properties	4,743	4,983
Finance leases of cinema equipment	746	790
Commission on bank guarantee	637	465
Other interest	1,839	1,295
	7,965	**7,533**

Other interest in 2012 includes prepayment penalties in relation to the early repayment of a bank loan of KEUR 238.

10. Income tax

Income tax includes all tax liabilities in individual countries or tax burdens arising on income, as well as deferred taxes. Income tax includes, thereby, trade tax, corporation tax, a solidarity surcharge, and any relevant international income tax.

For German companies subject to corporation tax, a corporation tax rate of 15.0% as well as the solidarity surcharge of 5.5% on the corporation tax applies. Additionally, these companies as well as domestic companies in the legal form of partnership are subject to trade earnings tax, the amount of which is determined by the specific applicable municipal assessment rate. For corporations trade tax no longer reduces the basis of assessment for corporation tax.

Tax income (+)/expense (−) arising on income tax is classified by origin as follows:

In KEUR	2012	2011
Current tax expense		
of which domestic	−1,536	−2,006
of which foreign	−532	−471
	−2,068	−2,477
Deferred income taxes resulting from temporary differences		
of which domestic	−1,063	2,770
of which foreign	−178	−65
	−1,241	2,705
Deferred income taxes resulting from losses carried forward		
of which domestic	−6,915	−5,780
of which foreign	0	0
	−6,915	−5,780
Sub-total of deferred tax expense	−8,157	−3,075
Income tax	**−10,226**	**−5,552**

The income tax expense includes a current tax income expense related to other periods (prior year: tax income) of KEUR −87 (prior year: KEUR 108).

The notional expense for income taxes that would have resulted with the application of the tax rate of the parent company CinemaxX AG of 32.28% (prior year: 32.28%) to the IFRS pre-tax consolidated income can be transferred to the income taxes as per the income statement as follows:

In KEUR	2012	2011
Consolidated net profit/loss before tax	17,516	24,390
Consolidated tax rate in %	32.28	32.28
Expected tax expense	**−5,654**	**−7,873**
Prior year income tax	−87	108
Permanent differences	−174	1,377
Different tax rates	374	442
Tax rate changes	10	0
Use of losses carried forward without recognition of deferred tax assets the prior year	0	6
Trade tax additions and reductions	−701	−654
Increases in taxes due to non-deductible operating expenses	−43	45
Adjustments to recognition of deferred taxes	−4,076	1,045
Other effects	+125	−48
Tax expense as per income statement	**−10,226**	**−5,552**

The deferred taxes are determined based on tax rates that apply under current law in Germany and are expected at the time of realization. A tax rate of 32.28% which consists of the corporation tax rate of 15.0%, the solidarity surcharge of 5.5% and the trade tax rate of 16.45% applicable in Hamburg was used for the calculation both in 2011 and 2012. Companies in the legal form of a partnership are subject to trade tax.

The trade tax no longer reduces their own basis of assessment and, in the case of corporations, no longer reduces the basis of assessment for corporation tax. On the basis of the minimum taxation rate, the tax losses carried forward in Germany can only be used to a limited degree. This requires an unlimited positive tax basis of assessment of up to EUR 1 million, additional amounts of a maximum of 60% must be reduced by an existing loss carried forward.

The effects of different tax rates for partnerships and for domestic and international taxes on the parent company's tax rate are recognized in the reconciliation as varying tax rates.

The trade tax additions and reductions largely result from the addition of interest and rents for the use of external moveable and immovable operational assets.

The tax effects from adjustments to deferred taxes essentially relate to the derecognition of deferred tax assets on tax losses carried forward recognized to date, as these tax losses carried forward of the companies domiciled in Germany in part in accordance with the provisions of the income tax laws are lost due to the direct change in ownership of the group and can no longer be offset against future gains.

Deferred tax assets and deferred tax liabilities result from temporary differences and tax loss carryforwards as follows:

In KEUR	31 DEC 2012 Deferred taxes		31 DEC 2011 Deferred taxes	
	deferred tax assets	deferred tax liabilities	deferred tax assets	deferred tax liabilities
Intangible assets	27	0	39	0
Property, plant and equipment	856	29	1,266	0
Financial assets	0	0	0	0
Other receivables and assets	25	0	25	0
Finance leases (IAS 17)	5,727	0	6,026	0
Other loans	0	0	0	0
Trade accounts payable	1,082	0	1,285	0
Provisions for obligatory contributions	889	0	1,025	0
Individual impairments for internal loans	0	6,197	0	6,187
Other liabilities	130	0	273	0
Temporary differences	8,736	6,226	9,939	6,187
Tax loss carryforwards	16,958		23,873	
Offsetting	−6,197	−6,197	−6,187	−6,187
Consolidated balance sheet	**19,497**	**29**	**27,625**	**0**

Deferred tax assets are recognized on temporary differences and tax losses carried forward if their realization seems certain in the near future. Deferred taxes on losses carried forward are capitalized to the extent that the group has sufficient taxable temporary differences or where it is probable that the affected companies will achieve sufficient taxable results over the course of subsequent years against which the tax losses carried forward may be offset.

As of December 31, 2012 the group has available, in perpetuity, corporation tax losses carried forward of KEUR 82,248 (prior year: KEUR 122,817) and trade tax losses carried forward of KEUR 24,482 (previous year: KEUR 42,705).

As of December 31, 2012 deferred tax assets were not recognized on tax losses carried forward for corporation tax purposes in the amount of KEUR 18 (prior year: KEUR 8,297) and for trade tax purposes in the amount of KEUR 20 (prior year: KEUR 6,379), as their realization does not appear sufficiently probable over the coming years. Current tax law allows tax losses and interest relief to be carried forward indefinitely.

In the course of the 2nd quarter of 2012 the previous principal shareholder of CinemaxX Aktiengesellschaft increased its share in the company to 84.59% and subsequently transferred it to the Vue group. As per § 8c (1) (1) (2) Corporation Tax Act [KStG], this share acquisition is a tax-detrimental change in ownership which would lead to a full cancellation in tax losses carried forward, unless the losses are covered by taxable hidden reserves at individual company level (§ 8c (1) (6-8) KStG).

As of December 31, 2012 the CinemaxX Group expected a cancellation of corporation tax losses carried forward of KEUR 18,000 which led to a reduction in deferred tax assets by KEUR 2,850.

11. Earnings per Share

In order to determine the earnings per share according to IAS 33, the consolidated income attributable to the shareholders is divided by the weighted average of the shares. The number of shares in the financial year 2012 amounted to 26,962,291.

In KEUR	2012	2011
Number of shares in the financial year	26,962,291	26,962,291
Share of the consolidated income attributable to shareholders of the parent company	7,222	18,788
Earnings per share	**0.27**	**0.70**

Diluted earnings developed as follows:

In KEUR	2012	2011
Share of the consolidated income attributable to shareholders of the parent company	7,222	18,788
Interest expense and discharge of convertible bond less tax effect	223	182
Adjusted result	**7,445**	**18,970**
Number of shares in the financial year	26,962,291	26,962,291
Number of shares on conversion (discharge of the convertible bond on June 18, 2012)	416,607	894,480
Adjusted number of shares	**27,378,898**	**27,856,771**
Diluted earnings per share	**0.27**	**0.68**

Diluted earnings per share is equivalent to basic earnings per share, as the conversion rights outstanding until repayment of the convertible bond did not have a dilutory effect.

For the determination of the diluted earnings per share, the weighted number of shares that might be issued on conversion of the convertible bonds was included until the date of the repayment of the convertible bond.

F. *Financial instruments and financial risk management*

1. Financial instruments

The carrying amount of the financial assets classified by the valuation categories pursuant to IAS 39 are as follows:

Balance sheet item	Class	Fair value 31 DEC 2012	Fair value 31 DEC 2011	Carrying amount 31 DEC 2012	Carrying amount 31 DEC 2011	Loans and receivables 31 DEC 2012	Loans and receivables 31 DEC 2011
Trade accounts receivable	Amortized cost	11,109	7,412	11,109	7,412	11,109	7,412
Other financial assets	Amortized cost	7,614	8,448	7,614	8,448	7,614	8,448
Cash and cash equivalents	—	35,610	38,978	35,610	38,978	0	0

The following overview shows the classification of carrying amounts of financial liabilities as per the measurement categories set forth by IAS 39:

Balance sheet item	Class	Fair value 31 DEC 2012	Fair value 31 DEC 2011	Carrying amount 31 DEC 2012	Carrying amount 31 DEC 2011	Financial liabilities at amortized costs 31 DEC 2012	Financial liabilities at amortized costs 31 DEC 2011	IAS 17 31 DEC 2012	IAS 17 31 DEC 2011
Trade accounts payable	Amortized cost	20,408	19,883	20,408	19,883	20,408	19,883	—	—
Finance lease liabilities	Amortized cost	58,349	61,809	58,349	61,809		—	58,349	61,809
Bonds	Amortized cost	0	2,509	0	2,509	0	2,509	—	—
Interest-bearing loans	Amortized cost	1,024	10,632	1,024	10,632	1,024	10,632	—	—
Other financial liabilities	Amortized cost	14,602	6,271	14,602	6,271	14,602	6,271	—	—

The consolidated statement of comprehensive income contains the following net results for the financial instruments in the respective categories (income +, expenses −):

KEUR	2012 From subsequent measurement At fair value	2012 From subsequent measurement Currency conversion	2012 From subsequent measurement Individual impairments	2012 From disposal	2012 Net result	2011 Net result
Loans and receivables	0	7	−94	0	−87	130
Available-for-sale financial assets	0	0	−399	0	−399	−399
Financial liabilities at amortized cost	0	0	0	24	24	725
Total	**0**	**7**	**−493**	**24**	**−462**	**456**

The interest from financial instruments is recognized in the interest result. The other components of the net result are recognized in the other financial results. This does not include the impairments of trade receivables allocable to the valuation category loans and receivables that are recognized in other operating expenses, as well as the income from disposal allocable to the valuation category financial liabilities that are recognized in other operating income. The disposal from the discharge of the convertible bond is recognized in other financial results.

2. Financial risk management

Market risks

a) Foreign exchange risk

In the course of its business activities, the CinemaxX Group is only to an insignificant extent subject to foreign exchange risks, as the transactions were almost exclusively made in the functional currency of the affiliates. Only marginal foreign exchange risks exist in terms of the exchange rate between the Danish crown and the euro.

Due to the insignificant role of the foreign exchange risk, it was decided not to conduct a sensitivity analysis.

b) Interest rate risk

The interest rate risk relates to the sensitivity of financial assets and liabilities in connection with changes to the market interest rate. The CinemaxX Group generally pursues a security-oriented financing policy where long-term fixed rate arrangements, if available, are usually made for the group. In the financial year financing was largely carried out by means of interest-bearing loans from banks, prepayments by advertising customers and advertising administrators as well as from other operating cash flow. To the extent that the CinemaxX Group enters into interest rate risks in the course of financing, these are not hedged. No derivative financial instruments for interest hedging exist as at the balance sheet date.

As the group only had outstanding fixed interest-bearing obligations at the cut-off date, a sensitivity analysis was not performed.

c) Default risk

Due to operating activities, significant revenues are effected by means of cash deposits. Here the risk of default is limited to monetary transactions that are covered by taking out insurance policies. Significant receivables are created throughout the year against advertisers. To this end, the business model provided for prepayments by advertisers until the end of 2010 which are balanced by offsetting against services performed throughout the year. Therefore, there was no default risk. The CinemaxX Group achieved a significant improvement in the revenue situation through the takeover of the marketing for all own media by a new department. However, this is contrasted with a higher liquidity risk, as large parts of the marketing revenue were guaranteed by advertising agents the in the past.

Individual impairments amount to KEUR 944 (prior year: KEUR 990). This essentially relates to a receivable derived from the sale of equipment against a cinema operator who had taken over the business operations of a CinemaxX cinema. The probable default risk is recognized by the values shown in the balance sheet. If the counterparty defaults, a maximum risk of default in the amount of the respective carrying amount consists of trade receivables (carrying amount KEUR 12,052) and other financial assets (carrying amount KEUR 2,884).

The impairments on trade accounts receivable developed as follows:

In KEUR	2012	2011
As at January 1	990	1,142
Utilization	−140	−6
Addition	280	169
Reversal	−186	−315
As at December 31	**944**	**990**

Individual impairments of trade receivables are determined by case-by-case examinations and fluctuate between 50% and 100% of the original receivable. General impairments are not recognized.

Financial assets that are not impaired at the reporting date, but were overdue are broken down as follows:

In KEUR	Carrying amount	of which: neither impaired nor overdue at the reporting date	of which: not impaired and overdue in the following time bands at the reporting date					
			Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
Accounts receivable, trade								
December 31, 2012	11,109	7,941	2,756	316	58	38	0	0
December 31, 2011	7,412	5,677	1,316	260	159	0	0	0
Other financial assets								
December 31, 2012	7.703	7.703	0	0	0	0	0	0
December 31, 2011	8,448	8,448	0	0	0	0	0	0

With regard to the portfolio of trade accounts receivable and other assets which are neither impaired nor defaulted, there are no indications as at the balance sheet date that the respective debtors will not honor their obligations to pay.

d) Liquidity risk

In order to ensure the liquidity of the CinemaxX Group, the liquidity requirements of the group are continually monitored and forecast.

The contractually agreed discounted interest and repayments of the ordinary financial liabilities are shown in the following tables:

KEUR	Carrying amount 31 DEC 2012	Cash flows 2013	Cash flows 2014	Cash flows 2015	Cash flows 2016	Cash flows 2017	Cash flows 2018–2022	Cash flows after 2022	Total
Interest-bearing loans . .	1,024	590	352	147		—	—		1,089
Finance lease liabilities .	58,349	8,949	8,949	8,949	8,949	8,949	38,260	9,468	92,473
Trade accounts payable	20,408	16,949	252	457	604	604	2,667		21,533
Other financial liabilities .	14,602	13,979	237	186	160	83	70		14,715
Total	**94,383**	**40,467**	**9,790**	**9,739**	**9,713**	**9,636**	**40,997**	**9,468**	**129,810**

All instruments for which payments had already been contractually agreed on December 31, 2012 were included in the portfolio. Financial liabilities that are repayable at any time are always allocated to the earliest timeframe.

3. Capital management

The capital management of the CinemaxX Group can, in particular, accommodate the creation of a solid capital basis. The management board regularly reviews net debt. The following table shows equity and net financial debt:

	31 DEC 2012	31 DEC 2011
Equity in KEUR	52,299	45,125
Equity ratio in %	31.1	27.0
Net financial debt in KEUR	−23,763	−35,972

The net financial debt is determined from the difference between financial liabilities and liquid assets.

According to the articles of association, CinemaxX AG is not subject to any capital restrictions.

In particular, the company does not have any obligations to sell or otherwise issue shares in connection with existing share-based compensation schemes. With regard to the authorized and contingent capital, please refer to D.8.

G. *Explanatory notes to the consolidated statement of cash flows*

As per IAS 7 (Statements of Cash Flows), the statement of cash flows shows how cash in the group changes over the course of the financial year through cash inflows and outflows.

Cash and cash equivalents of the statement of cash flows include all cash and cash equivalents recognized in the balance sheet.

The cash flows from investing and financing activities are determined in relation to payments; while cash flows from operating activities is indirectly derived from the operating result.

In 2012 there were no significant non-cash transactions.

H. *Segment reporting*

For the financial year 2012, segment reporting, which is based on the internal reporting structure for the management of segments (management approach) is prepared in accordance with IFRS 8 ''operating segments''.

The internal reporting structure of the group differentiates between domestic and international cinema locations. The international locations include the three cinemas operated in Denmark. Segment reporting makes a further classification into the categories ticket, concessions, advertising revenue and commercial management.

	Domestic		International		Consolidation		Total	
In KEUR	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
External revenue								
Ticket revenue	115,253	109,145	17,382	15,924			132,635	125,069
Concessions	44,225	40,527	6,704	5,960			50,929	46,487
Commercial management	6,135	5,718	0	0			6,135	5,718
Advertising revenue	9,188	9,611	778	884			9,966	10,495
Miscellaneous	11,658	11,237	591	597			12,249	11,834
Revenue	**186,459**	**176,238**	**25,455**	**23,365**			**211,914**	**199,603**
Other operating income	17,237	23,337	447	0			17,684	23,337
Cost of materials	−71,341	−68,560	−10,502	−9,218			−81,843	−77,778
Personnel expenses	−36,050	−33,801	−4,289	−4,149			−40,339	−37,950
Depreciation, amortization and write-offs	−13,225	−11,190	−292	−352			−13,517	−11,542
Other operating expenses	−60,667	−58,529	−7,824	−7,467			−68,491	−65,996
Segment result	**22,413**	**27,495**	**2,995**	**2,179**			**25,408**	**29,674**
plus financial results							−7,892	−5,284
plus income tax							−10,226	−5,552
Group profit/loss							**7,290**	**18,838**
Segment assets	**94,959**	**84,062**	**14,785**	**14,022**			**109,744**	**98,084**
plus other financial assets							38,780	41,321
plus deferred taxes							19,497	27,625
plus income tax receivables							369	293
Assets							**168,390**	**167,323**
Segment liabilities	**47,494**	**39,311**	**8,362**	**7,053**	**0**	**−176**	**55,856**	**46,188**
plus financial liabilities							59,374	74,950
plus deferred taxes							29	0
plus income tax liabilities							832	1,060
less equity							52,299	45,125
Liabilities and equity							**168,390**	**167,323**
Additional disclosures								
Investments	20,683	19,070	2,045	1,116			22,728	20,186
Depreciation, amortization and write-offs	13,225	11,190	292	352			13,517	11,542
Other non cash income and expenses affecting the financial results	−399	1,219	197	0			−202	1,219

I. *Other disclosures*

1. Management Board

The members of the management board of CinemaxX AG were:

- Mr. Christian Gisy, Diploma in Economics (Diplom-Volkswirt), Hamburg (Chairman)

  Other mandates: — BusinessHeads AG, Winnweiler (supervisory board)

- Mr. Christoph Ahmadi, Diploma in Business Administration, Cologne, since November 28, 2012

  Other mandates: — None

- Mr. Thilo Rieg, theatre and communications research specialist, Hamburg, until May 22, 2012

  Other mandates: — None

For disclosures on the individual management board compensation, please refer to the management board.

2. Supervisory board

In the financial year 2012 the members of the supervisory board of CinemaxX AG were:

- Prof. Dr. Wilhelm Haarmann (Chairman of the supervisory board), attorney-at-law, public auditor, tax consultant at Haarmann Partnerschaftsgesellschaft, Kronberg im Taunus, since August 31, 2012

  Other mandates:
  - — SAP AG, Walldorf (member of the supervisory board)
  - — vwd Vereinigte Wirtschaftsdienste AG, Frankfurt a. M. (member of the supervisory board), to December 14, 2012

- Mr. James Timothy Richards (Vice-Chairman of the supervisory board), Chairman of the management board/CEO Vue Entertainment International Limited, London, United Kingdom, since August 31, 2012

  Other mandates:
  - — British Screen Advisory Council, London, United Kingdom (Council Member)
  - — Film Policy Review, London, United Kingdom, (Panel Member of the Department for Culture, Media and Sport)
  - — Hope & Homes for Children, Wiltshire, United Kingdom (Chairperson)
  - — Film Skills Council, London, United Kingdom, (Vice Chair)
  - — Creative Skillset, London, United Kingdom, (Board Director/Trustee)

- Mr. Alan Ewart McNair, CFO Vue Entertainment International Limited, Gerrard Cross, United Kingdom, since August 31, 2012

  Other mandates: — None

- Mr. Matthew Appleton, Investment Manager, Doughty Hanson & Co., Farnham, United Kingdom, since August 31, 2012

  Other mandates:
  - — Chicago Holdings Limited, Isle of Man, United Kingdom (Director)
  - — Chicago Group Limited, Isle of Man, United Kingdom (Director)
  - — TMF Group HoldCo B.V., Amsterdam, Netherlands (Director)
  - — TMF Group Holding B.V., Amsterdam, Netherlands (Director)
  - — Vue Beteiligungs GmbH (formerly: Vue Beteiligungs AG), Hamburg (member of the supervisory board)

- Ms. Anne Whalley, Head of the Legal Department Vue Services Limited, London, United Kingdom, since August 31, 2012

  Other mandates: — Vue Beteiligungs GmbH (formerly: Vue Beteiligungs AG), Hamburg (member of the supervisory board)

- Mr. Stephen Jeremy Knibbs, Chief Operating Officer Vue Services Limited, London, United Kingdom, since August 31, 2012

  Other mandates: — Vue Beteiligungs GmbH (formerly: Vue Beteiligungs AG), Hamburg (member of the supervisory board)

- Prof. Dr. Herbert Kloiber (chairman of the supervisory board), CEO of Tele München Fernseh-GmbH & Co. Produktionsgesellschaft, Munich, to August 30, 2012

  Other mandates: — CineMedia Film AG Geyer-Werke, Munich (chairman of the supervisory board)

  — RTL 2 Fernsehen GmbH & Co. KG, Grünwald (chairman of the shareholders' meeting)

- Dr. Hans Falk-Bjerke, independent corporate consultant, Aschau, until August 30, 2012Other mandates:—Alfa Insurance Group, Moscow (member of the supervisory board)

  — Deutsche Private Equity GmbH, Munich (chairman of the advisory board)

  — Georgieff Capital GmbH, Frankfurt am Main (member of the advisory board)

  — DID Holding GmbH, Düsseldorf (chairman of the advisory board)

- Dr. Claus S. Hass, attorney-at-law, partner in law firm Wirsing Hass Meinhold, Munich, to August 30, 2012

  Other mandates: — CineMedia Film AG Geyer-Werke, Munich (member of the supervisory board)

- Mr. Christian Sommer, chairman of CineMedia Film AG, Munich, to August 30, 2012

  Other mandates: — None

- Mr. André Delor, employee, to August 30, 2012

  Other mandates: — None

- Ms. Britta Lorenz (vice chairman of the supervisory board), senior staff, to August 30, 2012

  Other mandates: — Future Trading Financial Services AG, Berlin (member of the supervisory board)

3. Related party disclosures

Companies or individuals related to the CinemaxX Group are as per IAS 24:

- Prof. Dr. Herbert Kloiber and all companies controlled by him and all companies affiliated to him within the period from January 1 to August 6, 2012
- Vue Entertainment International Limited and all companies affiliated to it within the period from August 7 to December 31, 2012
- The associated companies of the CinemaxX Group
- The members of the supervisory board and management board of CinemaxX AG and their close family members.

a) Transactions with companies or individuals that have a dominant influence on CinemaxX AG or with companies that are affiliated to it within the period from January 1 to August 6, 2012

In KEUR	2012	2011
Sales and services	123	241
Purchases and services received	1,035	3,132
Accounts receivable	0	2
Liabilities	0	766

Transactions with companies or individuals that have a dominant influence on CinemaxX AG or with companies that are affiliated to it, relate to agreements on the rental of films and advertising business that are partly processed as exchanges. All transactions were processed at customary market conditions.

b) Transactions with companies or individuals that have a dominant influence on CinemaxX AG or with companies that are affiliated to it within the period from August 7 to December 31, 2012

There were no transactions during this period.

c) Transactions with board members

In KEUR	2012	2011
Personnel expenses	1,751	900
Other operating expenses	96	96

The compensation of the supervisory board in the financial year 2012 amounted to KEUR 1,751 (prior year: KEUR 900). The variable remuneration for the 2012 financial year included a salary of KEUR 80 for Mr Gisy, which Mr. Gisy was entitled to, as per his employment contract and the consent of the supervisory board dated April 27 and 30, 2012, respectively, for the 2011 year. These benefits were, therefore, not included in the remuneration for the 2011 financial year.

The management report of the company contains a detailed presentation of management board remuneration.

Prof. Dr. Kloiber has made a commitment to Mr. Christian Gisy to pay him or through a company controlled by him, an additional payment totalling EUR 600,000.00 in part for his services in connection with the preparation and implementation of the share purchase agreement to the Vue Group. CinemaxX AG, had no resulting obligations from this transaction for the 2012 financial year.

The remuneration of the supervisory board in the financial year 2012 amounted to KEUR 96 (prior year: KEUR 96).

The management board and members of the supervisory board did not hold shares in CinemaxX AG at the balance sheet date.

4. Contingent liabilities

Different companies in the CinemaxX Group are liable at a few recognized locations for the outstanding rent arrears of the new lessee. Subject to the condition precedent, CinemaxX AG committed to a lease at one location.

5. Other financial liabilities

Different companies in the CinemaxX Group have concluded long-term rental and leasing agreements for cinemas. With regard to the obligations under these agreements, please refer to D. 5, Obligations under Finance and Operation Leases. In addition, the rental agreements partly relate to royalties that are to be paid depending on attendance.

Obligations towards third parties regarding ongoing renovation of used cinema properties were assumed. Future charges largely depend on the maintenance measures required.

The parent company has a 1% equity participation in Cineplex GmbH Mannheim & Co. KG and has undertaken to provide a monthly capital contribution of KEUR 33 until 2020. A provision has been recognized for the expected settlement amount under consideration of a planned settlement (see D. 15).

For the 2012 financial year, a one-time obligation results from the installation of the projectors in the total amount of KEUR 4,672 as well as ongoing obligations for i.e. maintenance of KEUR 409 arising from the agreement concluded with Sony Digital Cinema in December 2012 concerning the digitalization of the CinemaxX theatres. For the following years, ongoing obligations for maintenance and advertising will annually result in obligations of KEUR 702. The amount of the annual obligations is contractually stipulated up to including 2015, price adjustment can result for the following years up to 2020.

6. Declaration of compliance with the German Corporate Governance Code in accordance with § 161 AktG

The management board and supervisory board of CinemaxX Aktiengesellschaft declare that the recommendations of the ''Government Commission of the German Corporate Governance Code'' were complied with in most instances and will be complied with in future. The declaration prescribed in accordance with § 161 AktG was submitted by the management board and supervisory board and made permanently accessible to shareholders on the homepage of CinemaxX Aktiengesellschaft at www.cinemaxx.com and last updated on October 25, 2012.

7. Disclosures on the shareholding

Disclosures on the shareholding reports the shares in investments of CinemaxX AG held directly and indirectly.

	Share in %
CinemaxX Cinema GmbH & Co. KG, Hamburg	100
Indirectly via CinemaxX Cinema GmbH & Co. KG	
Verwaltung CinemaxX Cinema GmbH, Hamburg	100[a)]
CinemaxX Entertainment GmbH & Co.KG, Hamburg	100[a), b)]
CinemaxX Cinetainment GmbH, Hamburg	100[a), b), c)]
Indirectly via CinemaxX Entertainment GmbH & Co. KG	
CinemaxX Entertainment Verwaltungsgesellschaft mbH, Hamburg	100[a)]
CinemaxX Movietainment GmbH, Hamburg	100
CinemaxX Filmtheater GmbH, Hamburg	100[a), b)]
CinemaxX MaxXtainment GmbH, Hamburg	75[a), b)]
Silencium Betriebs GmbH, Hamburg	100[a)]
CinemaxX Danmark A/S, Copenhagen/Denmark	97
Indirectly via CinemaxX Danmark A/S	
kino.dk A/S, Copenhagen/Denmark	26

a) With regard to disclosure requirements, the company utilizes the exemption set forth in § 264 (3) HGB and § 264b HGB.

b) With regard to the preparation of the management report, the company utilizes the exemption set forth in § 264 (3) HGB and § 264b HGB.

c) With regard to auditing requirements, the company utilizes the exemption set forth in § 264 (3) HGB.

8. Fee for the auditor

The fee for the auditor recognized in the consolidated financial statements as expense amounted to KEUR 491 in the financial year 2012 (prior year: KEUR 401) and is comprised of the following:

Type of service	Fee 2012 in KEUR	Fee 2011 in KEUR
Audit of financial statements	168	187
Other attestation services	0	3
Tax consultancy	155	161
Other services	168	50

9. Date of release for publishing

The consolidated financial statements of CinemaxX AG will be released by the management board for publication on April 11, 2013. The meeting of the supervisory board for approval of the consolidated financial statements will take place on April 11, 2013.

10. Notification requirements under the German Securities Trading Act (WpHG)

Date threshold exceeded	Notifying party	Attributable shares of voting rights	Reason for notification	Reporting thresholds affected
2 MAY 2012	Dr. Herbert G. Kloiber, Austria	Dr. Kloiber Vermögensverwaltungsgesellschaft mbH & Co. Beteiligungs KG, Munich, Dr. Kloiber Vermögensverwaltungsgesellschaft mbH, Munich	Exceeding	75%
10 MAY 2012	Hans-Joachim Flebbe, Germany	Flebbe Verwaltungs GmbH, Hamburg	Going below	5%, 3% to 0%
25 JUL 2012	Whithers LLP, London, Great Britain	Withers Trust Corporation Limited, London, Great Britain; DHC Limited, George Town, Cayman Islands; Doughty Hanson & Co V Limited, London, Great Britain; Doughty Hanson & Co V LP No.1, London, Great Britain; Doughty Hanson & Co V LP No.2, London, Great Britain; Doughty Hanson & Co V Nominees 1 Limited, London, Great Britain; Doughty Hanson & Co V Nominees 2 Limited, London, Great Britain; DHC Luxembourg V S.à.r.l., Luxembourg, Luxembourg; DH P S.à.r.l., Luxembourg, Luxembourg; DH P Alpha S.à.r.l., Luxembourg, Luxembourg; Vue Entertainment International Limited, St Heller, Jersey; Vue Holdings (Jersey) Limited, St Heller, Jersey; Vue Beteiligungs AG, Berlin	Exceeding	3%
26 JUL 2012	Whithers LLP, London, Great Britain	Withers Trust Corporation Limited, London, Great Britain; DHC Limited, George Town, Cayman Islands; Doughty Hanson & Co V Limited, London, Great Britain; Doughty Hanson & Co V LP No.1, London, Great Britain; Doughty Hanson & Co V LP No.2, London, Great Britain; Doughty Hanson & Co V Nominees 1 Limited, London, Great Britain; Doughty Hanson & Co V Nominees 2 Limited, London, Great Britain; DHC Luxembourg V S.à.r.l., Luxembourg, Luxembourg; DH P S.à.r.l., Luxembourg, Luxembourg; DH P Alpha S.à.r.l., Luxembourg, Luxembourg; Vue Entertainment International Limited, St Heller, Jersey; Vue Holdings (Jersey) Limited, St Heller, Jersey; Vue Beteiligungs AG, Berlin	Exceeding	5%
7 AUG 2012	Dr. Herbert G. Kloiber, Austria	—	Going below	75%, 50%, 30%, 25%, 20%, 15%

Date threshold exceeded	Notifying party	Attributable shares of voting rights	Reason for notification	Reporting thresholds affected
7 AUG 2012	Dr. Kloiber Vermögensverwaltungs-gesellschaft mbH, Munich	Dr. Kloiber Vermögensverwaltungsgesellschaft mbH & Co. Beteiligungs KG, Munich	Going below	50%, 30%, 25%, 20%, 15%, 5%, 3% to 0%
7 AUG 2012	Whithers LLP, London, Great Britain	Withers Trust Corporation Limited, London, Great Britain; DHC Limited, George Town, Cayman Islands; Doughty Hanson & Co V Limited, London, Great Britain; Doughty Hanson & Co V LP No.1, London, Great Britain; Doughty Hanson & Co V LP No.2, London, Great Britain; Doughty Hanson & Co V Nominees 1 Limited, London, Great Britain; Doughty Hanson & Co V Nominees 2 Limited, London, Great Britain; DHC Luxembourg V S.à.r.l., Luxembourg, Luxembourg; DH P S.à.r.l., Luxembourg, Luxembourg; DH P Alpha S.à.r.l., Luxembourg, Luxembourg; Vue Entertainment International Limited, St Heller, Jersey; Vue Holdings (Jersey) Limited, St Heller, Jersey; Vue Beteiligungs AG, Berlin	Exceeding	10%, 15%, 20%, 25%, 30%, 50% and 75%
8 AUG 2012	Dr. Herbert G. Kloiber, Austria		Going below	10%, 5%, 3% to 0%
28 AUG 2012	Richard P. Hanson, Great Britain	DHC Limited, George Town, Cayman Islands; Doughty Hanson & Co V Limited, London, Great Britain; Doughty Hanson & Co V LP No.1, London, Great Britain; Doughty Hanson & Co V LP No.2, London, Great Britain; Doughty Hanson & Co V Nominees 1 Limited, London, Great Britain; Doughty Hanson & Co V Nominees 2 Limited, London, Great Britain; DHC Luxembourg V S.à.r.l., Luxembourg, Luxembourg; DH P S.à.r.l., Luxem-bourg, Luxembourg; DH P Alpha S.à.r.l., Luxembourg, Luxembourg; Vue Entertainment International Limited, St Heller, Jersey; Vue Holdings (Jer-sey) Limited, St Heller, Jersey; Vue Beteiligungs AG, Berlin	Exceeding	3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75%
14 DEC 2012	Vue Holdings (UK) Limited, London, Great Britain	Vue Entertainment Investment Limited, London, Great Britain; Vue Enter-tainment Holdings Limited, London, Great Britain; Vue Entertainment Holdings (UK) Limited, London, Great Britain; Vue Entertainment Limited, London, Great Britain and Vue Beteiligungs AG, Berlin.	Exceeding	3%, 5% 10%, 15%, 20%, 25%, 30%, 50%, and 75%

11. Subsequent events

During the period in which the financial statements were prepared after the 2012 balance sheet date, on February 19, 2013 an exclusive application process of Vue Beteiligungs GmbH (previously: Vue Beteiligungs AG), Hamburg, as per §§ 39a et. seqq. Securities Acquisition and Takeover Act [WpÜG] occurred at the District Court of Frankfurt am Main. The application to transfer the remaining 1,010.548 voting rights that it does not hold in return for the grant of severance payment of EUR 6.45 was rejected. The decision was published in the federal bulletin on February 22, 2013.

Hamburg, March 22, 2013

CinemaxX AG

Christian Gisy Chairman of the Management Board	Christoph Ahmadi Member of the Management Board

CinemaxX Aktiengesellschaft

Consolidated Financial Statements as at and for the year ended 31 December 2011

CinemaxX Aktiengesellschaft

Consolidated Financial Statements as at and for the year ended 31 December 2011

Contents	Pages

Translation of Auditor's report

We have audited the consolidated financial statements, comprising the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flows, the notes to the consolidated financial statements, and the combined management and group management report (group management report) of CinemaxX Aktiengesellschaft, Hamburg, for the financial year from January 1 to December 31, 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRS, as adopted by the European Union (EU), and the additional provisions of German commercial law pursuant to § 315a (1) HGB [Handelsgesetzbuch „German Commercial Code''], is the responsibility of the Parent Company's management board. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [„Handelsgesetzbuch'': „German Commercial Code''] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). These standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with applicable accounting regulations and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the financial statements of the companies included in the consolidated financial statements, the determination of the scope of consolidation, the accounting and consolidation principles used, and significant estimates made by the management board, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Hamburg, April 23, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

[Original German version signed by:]

Schmidt	von Klenze
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

CinemaxX Aktiengesellschaft, Hamburg

Consolidated balance sheet

	Number	31 DEC 2011 KEUR	31 DEC 2010 KEUR
ASSETS			
Non-current assets		**117,367**	**105,662**
Intangible assets	D.1	2,258	2,472
Property, plant and equipment	D.2	39,304	26,265
Cinema real estate in finance lease	D.3	39,378	42,907
Cinema plant and equipment in finance lease	D.3	2,145	2,884
Other receivables and assets		6,657	2,267
Other financial assets	D.4	6,105	1,638
Other assets	D.4	552	629
Deferred taxes	E.9	27,625	28,867
Current assets		**49,956**	**43,917**
Finished goods and trading stock		677	707
Trade receivables	D.5	7,412	6,806
Receivables from taxes on income		293	155
Other assets	D.6	2,596	3,433
Other financial assets		2,343	2,512
Other assets		253	921
Cash and cash equivalents	D.7	38,978	27,393
Assets held for sale		0	5,423
Balance sheet total		**167,323**	**149,579**

	Number	31 DEC 2011 KEUR	31 DEC 2010 KEUR
LIABILITIES AND EQUITY			
Equity		**45,125**	**26,248**
Equity attributable to the shareholders of the parent company		45,135	26,242
Subscribed capital	D.8	26,962	26,962
Capital reserves	D.8	8,347	8,347
Goodwill offset against capital reserves prior to IFRS conversion	D.9	−62,670	−62,670
Retained earnings		72,673	53,885
Adjusting item from shareholder transactions	D.10	−188	−303
Adjusting item from translation of financial statements in foreign currency		11	21
Non-controlling interests	D.10	−10	6
Non-current provisions and liabilities		78,851	76,269
Provisions	D.15	3,438	3,818
Bonds	D.11	2,509	2,253
Trade payables	D.12	5,003	5,033
Finance lease liabilities	D.13	58,349	61,810
Interest-bearing loans	D.14	7,845	1,211
Other liabilities		1,707	1,963
Other financial liabilities		927	1,042
Miscellaneous other liabilities		780	921
Deferred taxes	E.10	0	181
Current provisions and liabilities		**43,347**	**47,062**
Provisions	D.15	556	529
Trade payables	D.12	14,880	15,815
Finance lease liabilities	D.13	3,460	3,175
Interest-bearing loans	D.14	2,787	412
Liabilities from taxes on income	E.10	1,060	2,068
Other liabilities	D.16	20,604	19,640
Other financial liabilities		5,344	3,377
Miscellaneous other liabilities		15,620	16,263
Liabilities associated with assets held for sale		0	5,423
Balance sheet total		**167,323**	**149,579**

CinemaxX Aktiengesellschaft, Hamburg

Consolidated statement of comprehensive income

	Number	2011 KEUR	2010 KEUR
Revenue	E.1	199,603	204,607
Other operating income	E.2	23,337	15,847
Cost of materials	E.3	–77,778	–82,185
Gross results		**145,162**	**138,269**
Personnel expenses	E.4	–37,950	–34,476
Depreciation, amortization and write-offs on intangible assets, property plant and equipment and assets in finance leases	E.6	–11,542	–11,613
Other operating expenses	E.5	–65,996	–66,291
Operating result		**29,674**	**25,889**
Other financial result	E.7	1,219	–19
Interest income	E.8	1,030	139
Interest expenses	E.9	–7,533	–8,369
Earnings before income taxes		**24,390**	**17,640**
Taxes on income	E.10	–5,552	10,581
Consolidated profit		**18,838**	**28,221**
Other comprehensive income		**–10**	**1**
Change in the adjusting item from foreign currency conversion		–10	1
Consolidated total comprehensive income		***18,828***	***28,222***
Share of the consolidated profit attributable to shareholders of the parent company		18,788	28,215
Share of the consolidated profit attributable to non-controlling interests		50	6
Share of the consolidated total comprehensive income attributable to shareholders of the parent company		18,778	28,216
Share of the consolidated total comprehensive income attributable to non-controlling interests		50	6
Earnings per share (undiluted) in EUR	*E.11*	*0.70*	*1.08*
Earnings per share (diluted) in EUR	*E.11*	*0.68*	*1.05*

CinemaxX Aktiengesellschaft, Hamburg

Consolidated statement of cash flows

		2011 KEUR	2010 KEUR
Operating result		**29,674**	**25,889**
Depreciation, amortization and write-offs/impairment on intangible assets and property, plant and equipment in finance leases		11,542	11,613
Increase/decrease in provisions		−353	387
Losses from the disposal of intangible assets, property, plant and equipment and assets in finance leases		87	704
Other non-cash income and expenses		−828	−3,480
Increase/decrease in trade receivables		−758	1,991
Decrease in trade payables		−691	−6,844
Increase in other net assets (less deferred tax)		−4,523	−3,181
Interest deposits		1,030	139
Income tax payments		−1,765	−960
Cash flow provided by operating activities		**33,415**	**26,258**
Proceeds from disposal of property, plant and equipment		0	1,163
Cash payments for investments in property, plant and equipment		−19,971	−7,615
Cash payments for investments in intangible assets		−215	−1,062
Cash payments for investments in financial assets		−399	−399
Cash flows used in investing activities		**−20,585**	**−7,913**
Repayment of financial liabilities		−695	−6,314
Cash receipts from the disposal of shares		82	0
Payments from taking out financial liabilities		10,000	0
Interest payments		−7,456	−7,912
Cash repayment of liabilities related to finance leases		−3,176	−3,199
Cash payments from capital increases		0	8,051
Cash flow used in financing activities		**−1,245**	**−9,374**
Net increase in cash and cash equivalents		11,585	8,971
Cash and cash equivalents at beginning of period	D.7	27,393	18,422
Cash and cash equivalents at end of period		**38,978**	**27,393**

CinemaxX Aktiengesellschaft, Hamburg

Consolidated statement of changes in equity

	Number of shares	Subscribed capital	Capital reserves	Goodwill offset against capital reserves prior to IFRS conversion	Retained earnings	Adjusting item from shareholder transactions	Adjusting item from the translation of financial statements in foreign currency	Equity attributable to the shareholders of the parent company	Non-controlling interests	Consolidated equity
As per 1 JAN 2010	**23,800,000**	**23,800**	**3,403**	**−62,670**	**25,670**	**−303**	**20**	**−10,080**	**0**	**−10,080**
Capital increase including transaction costs	3,162,291	3,162	4,944	0	0	0	0	8,106	0	8,106
Consolidated total comprehensive income	0	0	0	0	28,215	0	1	28,216	6	28,222
As per 31 DEC 2010	**26,962,291**	**26,962**	**8,347**	**−62,670**	**53,885**	**−303**	**21**	**26,242**	**6**	**26,248**
Disposal of shares Denmark	0	0	0	0	0	115	0	115	−33	82
Distribution in subsidiary	0	0	0	0	0	0	0	0	−33	−33
Consolidated total comprehensive income	0	0	0	0	18,788	0	−10	18,778	50	18,828
As per 31 DEC 2011	**26,962,291**	**26,962**	**8,347**	**−62,670**	**72,673**	**−188**	**11**	**45,135**	**−10**	**45,125**

CinemaxX Aktiengesellschaft, Hamburg

Notes to the consolidated financial statements for the financial year 2011

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Please note that for computational reasons, rounding differences to the exact mathematical figures (monetary units, percentages, etc.) may occur.

A. *General information*

CinemaxX Aktiengesellschaft (''CinemaxX AG'' or the ''Company'') has its legal seat in 20354 Hamburg, Valentinskamp 18–20, Federal Republic of Germany, and operates 30 multiplex cinemas and one traditional cinema in Germany as well as three multiplex cinemas in Denmark.

CinemaxX AG is registered in the company register of the local court of Hamburg under HRB 67787. The consolidated financial statements and the group management report of CinemaxX AG will be published in the electronic Federal Gazette.

The shares of CinemaxX AG are admitted to trading on the regulated market on the Frankfurt/Main, Berlin, Düsseldorf, Hamburg, Stuttgart stock exchanges as well as to Xetra trading.

B. *Notes on the principles and methods underlying the consolidated financial statements*

1. Principles

The consolidated financial statements of CinemaxX AG and its subsidiaries (''CinemaxX Group'') have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union effective on the balance sheet date. All IFRS to be mandatorily applied in the European Union for the financial year 2011 were taken into consideration. The requirements of IFRS were fully satisfied and result in a fair presentation of the net assets, financial position and results of operations of the CinemaxX Group.

The requirements of Article 4 of Regulation Nr. 1606/2002 of the European Parliament in conjunction with § 315a (1) HGB for the exemption from the obligation to prepare consolidated financial statements in accordance with German commercial law have been fulfilled. All the necessary disclosures and explanatory notes have been made as per § 315a (1) HGB.

For the preparation of the consolidated financial statements, we assumed that the group will continue as a going concern. The consolidated financial statements have been prepared based on historical acquisition and production cost. The presentation currency is in Euro. All amounts are reported in thousands of euros (KEUR) unless stated otherwise. Rounding differences may therefore arise.

The balance sheet uses a current/non-current classification.

The income statement as a component of the statement of comprehensive income has been prepared in accordance with the nature of expense method. In order to improve the clarity and informative value, individual items in the statement of comprehensive income and the balance sheet have been summarized. Individual items are reported separately and explained in the notes.

2. Accounting principles newly issued by the IASB

The basis of accounting according to IFRS for the CinemaxX Group are, in accordance with EU Regulation Nr. 1606/2002 in conjunction with § 315a (1) HGB, the accounting standards issued by the IASB adopted by the Commission of the European Communities within the framework of the endorsement process for the European Union. The IFRS and revisions of IFRS newly issued by the IASB must be mandatorily applied by the CinemaxX Group only after a corresponding decision has been taken by the Commission in the course of an endorsement process.

The following Standards and Interpretations were mandatorily adopted for the first time in the financial year 2011:

- The changes to IAS 32 ''Classification of Rights Issues'' address the classification of granted subscription rights, options and warrants on the acquisition of a fixed number of own shares at a fixed amount in an arbitrary currency.
- In November 2009, the IASB adopted a change to IAS 24 ''Related Party Disclosures''. The changes include a simplification in the definition of related parties. Furthermore companies for which a public authority exerts control, joint control or significant influence, the disclosure requirements for

transactions with related parties have been substantially reduced for related parties of this public authority.

- The IASB's third project to improve IFRS (''Annual Improvements Project'') was completed in May 2010 with the publication of various changes and editorial adjustments on 20 existing IFRS.
- In November 2009, IFRIC 19 ''Extinguishing Financial Liabilities with Equity Instruments'' was published, which regulates the recognition of extinguishments of liabilities on the balance sheet arising on the issuance of equity instruments in the course of renegotiation of credit terms.

The application of these standards did not have an effect on the net assets, financial position and results of operations of the group.

In October 2010, the IASB published an amendment to IFRS 7 ''Financial Instruments: Disclosures''. The amendment includes disclosure requirements in connection with a transfer of financial assets. The amendment must be applied for financial years commencing on or after July 1, 2011. It has already been endorsed by the EU. This regulation must be applied in the CinemaxX Group at the time of mandatory application. The CinemaxX Group currently assumes that the application of that amendment to the standard will not have a significant impact on the presentation of the net assets, financial position and results of operations of the CinemaxX Group.

The following standards and interpretations published by the IASB and IFRIC still require approval by the EU before they are applied to IFRS consolidated financial statements pursuant to § 315a HGB:

- In November 2009, the IASB published IFRS 9 ''Financial Instruments''. IFRS 9, which regulates the accounting and measurement requirements for financial assets and financial liabilities, represents the first phase of the project for replacing IAS 39, which is scheduled to take place in three stages. IFRS 9 replaces previous categories of financial assets with two categories where measurement is either at fair value or at amortized cost. A measurement at amortized cost requires that the business model of the company consider the holding of financial assets in order to generate contractual cash flows from interest and repayment and allot fixed payment dates for cash flows. With regard to the classification and measurement of financial liabilities, IFRS 9 has essentially adopted the regulations set forth in IAS 39. IFRS 9 is mandatory for financial years commencing on or after January 1, 2015.
- In December 2010 the IASB published an amendment to IAS 12 ''Deferred tax: Recovery of underlying assets''. As per IAS 12, any measurement of deferred taxes must consider whether the temporary difference is reversed by use or by disposal. If the underlying asset is measured at fair value according to IAS 40, the rebuttable presumption is introduced that the reversal will be realized by disposal. An application is mandatory for financial years commencing on or after January 1, 2012.
- IFRS 10 ''Consolidated Financial Statements'' was issued by the IASB in May 2011. IFRS 10 introduces a uniform consolidation model for all companies that take into account the principle of control of the subsidiary by the parent company. IFRS 10 also includes consolidation principles relating to non-controlling shares, potential voting rights and the loss of the control. The standard must be applied for financial years commencing on or after January 1, 2013.
- In May 2011, IFRS 11 ''Joint Arrangements'' was published. This replaces IAS 31 ''Interests in Joint Ventures'' and regulates the presentation of joint arrangements. Joint arrangements may take the form of a joint activity or a joint venture. In connection with a joint activity, the assets, liabilities, income and expenses must be recognized in proportion to the interest, for a joint venture the equity method must be applied. The current option regarding the inclusion of joint ventures by means of proportionate consolidation was not included in IFRS 11. The standard must be applied for financial years commencing on or after January 1, 2013.
- IFRS 12 ''Disclosures of Interests in Other Entities'' was released in May 2011 and updated the disclosure requirements of IAS 27, IAS 28, IFRS 10 and IFRS 11, summarizing them in one standard. IFRS 12 relates to the disclosures on shares in subsidiaries, associated companies, joint ventures

and non-consolidated structured units with the objective of transparently presenting to users of financial statements the nature, risks and financial effects that are associated with such interests. The standard must be applied for financial years commencing on or after January 1, 2013.

- IFRS 13 ''Fair Value Measurement'' was published by the IASB in May 2011 and contains rules for determining the fair value. Furthermore, IFRS 13 expands the disclosure requirements required in connection with a fair value measurement. The standard must be applied for financial years commencing on or after January 1, 2013.
- The IASB released changes to IAS 1 ''Presentation of Items of Other Comprehensive Income'' in June 2011. Thus, items under other comprehensive income that are reclassified in subsequent periods by the income statement must, in the future, be reported separately from those that remain in other comprehensive income. The standard must be applied for financial years commencing on or after July 1, 2012.
- In June 2011, the IASB released a change to IAS 19 ''Employee Benefits''. The amendment will mainly concern effects on the recording and measurement of the expense for defined benefit plans and termination benefits as well as on the disclosure requirements for employee benefits. In future, actuarial gains and losses must be fully recognized in other comprehensive income in equity as they occur. Furthermore, the distribution of past service cost over a period until vesting of the claims is not permitted anymore. The standard must be applied for financial years commencing on or after January 1, 2013.
- The amendments to IAS 32 ''Financial Instruments'' present the requirements for the offset of financial assets and financial liabilities. The amendments are mandatory for financial years commencing on or after January 1, 2014.
- IFRIC 20 regulates the accounting requirements for waste stripping expenses that are incurred during open-cast mining operations. The interpretation is mandatory for financial years commencing on or after January 1, 2013.

These standards and interpretations will be applied subject to endorsement by the EU at the time of first mandatory application. The CinemaxX Group currently assumes that the application of those standards will not have a significant impact on the presentation of the net assets, financial position and results of operations of the CinemaxX Group.

3. Basis of Consolidation

The consolidated financial statements of the Company include all subsidiaries over which CinemaxX AG is able exercise control. Control within the meaning of IAS 27 is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Step acquisitions and disposals of shares at subsidiaries in which control over the respective company or after the disposal of shares is already attributable to the CinemaxX Group before the acquisition and after the share disposal are recognized as transactions between shareholders. A resulting difference between the purchase price of the shares and the share in equity attributable to date to the external shareholder and the amount to be reallocated to the external shareholder is reported in consolidated equity in the item ''Adjusting item from shareholder transactions''. Hidden reserves and charges and the recognition of goodwill are not disclosed for these transactions.

Special-purpose entities that own cinema properties are included in IFRS consolidated financial statements by way of full consolidation, if and to the extent that the business operations of the company solely comprise the lease of the property and the group bears the majority of the risks and opportunities.

Equity consolidation for companies acquired by external third parties was carried out at the date of acquisition using the purchase method. When the purchase method is applied, the costs of the shares acquired are offset against the proportionate fair value of the assets acquired and debts of the subsidiary at the acquisition date. A positive difference arising from the offsetting is capitalized as goodwill. Negative differences that result from capital consolidation at the date of acquisition are immediately released through the income statement after the values have been reassessed. The date of acquisition is the date on which the option to exercise control over the net assets and the financial and operating activities of the acquired company is transferred to the group.

Interests where the Company holds between 20% and 50% are recognized according to the equity method, insofar as the Company exercises a significant influence. Cost is increased or reduced annually by the changes in equity of the associated company attributable to the group, provided no negative recognition is calculated as a result.

The financial statements of the domestic and foreign companies included in the consolidated financial statements are prepared as at the same reporting date as the consolidated financial statements and are based on uniform accounting and valuation methods.

Intercompany profits and losses, revenue, expenses and income, as well as receivables, liabilities and provisions between subsidiaries are eliminated. As per IAS 12, deferred taxes are recognized based on temporary differences resulting from the consolidation.

4. Group of consolidated companies

10 subsidiaries are included in consolidation (prior year: 19) as well as one associate (prior year: one).

In the financial year 2011, the following restructuring occurred in the CinemaxX Group:

— Merger into CinemaxX Movietainment GmbH (previously CinemaxX Würzburg GmbH)

- CinemaxX München GmbH & Co. KG
- CinemaxX München Verwaltungs-GmbH
- Berliner Filmtheater GmbH & Co. KG
- Verwaltung Berliner Filmtheater GmbH
- Broadway Filmtheater Betriebs Gesellschaft mbH

— Merger into CinemaxX Entertainment GmbH & Co. KG

- CallmaxX Tickets & Services GmbH
- Cine Sales & Services GmbH
- Einundfünfzigste „BEATRICE“ Vermögensverwaltungsgesellschaft mbH

In the course of the restructuring of the articles of incorporation and financial restructuring of the special purpose entity Multiplex Kino GmbH & Co Objekt Veitshöchheimer Straße KG, which is included in the consolidated financial statements of CinemaxX AG, 94.5% of the shares in the special purpose entity and the property in which the cinema is operated were disposed of with effect from July 1, 2011. The

Company was deconsolidated in the reporting year as a result of the disposal. The results of the deconsolidation were as follows:

KEUR	2011
ASSETS	
Land and buildings	5,334
Trade receivables	323
Other assets	258
	5,915
LIABILITIES AND EQUITY	
Liabilities due to banks	5,377
Trade payables	100
Other liabilities	40
Deferred taxes	2,016
	7,533
Net assets	**–1,618**
Deconsolidation gain	**1,618**
Disposal price	**0**

The property Multiplex Würzburg is leased by the special purpose entity to a group company. During the financial year 2011, rental expenses of KEUR 350 were incurred since the deconsolidation on July 1, 2011.

In this connection shares in the Fünfzigste „BEATRICE“ Vermögensverwaltungsgesellschaft mbH were disposed of at carrying amount and the company was deconsolidated.

During the financial year 2011, the liquidation of the Big Screen Cinema Projektgesellschaft mbH i.L. was completed and the company was deleted from the commercial register. The Company was deconsolidated. No profit or loss occurred on deconsolidation.

5. Currency conversion

The presentation currency of the consolidated financial statements is euro, which represents the functional currency of the parent company and the included subsidiaries with the exception of CinemaxX Danmark A/S, Copenhagen/Denmark, whose functional currency is the Danish krone. For conversion into the reporting currency, the assets and liabilities of the Danish subsidiary are converted at the respective closing rate at each reporting date. The items in the income statement of the Danish subsidiary are recognized at transaction rates. Differences resulting from the conversion are treated with no corresponding effect on profit or loss and separately recognized within equity.

The rates used in the consolidated financial statements for conversion of the items of CinemaxX Danmark A/S, Copenhagen/Denmark, developed as follows in relation to the euro:

DKK/EUR	2011	2010
Closing rate	7.4342	7.4535
Average rate	7.4506	7.4473

C. *General accounting and valuation methods*

1. Realization of income and expenses

Revenue and other operating income are generally not realized until the service has been rendered and the risk has therefore been transferred to the customer. Income from the sale of tickets and concessions is collected by the customer at the time of utilization of the services provided by the CinemaxX Group. Advertising revenue is realized in profit or loss, provided that the CinemaxX Group has rendered the agreed advertising services.

In conjunction with the sale of vouchers, a portion of the cash receipts are recognized as revenues independently of actual utilization based on statistical empirical data on attendance patterns relating to the probability of redemption.

If customers are awarded prizes in conjunction with the sale of tickets which entitle the customer to free purchase of other products, a portion of the revenues resulting from ticket sales will be attributed to the prize vouchers under consideration of the probability of redemption based on statistical empirical data. That portion of revenue is not collected as sales revenue until the customer redeems his prizes.

Movie rentals are billed weekly in arrears to film distributors. Operating expenses are recognized on the date of utilization of the services or when they are incurred as expense. Interest income and interest expenses are recognized in the period in which they occur.

Borrowing costs are recognized as current expenses as is appropriate. Interest for qualifying assets within the meaning of IAS 23 is not capitalized, as such assets do not exist within the CinemaxX Group.

2. Intangible assets

Intangible assets acquired for a consideration are recognized at cost less amortization and impairments. Intangible assets with an indefinite useful life, except for goodwill, do not exist. If the value of the asset decreases, impairment is recognized. Intangible assets are amortized over the following useful lives:

Useful life	Years
Software	3–7
Licenses, usage and similar rights	3–5
Remaining intangible assets	6

3. Property, plant and equipment

As per IAS 16, property, plant and equipment are recognized at costs less straight-line depreciation. Property, plant and equipment are depreciated over the following group-wide useful lives:

Useful life	Years
Cinema properties	15–30
Buildings on non-owned land	20
Electronic equipment	17–20
Cash registers, counters	7–20
Outdoor advertising	10–15
Lights	11–16
Analog projection	15
Digital projection (3D)	5, 20
Flooring	5–17
Screens	10–12
Screens (silver screen—3D)	8
Sound	6–12
Curtains, wall coverings	10–15
Seating	5–13
Various interior fixtures and fittings	8–10
Popcorn machines	8

The results from the sale of property, plant and equipment and intangible assets are recognized in other operating income and expenses.

In the financial year 2011, a reassessment of the useful lives of analog projectors was performed in the context of the digitalization of cinema operations planned for 2012 and 2013. The expected remaining useful lives were adjusted without taking corresponding residual values into account, as the generation of significant proceeds on disposal of analog projectors could not be assumed. This change led to an increase in depreciation in 2011 in the amount of KEUR 756.

4. Leases

CinemaxX AG and its subsidiaries rent and lease properties and equipment for the operation of cinemas. Leases are accounted for in accordance with the requirements set forth in IAS 17. In this regard, it must be differentiated between operating leases and financing leases depending on the party bearing the significant risks and rewards of ownership. Where the lease is a finance lease, the lessee maintains beneficial ownership and, thus, capitalizes the leased item. A series of lease agreements on cinema properties and cinema equipment which satisfy these criteria are in place within the CinemaxX Group. Therefore, these properties and inventories were capitalized for companies in the CinemaxX Group. At the same time, finance lease payments were recognized as liabilities.

At the inception of the lease, the group recognized assets and liabilities at the same amount in the balance sheet at the lower of the fair value of the asset at the inception of the lease and the present value of the minimum lease payments. The depreciation methods and useful lives of the capitalized assets correspond to comparable assets acquired in the CinemaxX Group. If the useful life of the asset exceeds the term of the underlying lease agreement, the asset is depreciated over the lease term.

The resulting payment obligations are recognized as a liability under financial liabilities. The interest portion of the lease payments is recognized in the income statement over the lease term.

If the criteria set forth in IAS 17 are no longer satisfied due to the amendment of lease agreements, the affected assets and liabilities are derecognized at the time at which the lease amendment comes into effect. The difference existing on this date between the carrying amount of the assets and lease liabilities to be derecognized is recognized in the income statement in other operating income.

Amendments of lease arrangements that do not result in a different classification as per IAS 17, lead to an adjustment of the liability and the asset in other comprehensive income or directly in equity.

For leases classified as operating leases, the payments to be made by the CinemaxX Group are recognized straight-line and in connection with underlying key ratios as expenses as is appropriate.

5. Impairment of property, plant and equipment and intangible assets held under finance leases

The CinemaxX Group reviews the intangible assets and property, plant and equipment to establish whether impairments are necessary.

An impairment of intangible assets except for goodwill and property, plant and equipment and assets in finance leases is recognized, if and to the extent that, due to certain events or developments, the carrying amount of the assets no longer exceeds the proceeds expected from the sale of assets or the discounted net cash flows from further usage. The cash flows are discounted at a cost of capital that is based on peer group companies. If it is not possible to calculate the recoverable amount for individual assets, the cash flows are determined for the next highest group of assets for which such cash flows can be calculated.

Goodwill, for which an impairment test must be conducted at least annually, is, for the performance of the impairment tests, allocated to the reporting units for which an allocation of the goodwill is also performed in the internal reporting system of the group. These reporting units correspond to individual cinemas and groups of cinemas. The cash flows of reporting units are discounted at a cost of capital that is based on peer group companies. Impairment is recognized if the net present value of the cash flows is less than the carrying amount of the intangible assets and property, plant and equipment as well as net current assets of the reporting unit including the allocated goodwill.

The impairment test is performed at the end of the financial year. The post-tax interest rate used in the financial year 2011 for the discounting of the cash flows of reporting units when calculating the value in use was 10.75% (prior year: 10.75%). The net cash flow is calculated on the basis of forecasts in the individual reporting units over a forecast horizon of five years. The relevant forecasts for attendance and the development of ticket and concession revenue as well as film rentals, in particular, were used to determine net cash flows. A growth discount of 0% (prior year: 0%) in the interest rate was assumed for the subsequent period.

Reversals of impairments are recognized when the reason for the impairment no longer applies in subsequent periods. The reversal may be recognized to a maximum to the amount that would have been recognized without the impairment. There are no reversal of impairments on impaired goodwill.

6. Financial instruments

Hybrid financial instruments

In the financial year 2008, the company issued convertible bonds which granted holders the right to convert these financial instruments into shares of CinemaxX AG.

The debt component was recognized at the present value of the future interest payments and repayments based on the risk-adjusted interest rate of a matching maturity. Subsequently, the debt component is assessed based on the effective interest rate method.

The equity component is calculated on the date of issue of the hybrid financial instrument as the difference between the fair value of the hybrid financial instrument and the fair value of the debt component and recognized in equity reserves in consolidated equity. There is no subsequent revaluation of the equity component.

Other financial instruments

Other financial instruments (financial assets and liabilities) within the meaning of IAS 32 and IAS 39 comprise trade receivables, interests, liquid assets, current and non-current loans, trade payables as well as certain other financial assets and liabilities based on contractual agreements.

Financial instruments are recognized at amortized cost or at fair value. For current receivables and liabilities, amortized cost is generally equivalent to the nominal amount or the settlement amount. The fair value is generally equivalent to the market value or quoted share price. If an active market does not exist, the fair value can be determined using financial mathematical methods. Should a fair value measurement not be possible, assets are measured at cost.

On each balance sheet date, it is reviewed to determine objective evidence exists that the financial asset or group of financial assets is impaired.

Financial assets are classified within the CinemaxX Group as follows:

- loans and receivables
- available-for-sale financial assets

As per IAS 39, shares in investments are classified for valuation purposes in the category ''available-for-sale financial assets''. Available-for-sale financial assets are recognized at the balance sheet date at fair value or, if this is cannot be determined or not reliably determined, at cost. As the fair values of investments cannot be determined due to an absence of quoted share price or lack of appropriate valuation methods, these shares are recognized at cost.

Impairments on receivables and other ordinary financial assets that are allocated to the category ''loans and receivables'' are usually recognized using impairment accounts. Impairments are recognized if objective evidence exists that the financial asset may be exposed to a risk of default. The amount of the impairment is determined by historical values or individual estimates of risk.

The classification depends on the respective purpose for which the financial assets were acquired. Management determines the classification of financial assets on initial recognition and reviews the classification at each reporting date.

At initial recognition financial liabilities are recognized at their fair values under consideration of market interest rates. The subsequent measurement is at amortized cost using the effective interest method. As per IAS 17.25, interest accruing on finance lease liabilities is determined by the effective interest rate.

Financial assets are derecognized if either the rights to the cash flows that can be generated from the assets have become voided or almost all of the risks are transferred to a third party in such manner that the criteria for derecognition are fulfilled.

Financial liabilities are derecognized if contractual obligations have been settled, annulled or have expired. Financial liabilities are derecognized when a change to significant conditions causes a significant change to the cash flows associated with the repayment or return. A new financial liability is recognized at the point at which the adjustment comes into force at fair value plus any directly attributable transaction costs. Differences between the carrying amount of the derecognized liability are recognized in the interest result in the income statement.

The fair values of the financial instruments are determined on the basis of corresponding market values or valuations methods. The fair values of liquid assets and other current primary financial instruments correspond to the carrying amounts recognized on the respective reporting dates.

The fair value of non-current financial assets or liabilities is determined based on the expected cash flows using the reference interest rates valid at the balance sheet date.

7. Income taxes

Current taxes are recognized as an expense at the time of their occurrence in the amount of the sum due.

Deferred taxes are recognized on future tax consequences of temporary differences between tax bases of assets and liabilities and their IFRS carrying amounts as for loss carryforwards. Deferred taxes are measured based on regulations issued by the regulatory authorities at the end of the respective financial year for the financial years in which the differences will be reversed or the loss carryforwards are likely to be utilized. Deferred tax assets on temporary differences and loss carryforwards are only recognized to the extent that it is sufficiently probably that they will be realized in the near future, either due to sufficient taxable temporary differences or because it is probable that the companies recognizing tax loss carryforwards will generate sufficient taxable profit against which the tax loss carryforwards can be utilized.

Deferred taxes are recognized on temporary differences that result from the recognition of assets and liabilities at fair value in the context of business combinations. Deferred taxes are only recognized on temporary differences for goodwill if the goodwill can be deducted for tax purposes.

Deferred tax assets and liabilities are only offset if and to the extent that the deferred taxes relate to taxes from income that are levied by the same tax authorities and the taxes can be offset against each other.

8. Finished goods and trading stock

Inventories largely consist of concession products. Concession products are recognized at the lower of cost and net realizable value as of the balance sheet date.

9. Provisions

Provisions, as per IAS 37, cover all identifiable obligations towards third parties arising on past events, the settlement of which is expected to result in an outflow of funds and a reliable estimate of the amount of the obligation can be made.

As per IAS 37, provisions are recognized at the expected settlement amount. The present value of the expected settlement amount of non-current provisions is determined on the basis of market interest rates.

10. Government Grants

The CinemaxX Group received government grants for assets. Government grants are only recognized, as per IAS 20, if there is reasonable assurance that the associated conditions will be met and the grants awarded. Expense-related grants are recognized as income over the period in which the corresponding expenses will be incurred in order to offset such expenses.

Furthermore, the FFA provides companies of the CinemaxX Group with interest-free loans that have a maximum term of ten years.

These loans are recognized when granted at fair value and subsequently amortized using the effective interest rate method.

11. Assets and liabilities held for sale

Non-current assets are classified as held for sale if the disposal of such an asset within the next 12 months is seen as highly probable.

Classification in accordance with IFRS 5, thus, only occurs when the asset is in a state ready for sale and the preparations of the sale have been initiated. The asset must be measured in accordance with IFRS 5 at the lower of carrying amount and fair value less expected costs to sell.

Liabilities also to be transferred along with the disposal of certain assets must be presented under liabilities associated with assets classified as held for sale as a separate item in the balance sheet.

12. Use of assumptions and estimates

In preparing the consolidated financial statements, assumptions and estimates have been used that have impacted the presentation and amount of the recognized assets, liabilities, income, expenses and contingent liabilities. These assumptions and estimates essentially refer to the assessment of impairment of goodwill (KEUR 1,423), the group-wide determination of the useful lives for intangible assets with a definable useful life and property, plant and equipment including the assets held under finance leases (KEUR 81,662), the measurement of provisions (KEUR 3,994) und voucher liabilities (KEUR 14,137) as well as their realizability of future tax benefits, in particular from the use of tax loss carryforwards, that are recognized as deferred tax assets (KEUR 27,625).

In the case of voucher liabilities, it is currently assumed on the basis on statistical historical values that there is an 85% probability of the issued vouchers being redeemed.

In classifying and capitalizing lease agreements to be evaluated some estimate parameters were applied.

When capitalizing deferred taxes for loss carryforwards, the estimates made in the group business plan for the period from 2012 to 2016 was used to assess its realizability. In individual cases, the actual values may deviate from the assumptions and estimates made. Changes are recognized once better knowledge is acquired.

All estimates and assessments are continuously re-evaluated and are based on historic experiences and other factors including expectations regarding future events which seem reasonable under the existing conditions.

The group makes estimates and assumptions that concern the future. Naturally, the resulting estimates will seldom be exactly equivalent to subsequent actual circumstances.

13. Contingent liabilities

Contingent liabilities are potential obligations that result from past events and whose existence depends on future events that are not controlled by the company as well as existing obligations that cannot be recognized as liabilities, because either an outflow of resources is improbable or the amount of the obligation cannot be estimated in a sufficiently reliable manner. Such contingent liabilities are disclosed with their scope of liability prevailing on the balance sheet date.

14. Adjustment of comparative information

Cash at banks of KEUR 6,105, to which the CinemaxX Group does not have unlimited access, is presented as non-current other financial assets. In the consolidated financial statements as at December 31, 2010, this cash was presented as cash and cash equivalents, such that in the consolidated financial statements as at December 31, 2011, an adjustment to comparative information has been made that the cash and cash equivalents at December 31, 2010, were reduced by KEUR 1,638 (January 1, 2010: KEUR 1,452) and non-current other financial assets were increased by KEUR 1,638 (January 1, 2010: KEUR 1,452).

D. ***Explanatory notes to the consolidated balance sheet***

Non-current assets

1. Intangible assets

In KEUR	Franchises/ Licenses	Goodwill	Total
Cost 2011			
January 1, 2011	2,798	7,334	10,132
Other additions	215	0	215
December 31, 2011	**3,013**	**7,334**	**10,347**
Accumulated depreciation 2011			
January 1, 2011	1,749	5,911	7,660
Depreciation during the financial year	429	0	429
December 31, 2011	**2,178**	**5,911**	**8,089**
Cost 2010			
January 1, 2010	1,779	7,334	9,113
Other additions	1,062	0	1,062
Disposals	–43	0	–43
December 31, 2010	**2,798**	**7,334**	**10,132**
Accumulated depreciation 2010			
January 1, 2010	1,559	5,911	7,470
Depreciation during the financial year	232	0	232
Disposals	–42	0	–42
December 31, 2010	**1,749**	**5,911**	**7,660**
Carrying amount December 31, 2011	**835**	**1,423**	**2,258**
Carrying amount December 31, 2010	**1,049**	**1,423**	**2,472**

The item ''franchises and licenses'' summarizes software, ticket software and concession software. The additions result, among others, from the acquisition of licenses for workplace management (KEUR 67).

Goodwill resulted from the acquisition of the formerly independent reporting units Broadway Filmtheater Betriebs Gesellschaft mbH (KEUR 790)—related to the cinema operation at Holi, Hamburg—and the Berliner Filmtheater Knapp GmbH & Co. KG (KEUR 633)—related to the cinema operation at Potsdamer Platz, Berlin—and is classified under the domestic segment. In order to perform the impairment test, goodwill has been allocated to the individual reporting units (cash generating units) to which goodwill in the internal control of the group is allocated. The allocation is performed for the recognized goodwill at the level of individual cinemas or groups of cinemas.

2. Property, plant and equipment

In KEUR	Land, leasehold rights, and buildings	Other equipment, operational and office equipment	Total
Cost 2011			
January 1, 2011	6,823	108,397	115,220
Other additions	0	19,971	19,971
Disposals	0	582	582
December 31, 2011	**6,823**	**127,786**	**134,609**
Accumulated depreciation 2011			
January 1, 2011	5,360	83,595	88,955
Depreciation during the financial year	144	6504	6,648
Impairments	0	272	272
Impairment reversals	0	75	75
Disposals	0	495	495
December 31, 2011	**5,504**	**89,801**	**95,305**
Cost 2010			
January 1, 2010	21,464	96,713	118,177
Other additions	0	7,615	7,615
Reclassification of assets held for sale	−12,808	0	−12,808
Reclassification of cinema plant and equipment in finance leases	0	6,850	6,850
Disposals	−1,833	−2,781	−4,614
December 31, 2010	**6,823**	**108,397**	**115,220**
Accumulated depreciation 2010			
January 1, 2010	10,687	77,603	88,290
Depreciation during the financial year	717	4,340	5,057
Impairments	0	0	0
Reclassification to assets held for sale	−5,378	0	−5,378
Reclassification of cinema plant and equipment in finance leases	0	4,126	4,126
Disposals	−666	−2,474	−3,140
December 31, 2010	**5,360**	**83,595**	**88,955**
Carrying amount December 31, 2011	**1,319**	**37,985**	**39,304**
Carrying amount December 31, 2010	**1,463**	**24,802**	**26,265**

Land, similar rights to land, and buildings relate to leasehold improvements of air-conditioning and ventilation systems, sprinkler systems, stage and screen structures, elevators and projectors.

Other equipment, furniture and fixtures relate to specific cinema interior fittings that the CinemaxX Group invested based on closed lease agreements. This largely relates to equipment for projection, foyer digitalization, seating, concession equipment and other cinema equipment. The vast majority of this equipment has been pledged as securities for guarantees granted.

3. Finance leases for cinema properties and cinema equipment

In KEUR	Finance leases Cinema properties	Finance leases Cinema equipment	Total
Cost 2011			
January 1, 2011	83,032	18,572	101,604
December 31, 2011	**83,032**	**18,572**	**101,604**
Accumulated depreciation 2011			
January 1, 2011	40,125	15,688	55,813
Depreciation during the financial year	3,529	739	4,268
December 31, 2011	**43,654**	**16,427**	**60,081**
Cost 2010			
January 1, 2010	83,032	25,422	108,454
Reclassifications to property, plant and equipment	0	−6,850	−6,850
December 31, 2010	**83,032**	**18,572**	**101,604**
Accumulated depreciation 2010			
January 1, 2010	36,594	19,040	55,634
Depreciation during the financial year	3,531	774	4,305
Reclassifications to property, plant and equipment	0	−4,126	−4,126
December 31, 2010	**40,125**	**15,688**	**55,813**
Carrying amount December 31, 2011	**39,378**	**2,145**	**41,523**
Carrying amount December 31, 2010	**42,907**	**2,884**	**45,791**

The finance leases concerning cinema properties have a fixed agreed minimum term of lease of between 20 and 30 years. The CinemaxX Group has the right, at some locations, to extend the lease agreement by five years under similar conditions. A majority of the leases provide for fixed and attendance-dependent rents as well as price index adjustments.

In the case of four real estate lease agreements and six equipment lease agreements, the present value of the minimum lease installments largely covers the costs incurred by the lessor (present value criterion). The CinemaxX Group is therefore the beneficial owner of these assets. A useful life of the cinema properties of 40 years and useful lives of equipment of between eight and 20 years was used for assessing the present value criterion. Assets held under finance leases are depreciated over the shorter of the useful life and remaining term of the underlying lease agreement.

As significant effects on the profit available for distribution and the results of subsequent years result from the recognition of the cinema properties and equipment as per IAS 17, we have presented the earnings effects for ease of reference.

Year	Effect on net assets	Assets	Liability
2012	–705	37,383	58,350
2013	–124	33,487	54,578
2014	326	29,701	50,466
2015	699	25,916	45,982
2016	1,110	22,133	41,089
2017	1,597	18,390	35,749
2018	2,229	14,790	29,920
2019	2,812	11,236	23,554
2020	3,068	7,969	17,219
2021	2,595	5,589	12,244
2022	2,535	3,613	7,733
2023	945	2,628	5,803
2024	796	1,642	4,021
2025	1,004	657	2,032
2026	1,207	0	193
2027	193	0	0
Total	**20,287**		

4. Other non-current assets

Deferred charges and prepaid expenses presented as other non-current assets mainly include cash classified as fixed-term deposits that serve as collateral for guarantees (KEUR 6,105, prior year: KEUR 1,638).

Shares in associates presented with a carrying amount of KEUR 0 at December 31, 2011 (prior year: KEUR 0), an unrealized loss equal to the share of negative equity of KEUR 3,456 (prior year: KEUR 3,456) existed at December 31, 2011. Measurement of the company in accordance with the equity method was suspended as the loss generated in the prior years exceeded equity and no compensation obligations exist. Contingent liabilities exist as CinemaxX AG is liable for certain obligations of its associates, please see I.4 ''Contingent Liabilities''.

Due to the sustainably negative earnings position foreseen for an investment, the CinemaxX Group recognized an impairment totaling KEUR 399 (prior year: KEUR 399) on the carrying amount of this investment.

Current assets

5. Trade receivables

In KEUR	2011	2010
Trade receivables	8,402	7,948
Allowances	–990	–1,142
	7,412	**6,806**

Trade receivables are receivables deriving from special events, voucher and film canister sales, barter transactions, marketing of advertising spaces such as posters, program folders and admission tickets as well as promotions.

A receivable arose on the sale of the interior fittings following the transfer of a cinema in 2003. The settlement of this receivable is contingent on various conditions, the fulfillment of which can currently be classified as insufficiently probable; thus, the receivable was impaired in 2003.

6. Other current receivables and assets

In KEUR	2011	2010
Other financial assets		
Creditor accounts with debit balances	978	967
Security deposits	822	779
Receivables from commercial management	46	4
Other current assets	497	762
Total	**2,343**	**2,512**
Other assets		
Deferred charges and prepaid expenses	253	921
Total	**253**	**921**
	2,596	**3,433**

7. Cash and cash equivalents

In KEUR	2011	2010
Cash at banks	36,562	25,319
Cash-in-transit	1,996	1,646
Cash in hand	420	428
	38,978	**27,393**

If the cash at banks is held overnight money or demand deposits, the cash will accrue interest.

Fixed-term deposits in banks which the company is not entitled to freely dispose of as they serve as securities for granted guarantees totaling KEUR 6,105 were recognized as receivables due from banks and insurance in non-current assets as other financial assets.

8. Equity

The development of the consolidated equity over the financial years 2011 and 2010 is shown in the consolidated statement of changes in equity to which reference is made.

The fully subscribed and paid up **share capital** of CinemaxX AG amounts to EUR 26,962,291.00 at December 31, 2011 (December 31, 2010: EUR 26,962,291.00), and is made up of 26,962,291 non-par shares with a nominal value of EUR 1.00 each. All shares are bearer stock.

At the annual shareholders' meeting on June 25, 2009, **authorized share capital** of EUR 11,900,000 was resolved. The entry of the amendment to the articles of association was made on July 16, 2009. As at December 31, 2011, the authorized share capital still amounts to EUR 8,737,709 due to the increase in share capital in 2010 using authorized share capital.

At the shareholders' meeting held on November 30, 2006, it was resolved to issue convertible bonds and create **contingent capital**. The convertible bonds are divided into 2,683,438 bearer partial debentures with equal rights with a nominal value of EUR 1.00 each. The convertible bonds are issued against a contribution in kind by transferring the respective receivables of the creditor due from CinemaxX Cinema GmbH & Co. KG. Each one Euro receivable corresponds to a partial debenture in the amount of Euro 1.00.

In order to implement the convertible bonds, a resolution was passed at the shareholders' meeting held on November 30, 2006, regarding contingent capital, which provides for a contingent increase in share capital of up to EUR 894,480.00 by issuing up to 894,480 no-par value shares (''contingent capital 2006''). The contingent capital increase is implemented only insofar as the creditors of the convertible bonds exercise their conversion privilege. The shares participate in the profit from January 1 of the year in which they are drawn after exercising the conversion privilege. The contingent capital used to service the convertible bonds was entered in the commercial register of the Company on March 26, 2007.

The bearers of debentures have the right to receive one share for each nominal EUR 3.00 of the debenture (conversion ratio). An adjustment of the conversion rate will occur if the shares of the company exceed an average value of EUR 3.00 in the three months prior to the beginning of the term.

By agreement dated February 15 and March 14, 2008, respectively, the Company agreed with a lessor to transfer deferred rental obligations converted into a loan due to CinemaxX Cinema GmbH & Co. KG in the amount of KEUR 2,683 to CinemaxX AG in return for the issue of convertible bonds in the amount of nominally KEUR 2,683. The convertible bonds will accrue interest at 0.5% p.a. and confer on holders of bonds the right to request, on a one-time basis on September 30, 2013, the repayment of the nominal amount of KEUR 2,683 plus a premium of 12.5%.

The difference between the fair value of the convertible bond and the fair value of the liability without consideration of the right to conversion resulted in an allocation of KEUR 1,016 to capital reserves in 2008 on their issue. The fair value of the liability without consideration of conversion rights on issue of KEUR 1,667 was recognized under loans and compounded to September 30, 2013, using the effective interest rate method and an interest rate of 12.0% p.a.

Capital reserves of KEUR 8,291 are blocked from distribution in accordance with commercial law and stock corporation law provisions.

9. Goodwill offset with equity reserves in prior years

Goodwill, which arose on the initial consolidation of five subsidiaries in accordance with the provisions of German commercial law in the period 1997 to 2001, was offset with equity reserves in accordance with the German accounting regulations applied at the time of initial consolidation in the amount of KEUR 62,670 recognized in other comprehensive income or directly in equity.

In adopting IFRS for financial reporting, CinemaxX AG exercised the option set forth in IFRS 1, whereby a retroactive application of IFRS 3 to business combinations that occurred prior to the reporting date of the IFRS opening balance sheet (January 1, 2004) may be waived. The offsetting of the goodwill was therefore retained for the above-mentioned five companies.

10. Minority interests

Non-controlling interests relate to the shares of other shareholders in the equity and the earnings derived from CinemaxX Filmtheater GmbH, Hamburg, and CinemaxX Danmark A/S, Copenhagen.

On February 18, 2011, 3% of shares of CinemaxX Danmark A/S were disposed of for a price of KEUR 83. The disposal resulted in an increase of KEUR 115 in adjustment items from shareholder transactions.

In KEUR	2011	2010
Share in equity		
—Shareholders of CinemaxX Filmtheater GmbH	7	6
—Shareholders of CinemaxX Danmark A/S	−17	0
	−10	**6**
Share in the result		
—Shareholders of CinemaxX Filmtheater GmbH	1	6
—Shareholders of CinemaxX Danmark A/S	49	0
	50	**6**

Liabilities

In KEUR	31 DEC 2011 Total	up to 1 year	1-5 years	over 5 years	31 DEC 2010
Bonds	**2,509**	**0**	**2,509**	**0**	**2,253**
Trade payables	**19,883**	**14,880**	**5,003**	**0**	**20,848**
Finance lease liabilities for cinema properties	49,668	2,726	13,818	33,124	52,156
Finance lease liabilities Cinema equipment	12,141	734	3,443	7,964	12,829
Finance lease liabilities	**61,809**	**3,460**	**17,261**	**41,088**	**64,985**
Liabilities due to banks	9,412	2,353	7,059	0	0
Other interest-bearing loans	1,220	434	786	0	1,623
Interest-bearing loans	**10,632**	**2,787**	**7,845**	**0**	**1,623**
Employees	4,048	4,048	0	0	2,302
FFA loans	1,274	347	881	46	1,271
Credit balances on debtor accounts	15	15	0	0	68
Other financial liabilities	934	934	0	0	778
Other financial liabilities	**6,271**	**5,344**	**881**	**46**	**4,419**
Liabilities related to vouchers	14,137	14,137	0	0	14,213
Value-added tax	172	172	0	0	313
Other accruals	956	176	780	0	1,047
Government Grants	0	0	0	0	968
Prepayments received	156	156	0	0	131
Miscellaneous	619	619	0	0	512
Miscellaneous other liabilities	**16,040**	**15,260**	**780**	**0**	**17,184**
Provisions	3,994	556	1,901	1,537	4,347
Income tax liabilities	1,060	1,060	0	0	2,068
Deferred taxes	0	0	0	0	181
Liabilities held for sale	0	0	0	0	5,423
Total liabilities	**122,198**	**43,347**	**36,180**	**42,671**	**123,331**

11. Bonds

Liabilities attributable to convertible bonds presented at December 31, 2011, are explained further in this section under 10.

12. Trade payables

These are predominantly liabilities due to film distributors, with whom payment terms of between 7 and 28 days have been agreed, as well as liabilities to concession suppliers. Liabilities to lessors of cinema properties and equipment also exist.

13. Obligations arising on finance and operating leases

Finance lease liabilities relate to the cinema properties and equipment recognized in accordance with IAS 17. Obligations arising from finance and operating leases are as follows:

	Total		up to 1 year		1–5 years		over 5 years	
In KEUR	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Finance leases								
Future lease payments	101,421	110,369	8,949	8,949	35,795	35,795	56,677	65,625
Interest effect	39,612	45,384	5,489	5,773	18,534	19,967	15,589	19,644
Present value	**61,809**	**64,985**	**3,460**	**3,175**	**17,261**	**15,828**	**41,088**	**45,982**
Operating leases payments	**250,794**	**262,059**	**27,247**	**27,133**	**106,470**	**105,081**	**117,078**	**129,845**
Total lease payments	**352,215**	**372,428**	**36,196**	**36,082**	**142,265**	**140,876**	**173,755**	**195,470**
Contingent lease payments (revenue-based rents)	**183**	**241**						
Contractually guaranteed minimum lease payments from sublease agreements	**6,245**	**6,146**	**1,439**	**1,397**	**3,719**	**4,049**	**1,087**	**700**

14. Interest-bearing loans

The bank loan taken out in the reporting year of KEUR 10,000 with an interest rate of 5.9% p.a. and a term to December 30, 2015, will be repaid in quarterly installments of KEUR 588. The loan was valued at KEUR 9,412 at the balance sheet date.

The interest rate is fixed until December 30, 2013. If no new interest rate conditions are agreed by then, the remainder of the loan will fall due in one repayment on December 30, 2013. Dividends are restricted depending on the group equity ratio. On reduction of the shares of the majority shareholder to below 50.1% or full disposal of his participation (change of control) during the term of the loan, the bank has an immediate right to termination and full repayment.

The installment purchase contract for cinema equipment, which has a remaining term of 42 months and a monthly repayment of KEUR 29, has a carrying value of KEUR 1,079 (prior year: KEUR 1,353) at December 31, 2011.

In addition, interest-free loans have been provided by the German Federal Film Board [Filmförderungsanstalt] Berlin which are discounted to present value at a discount rate of 6%.

15. Provisions

Provisions in the CinemaxX Group developed as follows in the 2011 financial year:

In KEUR	1 JAN 2011	Utilization	Reversal	Addition	Accumulated interest	31 DEC 2011
Onerous contracts	3,579	584	0	0	200	3,195
Obligation to make renovations	623	0	0	28	0	651
Miscellaneous	145	96	49	148	0	148
Total	**4,347**	**680**	**49**	**176**	**200**	**3,994**

The provisions essentially relate to provisions for onerous contracts from subleases and an obligatory contribution that relates to a net obligation associated with an investment. In measuring the provisions from the obligatory contribution, which the CinemaxX Group has in the amount of KEUR 33 monthly until 2020, estimates regarding the probability of an agreement before the expiry of the obligation and possible compensation payments were taken into consideration.

16. Other current liabilities

Other current liabilities include KEUR 14,137 (prior year: KEUR 14,213) from vouchers yet to be redeemed and KEUR 4,048 for other personnel costs. In addition, liabilities for personnel costs, accruals and deferred income, turnover, payroll and church taxes as well as liabilities related to incidental rental expenses are presented.

Government grants are recognized in other current liabilities. These are grants from the FFA which are awarded on the basis of submitted investment applications. If companies in the CinemaxX Group receive grants from the FFA before payment of the subsidized assets, these amounts are presented in liabilities as other liabilities.

Expenses of KEUR 1,488 related to the planned digitalization are recognized in other current liabilities.

E. *Explanatory notes to the consolidated statement of comprehensive income*

1. Revenue

The development of revenue by product and country is shown in detail in segment reporting.

2. Other operating income

In KEUR	2011	2010
Income related to other periods	9,394	1,636
Promotional grants from distributors	5,766	6,585
Reversal of voucher liabilities	2,164	2,097
Income from the release of provisions and derecognition of liabilities	1,882	959
Rental income	1,511	1,799
Revenue from parking tickets	368	501
Miscellaneous	2,252	2,270
Total	**23,337**	**15,847**

The increase in income related to other periods resulted from KEUR 6,776 for the implementation of the judgment of the European Court of Justice on the taxing of popcorn and tortilla chips dated March 10, 2011. Furthermore, income related to other periods includes income from the invoicing of incidental rental expenses for past years and waivers from deferred rental liabilities and reversals of liabilities for grants no longer expected to be recovered.

As in the prior year, the income from the reversal of voucher liabilities is based on a reversal rate of 15%.

3. Cost of materials

In KEUR	2011	2010
Film rents	60,642	64,178
Purchases of goods	12,272	12,698
FFA levy and comparable international levies	3,369	3,612
Miscellaneous	1,495	1,697
	77,778	**82,185**

4. Personnel expenses

In KEUR	2011	2010
Wages	21,119	18,826
Salaries	11,744	10,787
Other personnel expenses	223	176
Social security	4,864	4,687
	37,950	**34,476**

Personnel expenses increased in the financial year by KEUR 3,474 against the prior year to KEUR 37,950. This increase is attributable to agreed adjustments in collective labor agreements and measures in connection with the digitalization envisaged for 2012.

Personnel expenses relate to defined contribution pension schemes in the form of employer contributions to statutory retirement plans. Contributions in the amount of KEUR 2,375 (prior year: KEUR 2,169) were made in the financial year.

In KEUR	2011	2010
Employer contributions to statutory retirement plans		
—Domestic	2,341	2,142
—Foreign	34	27
	2,375	**2,169**

The group had the following average headcount for the year:

Number of employees	2011	2010
Senior staff	33	37
Salaried employees	225	219
Industrial employees	1,493	1,414
Minor employees	347	532
	2,098	**2,202**

5. Other operating expenses

In KEUR	2011	2010
Rental expenses	26,592	27,103
Incidental rental expenses	10,505	9,815
Advertising costs	6,971	5,827
Cleaning	4,444	4,427
Repairs/maintenance	3,315	3,659
Insurance/contributions/levies	1,854	1,760
Legal and consulting fees	1,842	2,181
Expenses arising on barter transactions	1,788	2,504
Expenses related to other periods	1,392	749
Office expenses	1,331	1,275
Subcontracting	824	648
Cost of monetary transactions	647	407
Security costs	375	351
Property taxes	229	258
Losses on disposals of fixed assets	87	704
Miscellaneous	3,800	4,623
	65,996	**66,291**

Expenses related to other periods relate mainly to the final invoicing of incidental rental expenses for prior years, irrecoverable receivables from prior years and subsequently realized legal and consulting fees.

6. Amortization, depreciation and impairments

In KEUR	2011	2010
Amortization and depreciation		
—on intangible assets and property, plant and equipment	7,077	5,289
—on cinema properties held under finance leases	3,529	3,530
—on cinema equipment held under finance leases	739	774
Total	**11,345**	**9,593**
Impairments		
—of non-current assets held for sale	0	2,019
—of property, plant and equipment	272	1
Total	**272**	**2,020**
Impairment reversals		
—of property, plant and equipment	75	0
Total	**75**	**0**
	11,542	**11,613**

Impairments of KEUR 272 relate to reductions in the fair value of property, plant and equipment of the cinemas located in Dresden and Bremen. Both of these locations are individual cash-generating units at whose level a review of fair value was carried out based on earnings forecasts.

Reversals of impairments of KEUR 75 related to an impairment recognized on property, plant and equipment in an individual cinema location in the prior year, which on the basis of the review of fair value presented above, was no longer necessary at December 31, 2011.

7. Other financial result

In KEUR	2011	2010
Deconsolidation gain	1,618	0
Impairment of investments	– 399	– 399
Release of interest payable recognized as a liability	0	380
	1,219	**– 19**

The gain on deconsolidation resulted from the transfer of the 94.5% share in Objektgesellschaft Multiplex Kino GmbH & Co Objekt Veitshöchheimer Straße KG with effect from July 1, 2011. Please refer to the comments under B.4.

As before, the impairments of investments are attributable to shares in Cineplex GmbH Mannheim & Co. KG, Mannheim.

8. Interest income

Interest income of KEUR 1,030 (prior year: KEUR 139) included KEUR 811 from the interest on tax refunds related to the implementation of the judgment of the European Court of Justice.

9. Interest expenses

In KEUR	2011	2010
Finance leases of cinema properties	4,983	5,202
Finance leases of cinema equipment	790	1,152
Commission on bank guarantee	465	460
Other interest	1,295	1,555
	7,533	**8,369**

10. Income tax

Income tax includes all tax liabilities in individual countries or tax burdens arising on income, as well as deferred taxes. Income tax includes, thereby, trade tax, corporation tax, a solidarity surcharge, and any relevant international income tax.

For German companies subject to corporation tax, a corporation tax rate of 15.0% as well as the solidarity surcharge of 5.5% on the corporation tax applies. Additionally, these companies as well as domestic companies in the legal form of partnership are subject to trade earnings tax, the amount of which is determined by the specific applicable municipal assessment rate. For corporations trade tax no longer reduces the basis of assessment for corporation tax.

Tax income (+)/expense(–) arising on income tax is classified by origin as follows:

In KEUR	2011	2010
Current tax expense		
of which domestic	–2,006	–2,014
of which foreign	–471	–600
	–2,477	–2,614
Deferred income taxes resulting from temporary differences		
of which domestic	2,770	208
of which foreign	–65	215
	2,705	423
Deferred income taxes resulting from loss carryforwards		
of which domestic	–5,780	12,772
of which foreign	0	0
	–5,780	12,772
Income tax	**–5,552**	**10,581**

Income tax expense includes income tax related to other periods and deferred tax expenses of KEUR 108 (prior year tax expense: KEUR 235).

The notional expense for income taxes that would have resulted with the application of the tax rate of the parent company CinemaxX AG of 32.28% (prior year: 32.28%) to the IFRS consolidated income before taxes can be reconciled to the income taxes as per the income statement as follows:

In KEUR	2011	2010
Consolidated profit (IFRS) before tax	24,390	17,640
Consolidated tax rate in %	32.28	32.28
Expected tax expense	**–7,873**	**–5,694**
Prior year income tax	108	–235
Permanent differences	1,377	–182
Different tax rates	442	372
Tax rate changes	0	–131
Use of loss carry-forwards without recognition of deferred tax assets the prior year	6	23
Trade tax additions and reductions	–654	–645
Increases in taxes due to non-deductible operating expenses	45	–19
Adjustments to recognition of deferred taxes	1,045	17,111
Other effects	–48	–19
Income tax as per the income statement (income)	**–5,552**	**10,581**

The deferred taxes are determined based on tax rates that apply under current law in Germany and are expected at the time of realization. A tax rate of 32.28%, which consists of the corporation tax rate of 15.0%, the solidarity surcharge of 5.5% and the trade tax rate of 16.45% applicable in Hamburg, was used for the calculation both in 2010 and 2011. Companies in the legal form of a partnership are subject to trade tax. The trade tax no longer reduces their own basis of assessment and, in the case of corporations, no longer reduces the basis of assessment for corporation tax. On the basis of the minimum taxation rate, the tax loss carryforwards in Germany can only be used to a limited degree. This requires an unlimited positive tax basis of assessment of up to EUR 1 million, additional amounts of a maximum of 60% must be reduced by an existing loss carryforward.

The effects of different tax rates for partnerships and for domestic and international taxes on the parent company's tax rate are recognized in the reconciliation as varying tax rates.

The trade tax additions and reductions largely result from the addition of interest and rents for the use of external moveable and immovable operational assets.

The tax effects of corrections made to the recognition of deferred tax result from the recognition of deferred tax assets on tax loss carryforwards and deductible temporary differences that were not previously recognized, on the basis of an updated tax forecast for the coming financial years.

Deferred tax assets and deferred tax liabilities result from temporary differences and tax loss carry-forwards as follows:

	31 DEC 2011		31 DEC 2010	
	Deferred taxes		Deferred taxes	
In KEUR	deferred tax assets	deferred tax liabilities	deferred tax assets	deferred tax liabilities
Intangible assets	39	0	53	0
Property, plant and equipment	1,266	0	820	214
Financial assets	0	0	0	0
Other receivables and assets	25	0	25	0
Finance leases (IAS 17)	6,026	0	6,398	0
Other loans	0	0	0	0
Trade payables	1,285	0	0	5
Provisions for obligatory contributions	1,025	0	1,143	0
Individual impairments for internal loans	0	6,187	0	8,030
Other liabilities	273	0	363	1,521
Temporary differences	9,939	6,187	8,803	9,770
Tax loss carryforwards	23,873		29,653	
Offsetting	−6,187	−6,187	−9,589	−9,589
Consolidated balance sheet	**27,625**	**0**	**28,867**	**181**

Deferred tax assets are recognized on temporary differences and tax loss carry-forwards if their realization seems certain in the near future. Deferred taxes on loss carryforwards are capitalized to the extent that the group has sufficient taxable temporary differences or where it is probable that the affected companies will achieve sufficient taxable results over the course of subsequent years against which the tax loss carryforwards may be offset.

At December 31, 2011, the Group has corporation tax loss carryforwards of KEUR 122,817 (prior year: KEUR 144,517) and trade tax loss carryforwards of KEUR 42,705 (prior year: KEUR 59,245) available and not limited to a certain time period.

As of December 31, 2011 deferred tax assets were not recognized on tax loss carryforwards for corporation tax purposes in the amount of KEUR 8,297 (prior year: KEUR 7,709) and for trade tax purposes in the amount of KEUR 6,379 (prior year: KEUR 6,286), as their realization does not appear sufficiently probable over the coming years. Current tax law allows tax losses and interest relief to be carried forward indefinitely.

11. Earnings per Share

In order to determine the earnings per share according to IAS 33, the consolidated income attributable to the shareholders is divided by the weighted average of the shares. The number of shares in the financial year 2011 amounted to 26,962,291.

In KEUR	2011	2010
Number of shares in the financial year	**26,962,291**	**26,171,718**
Share of the consolidated income attributable to shareholders of the parent company	**18,788**	**28,215**
Earnings per share	**0.70**	**1.08**

Diluted earnings developed as follows:

In KEUR	2011	2010
Share of the consolidated income attributable to shareholders of the parent company	**18,788**	**28,215**
Interest expense for convertible bonds less tax effect	**182**	**164**
Adjusted result	**18,970**	**28,379**
Number of shares in the financial year	**26,962,291**	**26,171,718**
Number of shares at conversion	**894,480**	**894,480**
Adjusted number of shares	**27,856,771**	**27,066,198**
Diluted earnings per share	**0.68**	**1.05**

The convertible bonds issued in 2008 are classified as potentially diluting shares due to the right to conversion. On exercise of conversion rights, this could lead to an issuance of 894,480 shares.

CINEMAXX

F. *Financial instruments and financial risk management*

1. Financial instruments

The carrying amount of the financial assets classified by the valuation categories pursuant to IAS 39 are as follows:

Balance sheet item	Class	Fair value 31 DEC 2011	Fair value 31 DEC 2010	Carrying amount 31 DEC 2011	Carrying amount 31 DEC 2010	Loans and receivables 31 DEC 2011	Loans and receivables 31 DEC 2010
Investments	Fair value or cost	0	0	0	0	—	—
Trade receivables	Amortized cost	7,412	6,806	7,412	6,806	7,412	6,806
Other financial assets	Amortized cost	8,448	4,150	8,448	4,150	8,448	4,150
Cash and cash equivalents	—	38,978	27,393	38,978	27,393	0	0

The following overview shows the classification of carrying amounts of financial liabilities as per the measurement categories set forth by IAS 39:

Balance sheet item	Class	Fair value 31 DEC 2011	Fair value 31 DEC 2010	Carrying amount 31 DEC 2011	Carrying amount 31 DEC 2010	Financial liabilities at amortized costs 31 DEC 2011	Financial liabilities at amortized costs 31 DEC 2010	IAS 17 31 DEC 2011	IAS 17 31 DEC 2010
Trade payables	Amortized cost	19,883	20,848	19,883	20,848	19,883	20,848	—	—
Finance lease liabilities	Amortized cost	61,809	64,985	61,809	64,985		—	61,809	64,985
Bonds	Amortized cost	2,763	2,623	2,509	2,253	2,509	2,253	—	—
Interest-bearing loans	Amortized cost	10,632	1,623	10,632	1,623	10,632	1,623	—	—
Other financial liabilities	Amortized cost	6,271	4,419	6,271	4,419	6,271	4,419	—	—

The income statement contains the following net results for the financial instruments in the respective categories (income +, expenses −):

KEUR	2011 From subsequent measurement: At fair value	2011 From subsequent measurement: Currency conversion	2011 From subsequent measurement: Individual impairments	2011 From disposal	2011 Net result	2010 Net result
Loans and receivables	0	16	−146	0	−130	239
Available-for-sale financial assets	0	0	399	0	399	399
Financial liabilities at amortized cost	0	0	0	725	0	949
Total	**0**	**16**	**253**	**725**	**269**	**1,587**

The interest from financial instruments is recognized in the interest result. The other components of the net result are recognized in the other financial results. This does not include the impairments of trade receivables allocable to the valuation category loans and receivables that are recognized in other operating expenses, as well as the income from disposal allocable to the valuation category financial liabilities that are recognized in other operating income.

2. Financial risk management

Market risks

a) Foreign exchange risk

In the course of its business activities, the CinemaxX Group is only to an insignificant extent subject to foreign exchange risks, as the transactions were almost exclusively made in the functional currency of the affiliates. Only marginal foreign exchange risks exist in terms of the exchange rate between the Danish krone and the euro.

Due to the insignificant role of the foreign exchange risk, it was decided not to conduct a sensitivity analysis.

b) Interest rate risk

The interest rate risk relates to the sensitivity of financial assets and liabilities in connection with changes to the market interest rate. The CinemaxX Group generally pursues a security-oriented financing policy where long-term fixed rate arrangements, if available, are usually made for the group. In the financial year financing was largely carried out by means of interest-bearing loans from banks, prepayments by advertising customers and advertising administrators as well as from other operating cash flow. To the extent that the CinemaxX Group enters into interest rate risks in the course of financing, these are not hedged. No derivative financial instruments for interest hedging exist as at the balance sheet date.

As the group only had outstanding fixed interest-bearing obligations at the cut-off date, a sensitivity analysis is not performed.

c) Default risk

Due to operating activities, significant revenue is effected by means of cash deposits. Here the risk of default is limited to monetary transactions that are covered by taking out insurance policies. Significant receivables are created throughout the year against advertisers. To this end, the business model provided for prepayments by advertisers until the end of 2010 which are balanced by offsetting against services performed throughout the year. Therefore, there was no default risk. The CinemaxX Group achieved a significant improvement in the revenue situation through the takeover of the marketing for all own media by a new department. However, this is contrasted with a higher liquidity risk, as large parts of the marketing revenue were guaranteed by advertising agents the in the past.

Individual impairments amount to KEUR 990 (prior year: KEUR 1,142). This essentially relates to a receivable derived from the sale of equipment against a cinema operator who had taken over the business operations of a CinemaxX cinema. The probable default risk is recognized by the values shown in the balance sheet. If the counterparty defaults, a maximum risk of default in the amount of the respective carrying amount consists of trade receivables (carrying amount KEUR 8,402) and other financial assets (carrying amount KEUR 2,343).

The impairments on trade receivables developed as follows:

In KEUR	2011	2010
As at January 1	**1,142**	**964**
Utilization	**6**	**52**
Addition	**169**	**318**
Reversal	**315**	**88**
As at December 31	**990**	**1,142**

Individual impairments of trade receivables are determined by case-by-case examinations and fluctuate between 50% and 100% of the original receivable. General impairments are not recognized.

Financial assets that are not impaired at the reporting date, but were overdue are broken down as follows:

In KEUR	Carrying value	of which: neither impaired nor overdue at the reporting date	of which: not impaired and overdue in the following time bands at the reporting date: Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
Trade receivables								
December 31, 2011	7,412	6,644	309	120	339	0	0	0
December 31, 2010	6,806	6,438	368	0	0	0	0	0
Other financial assets								
December 31, 2011	8,448	8,448	0	0	0	0	0	0
December 31, 2010	4,150	4,150	0	0	0	0	0	0

With regard to the portfolio of trade receivables, loans and other assets which are neither impaired nor defaulted, there are no indications as at the balance sheet date that the respective debtors will not honor their obligations to pay.

d) Liquidity risk

In order to ensure the liquidity of the CinemaxX Group, the liquidity requirements of the group are continually monitored and forecast.

The contractually agreed discounted interest and repayments of the ordinary financial liabilities are shown in the following tables:

KEUR	Carrying amount 2012–12. 2011	Cash flows 2012	Cash flows 2013	Cash flows 2014	Cash flows 2015	Cash flows 2016	Cash flows 2017–2021	Cash flows after 2021	Total
Bonds	2,509	13	3,038	—	—	—	—	—	3,051
Interest-bearing loans . . .	10,632	3,350	3,069	2,931	2,587	—	—	—	11,937
Finance lease liabilities . .	61,809	8,949	8,949	8,949	8,949	8,949	41,659	15,017	101,421
Trade payables	19,883	15,102	688	688	893	1,040	3,019	252	21,682
Other financial liabilities . .	6,271	5,344	369	237	185	160	222	7	6,524
Total	**101,902**	**32,758**	**16,113**	**12,805**	**12,614**	**10,149**	**44,900**	**15,276**	**144,615**

All instruments for which payments had already been contractually agreed on December 31, 2011 were included in the portfolio. Financial liabilities that are repayable at any time are always allocated to the earliest timeframe.

e) Fair value risk

A fair value risk exists for the loans taken and bond. A sensitivity analysis was not performed on the basis of anticipated scheduled repayments or conversion. Please see fair value presented under F.1.

3. Capital management

The capital management of the CinemaxX Group can, in particular, accommodate the creation of a solid capital basis. The management board regularly reviews net debt. The following table shows equity and net financial debt:

	31 DEC 2011	31 DEC 2010
Equity in KEUR	45,125	26,248
Equity ratio in %	27.0	17.5
Net financial debt in KEUR	−35,972	−41,468

The net financial debt is determined from the difference between financial liabilities and liquid assets.

According to the articles of association, CinemaxX AG is not subject to any capital restrictions. On the basis of the requirements in loan contracts between the CinemaxX Group and banks, dividend restrictions are based on the group's equity ratios. (Please see the explanations under D 15 of this appendix.)

In particular, the company does not have any obligations to sell or otherwise issue shares in connection with existing share-based compensation schemes. With regard to the issue of convertible bonds and contingent capital, please refer to D.10.

G. *Explanatory notes to the consolidated statement of cash flows*

As per IAS 7 (Statements of Cash Flows), the statement of cash flows shows how cash in the group changes over the course of the financial year through cash inflows and outflows.

Cash and cash equivalents of the statement of cash flows include all cash and cash equivalents recognized in the balance sheet.

The cash flows from investing and financing activities are determined in relation to payments; while the cash flow from operating activities is indirectly derived from the operating result.

In 2011 there were no significant non-cash transactions.

H. *Segment reporting*

For the financial year 2011, segment reporting, which is based on the internal reporting structure for the management of segments (management approach) is prepared in accordance with IFRS 8 ''operating segments''.

The internal reporting structure of the group differentiates between domestic and international cinema locations. The international locations include the three cinemas operated in Denmark. Segment reporting makes a further classification into the categories ticket, concessions, advertising revenue and commercial management.

In KEUR	Domestic		Foreign		Consolidation		Total	
	2011	2010	2011	2010	2011	2010	2011	2010
External revenue								
Ticket revenue	109,145	114,773	15,924	17,789			125,069	132,562
Concessions	40,527	40,486	5,960	6,622			46,487	47,108
Commercial management	5,718	7,100	0	0			5,718	7,100
Advertising revenue	9,611	6,935	884	712			10,495	7,647
Miscellaneous	11,237	9,686	597	504			11,834	10,190
Revenue	**176,238**	**178,980**	**23,365**	**25,627**			**199,603**	**204,607**
Other operating income	23,337	15,817	0	30			23,337	15,847
Cost of materials	–68,560	–71,373	–9,218	–10,812			–77,778	–82,185
Personnel expenses	–33,801	–30,135	–4,149	–4,341			–37,950	–34,476
Depreciation	–11,190	–11,463	–352	–150			–11,542	–11,613
Other operating Expenses	–58,529	–58,547	–7,467	–7,744			–65,996	–66,291
Segment result	**27,495**	**23,279**	**2,179**	**2,610**			**29,674**	**25,889**
plus financial results							–5,284	–8,249
plus income tax							–5,552	10,581
Group profit/loss							**18,838**	**28,221**
Segment assets	**84,062**	**69,609**	**14,022**	**15,620**			**98,084**	**85,229**
plus other financial Assets							41,321	29,905
plus deferred taxes							27,625	28,867
plus assets held for sale							0	5,423
plus income tax receivables							293	155
Assets							**167,323**	**149,579**
Segment liabilities	**39,311**	**39,281**	**7,053**	**7,515**	**–176**	**2**	**46,188**	**46,798**
plus financial liabilities							74,950	68,861
plus deferred taxes							0	181
plus liabilities attributable to assets classified as held for sale							0	5,423
plus income tax liabilities							1,060	2,068
less equity							45,125	26,248
Liabilities and equity							**167,323**	**149,579**
Additional disclosures								
Investments	19,070	8,539	1,116	138			20,186	8,677
Depreciation	11,190	11,463	352	150			11,542	11,613
Other non-cash income and expenses	1,219	399	0	0			1,219	399

I. *Other disclosures*

1. Management board

The members of the management board of CinemaxX AG were:

- Mr. Christian Gisy, Diploma in Economics (Diplom-Volkswirt), Hamburg (chairman)

  Further mandates: — BusinessHeads AG, Winnweiler (supervisory board)

- Mr. Thilo Rieg, theatre and communications research specialist, Hamburg,

  Further mandates: — None

For disclosures on the individual management board compensation, please refer to the management board.

2. Supervisory board

In the financial year 2011 the members of the supervisory board of CinemaxX AG were:

- Prof. Dr. Herbert Kloiber (chairman of the supervisory board), CEO of Tele-München Fernseh-GmbH & Co. Produktionsgesellschaft, Munich,

  Further mandates: — CineMedia Film AG Geyer-Werke, Munich (Chairman of the supervisory board)

  — RTL 2 Fernsehen GmbH & Co. KG, Grünwald (Chairman of the shareholders' meeting)

- Dr. Hans Falk-Bjerke, independent corporate consultant, Aschau,

  Further mandates: — Alfa Insurance Group, Moscow (Member of the supervisory board)

  — Deutsche Private Equity GmbH, Munich

  — (chairman of the advisory board)

  — Georgieff Capital GmbH, Frankfurt am Main (Member of the advisory board)

  — DID Holding GmbH, Düsseldorf (Chairman of the advisory board), since July 1, 2011

- Dr. Claus S. Hass, attorney-at-law, partner in law firm Wirsing Hass Meinhold, Munich,

  Further mandates: — CineMedia Film AG Geyer-Werke, Munich, (Member of the supervisory board)

- Mr. Christian Sommer, chairman of CineMedia Film AG, Munich,

  Further mandates: — None

- Mr. André Delor, employee

  Further clients: — None

- Ms. Britta Lorenz (vice chairman of the supervisory board), senior staff

  Further clients: — Future Trading Financial Services AG, Berlin (Member of the supervisory board)

3. Related party disclosures

Companies or individuals related to the CinemaxX Group are as per IAS 24:

- Prof. Dr. Herbert Kloiber and all companies controlled by him and all companies affiliated to him

- The associated companies of the CinemaxX Group
- The members of the supervisory board and management board of CinemaxX AG and their close family members.

a) Transactions with companies or individuals that have a dominant influence on CinemaxX AG or with companies that are affiliated to it

In KEUR	2011	2010
Sales and services	241	532
Purchases and services received	3,132	4,667
Interest expense	0	188
Accounts receivable	2	3
Liabilities	766	74

a) Transactions with companies or individuals that have a dominant influence on CinemaxX AG or with companies that are affiliated to it, relate to agreements on the rental of films and advertising business that are partly processed as exchanges. All transactions were processed at customary market conditions.

b) Transactions with board members

In KEUR	2011	2010
Personnel expenses	900	816
Other operating expenses	96	96

The compensation of the management board in the financial year 2011 amounted to KEUR 900 (prior year: KEUR 816). The variable remunerations for the financial year 2011 include compensations of KEUR 50 for Mr. Gisy and of KEUR 10 for Mr. Rieg, granted to both executives in accordance with their employment contracts and the consent of the supervisory board dated April 12, 2011, for the 2010 year. These benefits were, therefore, not included in the remuneration for the 2010 financial year.

The management report of the company contains a detailed presentation of management board remuneration.

The remuneration of the supervisory board in the 2011 financial year amounted to KEUR 96 (prior year: KEUR 96). This exclusively relates to current benefits.

The management board does not hold Company shares.

Shares held by the members of the supervisory board at the balance sheet date were:

Number of shares	31 DEC 2011
Dr. Herbert Kloiber *	20,000,000
Dr. Hans Falk-Bjerke	0
Christian Sommer	0
Dr. Claus Hass	0
André Delor	0
Britta Lorenz	0

*) The shares are directly held by Dr. Kloiber Vermögensverwaltungsgesellschaft mbH & Co. KG, Munich.

4. Contingent liabilities

Different companies in the CinemaxX Group are liable at a few recognized locations for the outstanding rent arrears of the new lessee. Subject to the condition precedent, CinemaxX AG committed to a lease at one location.

5. Other financial liabilities

Different companies in the CinemaxX Group have concluded long-term rental and leasing agreements for cinemas. With regard to the obligations under these agreements, please refer to D.5 5 Obligations under Finance and Operation Leases. In addition, the rental agreements partly relate to royalties that are to be paid depending on attendance.

Obligations towards third parties regarding ongoing renovation of used cinema properties were assumed. Future charges largely depend on the maintenance measures required.

The parent company is Cineplex GmbH Mannheim & Co. KG, with a share of 10% of the assets and is required to provide KEUR 33 per month until 2020. A provision was recognized for the anticipated required amounts under consideration of a planned comparison (see D.17).

6. Declaration of compliance with the German Corporate Governance Code in accordance with § 161 AktG

The management board and supervisory board of CinemaxX Aktiengesellschaft declare that the recommendations of the ''Government Commission of the German Corporate Governance Code'' were complied with in most instances and will be complied with in future. The declaration prescribed in accordance with § 161 AktG was submitted by the management board and supervisory board and made permanently accessible to shareholders on the homepage of CinemaxX Aktiengesellschaft at www.cinemaxx.com and last updated on October 31, 2011.

7. Disclosures on the shareholding

Disclosures on the shareholding reports the shares in investments of CinemaxX AG held directly and indirectly.

	Share in %
CinemaxX Cinema GmbH & Co. KG, Hamburg	100
CAP Kiel Betriebs-GmbH, Kiel	49
Indirectly via CinemaxX Cinema GmbH & Co. KG	
Verwaltung CinemaxX Cinema GmbH, Hamburg	100[a)]
CinemaxX Entertainment GmbH & Co.KG, Hamburg	100[a), b)]
CinemaxX Cinetainment GmbH, Hamburg	100[a), b), c)]
Indirectly via CinemaxX Entertainment GmbH & Co. KG	
CinemaxX Entertainment Verwaltungsgesellschaft mbH, Hamburg	100[a)]
CinemaxX Movietainment GmbH, Hamburg (previously: CinemaxX Würzburg GmbH, Würzburg)	100
CinemaxX Filmtheater GmbH, Hamburg	91[a), b)]
Silencium Betriebs GmbH, Hamburg	100[a)]
CinemaxX Danmark A/S, Copenhagen/Denmark	97
Indirectly via CinemaxX Danmark A/S	
kino.dk, Copenhagen/Denmark	26

a) With regard to disclosure requirements, the company utilizes the exemption set forth in § 264 (3) HGB and § 264b HGB

b) With regard to the preparation of the management report, the company utilizes the exemption set forth in § 264 (3) HGB and § 264b HGB.

c) With regard to auditing requirements, the company utilizes the exemption set forth in § 264 (3) HGB.

A statement of the shareholdings of CinemaxX AG and the Group have been published in the electronic Federal Gazette in accordance with § 287 and § 313 HGB.

8. Fee for the auditor

The fee for the auditor recognized in the consolidated financial statements as expense amounted to KEUR 401 in the financial year 2011 (prior year: KEUR 563) and is comprised of the following:

Type of service	Fee 2011 in KEUR	Fee 2010 in KEUR
Audit of financial statements	187	162
Other assurance and valuation services	3	3
Tax consultancy	161	198
Other services	50	200

9. Date of release for publishing

The consolidated financial statements of CinemaxX AG were released by the management board for publication on March 29, 2012. The meeting of the supervisory board for approval of the consolidated financial statements will take place on April 24, 2012.

10. Notification requirements under the German Securities Trading Act (WpHG)

On August 12, 2009, Dr. Herbert G. Kloiber, Austria, informed us, in accordance with § 21 (1) WpHG, that on August 12, 2009, his share of voting rights in CinemaxX AG, Hamburg, Deutschland, ISIN: DE0005085708, WKN: 508570 exceeded the threshold of 50% and amounted to 68.975% (corresponding to 16,416,076 voting rights) on this day. 68.975% (corresponding to 16,416,076 voting rights) are attributable to Mr. Kloiber from Dr. Kloiber Vermögensverwaltungsgesellschaft mbH & Co. Beteiligungs KG in accordance with § 22 (1) (1) WpHG.

In 2011 the company was notified of the following reportable transactions:

On May 16, 2011, Flebbe Verwaltungs-GmbH, Hamburg, Germany, notified us, in accordance with § 21 (1) WpHG that their share of voting rights in CinemaxX AG, Hamburg, Deutschland, ISIN: DE0005085708, WKN: 508570 fell below the threshold of 10% and amounted to 9.0933% (corresponding to 2,451,750 voting rights) on May 10, 2011.

Hamburg, March 22, 2012

CinemaxX AG

Christian Gisy Management Board	Thilo Rieg Management Board

Multikino Group

Special Purpose Interim Condensed Consolidated Financial Statements

For the three month period ended 31 March 2013

Multikino Group

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Approval of the Interim Condensed Consolidated Financial Statements:

This special purpose interim condensed consolidated financial statements for the three month period ended 31 March 2013 comprising the interim condensed consolidated balance sheet, interim condensed consolidated income statement, interim condensed consolidated statement of comprehensive income, interim condensed consolidated statement of changes in shareholders' equity, interim condensed consolidated cash flow statement and the notes to the interim consensed consolidated financial statements have been prepared in accordance with IAS 34 'Interim financial reporting' as adopted by the European Union.

The Management Board of Multikino S.A.:

Piotr Zygo, Chairman of the Board

Robert Kaczmarek, Vice-chairman of the Board

Paweł Świst, Vice-chairman of the Board

Warsaw, 1 July 2013

Multikino Group

Special Purpose Interim Condensed Consolidated financial statements for the three month period ended 31 March 2013

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 2013	As at 31 December 2012
ASSETS			
Non-current assets			
Property, plant and equipment	6	410.542	444.668
Goodwill	8	—	78.958
Other intangible assets	7	5.288	5.671
Distribution rights		2.804	1.220
Perpetual usufruct of land		14.979	15.021
Deferred income tax assets		12.755	10.601
Other receivables	9	371	371
		446.739	556.510
Current assets			
Inventories		1.470	1.430
Distribution rights		9.834	8.628
Trade and other receivables	9	22.852	27.098
Current income tax receivables		169	428
Cash and cash equivalents		4.246	14.498
		38.571	52.082
TOTAL ASSETS		485.310	608.592
EQUITY			
Capital and reserves attributable to the owners of the Parent			
Share capital	10	1.464	1.464
Share premium		175.995	175.995
Merger reserve		142.592	142.592
Currency translation adjustment		(62)	26
Retained earnings		(123.442)	(15.160)
		196.547	304.917
LIABILITIES			
Non-current liabilities			
Borrowings	12	177.937	180.044
Other liabilities		362	362
		178.299	180.406
Current liabilities			
Trade and other payables	11	60.751	81.142
Borrowings	12	36.519	29.805
Provisions	13	13.194	12.322
		110.464	123.269
Total liabilities		288.763	303.675
TOTAL EQUITY AND LIABILITIES		485.310	608.592

Multikino Group

Special Purpose Interim Condensed Consolidated financial statements for the three month period ended 31 March 2013

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	Three month period ended 31 March 2013	2012
Revenue	5	85.119	87.337
Cost of sales	15	(96.904)	(66.183)
Gross (loss)/profit		**(11.785)**	**21.154**
Selling expenses	15	(8.673)	(7.562)
Administrative expenses	15	(84.029)	(5.502)
Other gains/(losses), net	14	83	(378)
Operating (loss)/profit		**(104.404)**	**7.712**
Finance income	16	19	708
Finance costs	16	(5.753)	(6.340)
Finance costs, net	16	(5.734)	(5.632)
(Loss)/profit before income tax		**(110.138)**	**2.080**
Income tax benefit/(expense), net	17	1.856	(515)
Net (loss)/profit		**(108.282)**	**1.565**
Attributable to:			
Owners of the Parent		(108.282)	1.565
(Loss)/earnings per share attributable to the owners of the Parent (in PLN per share)	18		
—basic		(3,70)	0,05
—diluted		(3,70)	0,05

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three month period ended 31 March 2013	2012
Net (loss)/profit	**(108.282)**	**1.565**
Other comprehensive income reclassifiable to profit or loss when specific conditions are met		
Currency translation adjustment	(88)	306
Total comprehensive income for the period	**(108.370)**	**1.871**
Attributable to:		
Owners of the Parent	(108.370)	1.871

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

		Attributable to owners of the Parent					
	Number of shares (not in thousands)	Share capital	Share premium	Merger reserve	Currency translation adjustment	Retained earnings	Total equity
Balance at 1 January 2012	29.289.006	1.464	175.995	142.592	(307)	(19.938)	299.806
Profit for the period	—	—	—	—	—	1.565	1.565
Other comprehensive income	—	—	—	—	306	—	306
Total comprehensive income for the period	—	—	—	—	306	1.565	1.871
Balance at 31 March 2012	29.289.006	1.464	175.995	142.592	(1)	(18.373)	301.677
Balance at 1 January 2013	29.289.006	1.464	175.995	142.592	26	(15.160)	196.236
Loss for the period	—	—	—	—	—	(108.282)	(108.282)
Other comprehensive income	—	—	—	—	(88)	—	(88)
Total comprehensive income for the period	—	—	—	—	(88)	(108.282)	(108.370)
Balance at 31 March 2013	29.289.006	1.464	175.995	142.592	(62)	(123.442)	196.547

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	Three month period ended 31 March 2013	Three month period ended 31 March 2012
Cash generated from operating activities			
Cash generated from operations	19	(1.818)	23.282
Tax paid		(14)	(835)
Net cash generated from operating activities		(1.832)	22.447
Investing activities			
Payments to acquire property, plant and equipment		(7.160)	(11.444)
Proceeds from sale of property, plant and equipment		2	101
Payments to acquire intangible assets		(364)	(219)
Change in restricted cash		—	914
Net cash used in investing activities		(7.522)	(10.648)
Financing activities			
Proceeds from borrowings		3.265	520
Repayments of borrowings		(2.529)	(7.817)
Interest paid (incl. arrangement and guarantee fees and penalty interest, net)		(1.634)	(1.559)
Net cash used in financing activities		(898)	(8.856)
Net increase in cash and cash equivalents		(10.252)	2.943
—including exchange gains/(losses) on cash and cash equivalents		—	—
Cash and cash equivalents at the beginning of the year		14.498	7.245
Cash and cash equivalents at the end of the year		4.246	10.188

1. General information

Multikino S.A. (''the Company'', ''Multikino'' or ''the Parent'') and its subsidiaries (''the Group''), operate a network of multi-screen cinemas and act as a film distributor in Poland. The Group is part of the ITI Group, a group of companies controlled by International Trading and Investments Holdings S.A. Luxembourg (''ITI Holdings'') which owns 86% of the Company's shares as at the balance sheet date. The remaining 14% is owned by A.P. Portico Slask S.a.r.l. ('A.P. Portico Slask'). ITI Holdings is ultimately, jointly controlled by the members of the Wejchert, Walter, Valsangiacomo and Kostrzewa families. ITI Group has been active in Poland since 1984 and is one of the largest media and entertainment groups in Poland.

On 10 May 2013 an agreement for the sale of the whole of the issued share capital of the Company by the owners of the Company and Vue Holdings Limited Group was signed, with certain conditions precedent, including the Office of Competition and Consumer Protection concentration approval. At the date of the authorisation of these special purpose interim condensed consolidated financial statements for issue the conditions precedent have not been met.

The address of its registered office is Mokotowska 49, Warsaw. These interim condensed consolidated financial statements for the three month period ended 31 March 2013 are special purpose financial statements and have been prepared for the purpose of inclusion in the offering document of Vougeot Bidco p.l.c. These interim condensed consolidated financial statements were authorised for issue by the Management Board on 1 July 2013.

These special purpose interim condensed consolidated financial statements include the financial information of the Parent Company and its subsidiaries for the three month period from 1 January do 31 March 2013. The financial year of the Company and its Polish domiciled subsidiaries that has begun on 1 January 2011 has been extended up until 30 September 2012 and the financial year that begun on 1 October 2012 has been extended up until 30 June 2014. The financial year of subsidiaries domiciled in Latvia and Lithuania ends on 31 December 2013. The Group does not prepare statutory consolidated financial statements based on IAS 27.10.

There was no change in the structure of the Group in the period covered by these interim condensed consolidated financial statements.

2. Accounting policies

The principal accounting policies applied in the preparation of these interim condensed consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 *Basis of preparation*

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard IAS 34 'Interim financial reporting' as adopted by the European Union ('EU').

The interim condensed consolidated financial statements have been prepared under the historical cost convention. As at 31 March 2013 current liabilities exceed current assets by 71.893 (31 December 2012: 71.187). The Management considers the risk of potential liquidity problems as low and believes that there are no indicators which could lead to the conclusion that the going concern assumption is inappropriate. Further information about liquidity risk management is provided in Note 3.

These special purpose interim condensed consolidated financial statements should be read in conjunction with the special purpose consolidated financial statements for the twelve month period ended 31 December 2012.

The accounting policies used in the preparation of the interim condensed consolidated financial statements as of and for the three months ended 31 March 2013 are consistent with those used in the

2. Accounting policies (continued)

special purpose consolidated financial statements for the twelve month period ended 31 December 2012, except for new standards and amendments to standards and interpretations being effective for the reporting periods beginning on 1 January 2013.

Taxes on income in the interim periods are accrued using the effective tax rate.

Following new standards and amendments to standards and interpretations being effective for the reporting periods beginning on 1 January 2013 were applicable for Group's activities:

- *Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income.*

  The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The Group has only foreign exchange differences on the translation of the foreign subsidriaries. These items are reclassifiable to profit/loss. The amendement was reflected in the presentation of the Statement of Other Comprehensive Income.

The other new or amended standards effective for the reporting periods beginning on 1 January 2013 do not have impact on these interim condensed consolidated financial statements.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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.

3. Financial risk management

The Group's overall risk management program aimed at minimising potential adverse effects of financial risks on Group's financial performance is consistent with the policies described in the special purpose consolidated financial statements for the twelve month period ended 31 December 2012.

Liquidity and financing risk

Compared to the year end there was no change in the liquidity and financing risk management position.

The Group plans to finance its operations, including capital expenditure and investments, through a combination of cash generated from operations, sale and leaseback collateralised borrowing and finance lease transactions involving newly acquired property, plant and equipment, issuance of bonds and the existing overdraft facilities.

Management monitors rolling forecasts of the Group's liquidity reserve (which comprises cash and cash equivalents) on the basis of expected cash flow. As at 31 March 2013 current liabilities exceed current assets by 71.893 (31 December 2012: 71.187). The positive operating cash flows generated in the past and forecasted positive operating cash flows are estimated to cover the repayment of Group's current liabilities.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 March 2013	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Borrowings	48.768	161.843	26.940	4.338
Trade and other payables*	51.556	—	—	362

At 31 December 2012	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Borrowings	45.116	164.646	29.372	5.016
Trade and other payables*	71.245	—	—	362

* The amount does not include deferred income of 4.176 (31 December 2012: 3.797), employee related liabilities of 3.435 (31 December 2012: 2.836) and statutory liabilities of 1.584 (31 December 2012: 3.264).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated impairment

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the level of cash generating units (operating segments level, which is equivalent to the reporting segment). Non-financial assets other than goodwill that suffered impairment in prior periods are reviewed for possible reversal of the impairment at each reporting date.

If indications exist that the assets grouped in the individual cash generating units (cinemas) are impaired, the Group reviews the given cinema for impairment (see Note 8). The goodwill is tested for impairment in the interim period if the impairment indicators are identified. The level at which goodwill is tested for impairment is an operating segment 'Cinema operations—Poland'.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

5. Reporting and operating segment information

The reporting segment results for the three month period ended 31 March 2013 are as follows:

	Cinemas— Poland	Cinemas— Baltics	Cinemas— Total	Film Distribution	Total
Total segment revenue	73.566	4.523	78.089	9.713	87.802
Inter-segment revenue	*(273)*	—	*(273)*	*(2.410)*	*(2.683)*
Revenue	73.293	4.523	77.816	7.303	85.119
EBITDA	13.924	735	14.659	(35)	14.624
Amortisation, depreciation and impairment charge	(118.320)	(286)	(118.606)	(422)	(119.028)
Operating profit/(loss)	(104.396)	449	(103.947)	(457)	(104.404)
Finance income					19
Finance costs					(5.753)
Loss before income tax					(110.138)
Income tax benefit					1.856
Net loss					108.282

There are no differences from the last annual special purpose financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

The reporting segment results for the three month period ended 31 March 2012 are as follows:

	Cinemas— Poland	Cinemas— Baltics	Cinemas— Total	Film Distribution	Total
Total segment revenue	79.143	3.096	82.239	6.746	88.985
Inter-segment revenue	*(289)*	—	*(289)*	*(1.359)*	*(1.648)*
Revenue	78.854	3.096	81.950	5.387	87.337
EBITDA	17.673	(454)	17.219	(153)	17.066
Amortisation, depreciation and impairment charge	(9.020)	(329)	(9.349)	(5)	(9.354)
Operating profit/(loss)	8.653	(783)	7.870	(158)	7.712
Finance income					446
Finance costs					(11.664)
Loss before income tax					(3.506)
Income tax benefit					724
Net loss					(2.782)

31 March 2013	Cinemas— Poland	Cinemas— Baltics	Cinemas— Total	Film distribution	Unallocated	Group
Assets	438.447	14.775	453.222	19.164	12.924	485.310
Liabilities	55.535	3.704	59.239	15.068	214.456	288.763
Capital expenditure	5.228	21	5.249	5	—	5.254

31 March 2012	Cinemas— Poland	Cinemas— Baltics	Cinemas— Total	Film distribution	Unallocated	Group
Assets	452.723	15.241	467.964	18.656	13.291	499.211
Liabilities	70.475	4.547	75.022	18.804	209.849	303.675
Capital expenditure	38.573	1.543	40.116	2.525	—	42.641

Revenue generation, especially in the Cinemas segment, is driven by attendance, as well as average ticket price and snacks and drinks revenue per head. Attendance is driven by popularity of films shown and the line-up of the films that attract the widest audience. The Group's operations are not seasonal.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

5. Reporting and operating segment information (continued)

The analysis of revenues by category is as follows:

	Three month period ended 31 March 2013	Three month period ended 31 March 2012
Box office revenue (tickets)	45.326	50.083
Concession revenue (sales at the cinema bars)	17.274	18.488
Advertising revenue	9.528	8.825
—including non-cash	*2.765*	*2.188*
Alternative content and special events revenue	4.802	3.784
Other revenue	886	770
Cinemas—Total	77.816	81.950
Film distribution	7.303	5.387
Revenue—Total	85.119	87.337

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

6. Property, plant and equipment

	Freehold land	Buildings	Machinery and equipment	Vehicles	Assets under construction	Total
Gross value						
1 January 2013	7.064	451.241	227.869	1.497	12.056	699.727
Additions	—	599	1.646	—	2.625	4.870
Disposals	—	—	(288)	—	—	(288)
Transfers	—	—	232	(232)	—	—
Exchange differences	—	240	139	—	1	380
31 March 2013	**7.064**	**452.080**	**229.598**	**1.265**	**14.682**	**704.689**
Accumulated depreciation						
1 January 2013	—	118.533	113.214	384	—	232.131
Charge for the period	—	3.789	3.430	52	—	7.271
Disposals	—	—	(288)	—	—	(288)
Transfers	—	—	(312)	312	—	—
Exchange differences	—	26	31	—	—	57
31 March 2013	**—**	**122.348**	**116.075**	**748**	**—**	**239.171**
Impairment loss						
1 January 2013	—	17.197	3.272	—	2.459	22.928
Impairment charge (Note 8)	—	31.985	—	—	—	31.985
Exchange differences	—	63	—	—	—	63
31 March 2013	**—**	**49.245**	**3.272**	**—**	**2.459**	**54.976**
Net book value at 1 January 2013	**7.064**	**315.511**	**111.383**	**1.113**	**9.597**	**444.668**
Net book value at 31 March 2013	**7.064**	**280.487**	**110.251**	**517**	**12.223**	**410.542**

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land	Buildings	Machinery and equipment	Vehicles	Assets under construction	Total
Gross value						
1 January 2012	7.064	432.176	210.630	1.222	12.881	663.973
Additions	—	—	233	—	12.298	12.531
Disposals	—	—	(408)	—	—	(408)
Transfers	—	868	3.141	—	(4.009)	—
Exchange differences	—	(703)	(373)	—	(2)	(1.078)
31 March 2012	7.064	432.341	213.223	1.222	21.168	675.018
Accumulated depreciation						
1 January 2012	—	102.951	97.743	283	—	200.977
Charge for the period	—	3.800	4.111	72	—	7.983
Disposals	—	—	(234)	—	—	(234)
Exchange differences	—	(46)	(56)	—	—	(102)
31 March 2012	—	106.705	101.564	355	—	208.624
Impairment loss						
1 January 2012	—	14.311	3.272	—	1.285	18.868
Impairment charge (Note 8)	—	—	—	—	1.057	1.057
Exchange differences	—	—	—	—	—	—
31 March 2012	—	14.311	3.272	—	2.342	19.925
Net book value at 1 January 2012	7.064	314.914	109.615	939	11.596	444.128
Net book value at 31 March 2012	7.064	311.325	108.387	867	18.826	446.469

6. Property, plant and equipment (continued)

Depreciation expense of 7.107 (2012: 7.819) has been charged in cost of sales and 164 (2012: 164) has been charged in administrative expenses.

Lease rentals amounting to 13.210 (2012: 12.652) relating to the lease of land and premises are included in the consolidated income statements (Note 15). Minimum lease payments for non—cancellable leases are presented in Note 21.

7. Other intangible assets

The Group has no internally generated intangible assets.

Amortisation of 225 (2012: 179) has been charged in cost of sales and 547 (2012: 93) has been charged to administrative expenses.

8. Impairment of Non-current Assets

As at 31 December 2012, the impairment test of goodwill was carried out based on the value in use and showed that there was no impairment (details are disclosed in the special purpose consolidated financial statements for the twelve months ended 31 December 2012).

On 10 May 2013, following the negotiations commenced before 31 March 2013 the owners of the Company singed an agreement for the sale of the whole of the issued share capital of the Company. The completion of the agreement is subject to conditions precedent, including antimonopoly approval. The agreed sales price is lower than the net assets of the Multikino Group, which in Management's view, is an impairment indicator as at 31 March 2013 as the agreed sales price is the best evidence of the value of the Group. Thus it has triggered an impairment test as at 31 March 2013 with the recoverable amount being fair value less cost to sell (i.e. the agreed purchase consideration).

As the result of this impairment test, the goodwill was fully impaired (78.958) and the remaining amount of impairment loss in an amount of 31.985 was allocated pro rata to the other assets. In accordance with requirements of IAS 36 individual assets were not written below their fair value if it was determinable. In total the impairment loss of 110.943 was recognised (78.958 relating to goodwill as administrative expenses and 31,985 relating to the tangible fixed assets as cost of sales).

As at 31 March 2012, Management has determined that:

- in connection with the decision to abandon two projects an impairment loss of 1.057 has been charged to the interim condensed consolidated income statement in the three month period ended 31 March 2012 and reduced the value of property, plant and equipment (see Note 6);
- no impairment indicators were identified for any of the remaining cash generating units.

9. TRADE AND OTHER RECEIVABLES

	31 March 2013	31 December 2012
Trade receivables—gross	21.782	27.741
Less: provision for impairment of trade receivables	(1.264)	(1.285)
Trade receivables—net	20.518	26.456
Taxes receivable (VAT)	946	—
Pre-payments	1.223	481
Other receivables	536	532
	23.223	27.469
Less non-current portion	371	371
Current portion	22.852	27.098

Trade receivables are non-interest bearing and generally have 14 days payment terms. The fair values of trade and other receivables, because of their short-term nature, are estimated to approximate their carrying values.

10. SHARE CAPITAL (NOT IN THOUSANDS)

Shareholder's equity at 31 March 2013 equalled 29.289.006 shares (as at 31 December 2012: 29.289.006) with a par value of 0,05 per share. There are no preferred shares.

Shareholders at 31 March 2013 and 31 December 2012:

Shareholder	Number of shares	Nominal value of shares (in thousands)	Type of shares	% of shares
Multikino Holding B.V.	25.188.545	1.259	Ordinary shares	86%
A.P. Portico Slask S.a.r.l.	4.100.461	205	Ordinary shares	14%
	29.289.006	1.464		100%

11. TRADE AND OTHER PAYABLES—CURRENT

	31 March 2013	31 December 2012
Trade payables	27.496	38.541
Property, plant and equipment payables	6.175	8.465
Accrued expenses	17.217	23.792
Deferred income	4.176	3.797
Employee related payables	3.435	2.836
VAT and other tax payables	1.584	3.264
Other payables	668	447
	60.751	81.142

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

12. BORROWINGS

	31 March 2013	31 December 2012
Non-current		
Bonds	124.792	124.715
Sale and leaseback collateralised borrowings	42.713	44.473
Finance lease liabilities	10.432	10.856
	177.937	180.044
Current		
Bonds (interest accrued)	3.041	—
Bank borrowings	23.122	19.856
Sale and leaseback collateralised borrowings	8.406	8.213
Finance lease liabilities	1.950	1.736
	36.519	29.805
Total	214.456	209.849

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

12. BORROWINGS (CONTINUED)

The detailed listing of the borrowings as at the particular balance sheet dates is as follows:

	Currency	Maturity	As at 31 March 2013	As at 31 December 2012
Securities				
Bonds	PLN	2014	127.833	124.715
—including current portion			*3.041*	—
			127.833	124.715
Bank borrowings:				
Bank Millennium	PLN	May 2013	14.979	11.864
—including current portion			*14.979*	*11.864*
Bank BZ WBK	PLN	March 2014	8.143	7.992
—including current portion			*8.143*	*7.992*
			23.122	19.856
Sale and leaseback collateralised borrowings:				
BREL-PRO	PLN	2017	29.238	30.176
—including current portion			*3.889*	*3.833*
Siemens Finance	EUR	2018	5.492	5.595
—including current portion			*899*	*870*
Pekao	EUR	2018	7.486	7.648
—including current portion			*1.313*	*1.272*
BZ WBK Leasing	EUR	2014, 2015	8.903	9.267
—including current portion			*2.305*	*2.238*
			51.119	52.686
Finance lease liabilities:				
BRE Leasing	PLN	2013	96	148
—including current portion			*96*	*148*
BZ WBK Finanse & Leasing	EUR	2015, 2017	1.998	2.124
—including current portion			*701*	*681*
BZ WBK Finanse	PLN	2015	248	279
—including current portion			*113*	*111*
Europejski Fundusz Leasingowy	EUR	2015	1.590	1.688
—including current portion			*554*	*537*
Pekao Leasing	PLN	2013, 2015	107	137
—including current portion			*38*	*57*
UAB Ozantis	EUR	2020	7.891	7.719
—including current portion			*296*	—
SIA Diksna	EUR	2015	452	497
—including current portion			*152*	*202*
			12.382	12.592
Total			214.456	209.849

In the period since 31 December 2012 the Group has not signed agreements relating to new borrowing facilities, neither has it concluded early repayments of any of the existing facilities.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

12. Borrowings (continued)

On 25 March 2013 the Group entered into an annex to the short term agreement with Bank Zachodni WBK S.A. to finance its current operations extending the facility to PLN 15.000 and the facility term to 31 March 2014. The facility was originally entered into on 26 June 2012 for 6.000 and was subsequently extended to 10.000 by an annex entered into on 24 September 2012.

The carrying amounts of both non-current and current borrowings approximate their fair value.

The carrying amounts of the Group's borrowings at the balance sheet dates are denominated in the following currencies:

	31 March 2013	31 December 2012
Denominated in PLN	180.644	175.311
Denominated in Euro	33.812	34.538
	214.456	209.849

The interest rates of borrowings (which approximate the effective borrowing rates of these borrowings) are as follows:

- Bonds due in 2014 bear an interest based on 6 month WIBOR plus a margin;
- Bank borrowings bear an interest based on 1 month WIBOR or 1 month EURIBOR plus a margin;
- Liabilities related to sale and leaseback collateralised borrowings bear an interest based on 1 month WIBOR or 1 month EURIBOR plus a margin;
- Finance lease liabilities bear an interest based on 1 month WIBOR or 1 month EURIBOR plus a margin.

All of Group's interest bearing liabilities are floating interest rate based.

13. Provisions

	Legal claims	Other	Total
At 1 January 2013	7.104	5.218	12.322
Charged to the consolidated income statements:			
—additional provision	253	619	872
At 31 March 2013	7.357	5.837	13.194

14. Other gains/(losses), net

	Three months ended 31 March 2013	Three months ended 31 March 2012
Gain/(loss) on sale of property, plant and equipment and intangible assets	2	(73)
Grants	81	—
Legal claim	—	(311)
Other gains	—	6
	83	(378)

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

15. Expenses by nature

	Three months ended 31 March 2013	Three months ended 31 March 2012
Film hire and royalties	18.443	21.815
Films distribution	4.376	2.871
Employee benefit expense	12.927	12.779
Advertising costs	7.283	6.264
Costs of alternative content and special events	1.653	904
Depreciation and amortisation (including amortisation of right to the perpetual usufruct of land)	7.666	8.297
Impairment charges	110.943	1.057
Amortisation of trademark	419	—
Utilities, repairs and maintenance	6.178	5.972
Operating lease payments	13.210	12.652
Concession cost (cost of sales at cinema bars)	3.756	3.924
Consulting services	750	694
Property and other taxes	408	480
Other expenses	1.594	1.538
	189.606	79.247

16. Finance costs

	Three months ended 31 March 2013	Three months ended 31 March 2012
Interest expense:		
—Bonds	(3.048)	(3.350)
—Borrowings	(831)	(1.039)
—Finance leases	(200)	(225)
—Overdue paid interest	(421)	(1.104)
Net foreign exchange losses on financing activities	(622)	—
Other items:		
—Guarantee fees	(290)	(301)
—Arrangement fees	(226)	(232)
—Bank charges	(115)	(89)
Finance costs	(5.753)	(6.340)

17. Income tax expense, net

	Three months ended 31 March 2013	Three months ended 31 March 2012
Current tax charge	(273)	—
Deferred tax benefit/(charge), net	2.129	(515)
	1.856	(515)

17. Income tax expense, net (continued)

The tax expense differs from the theoretical amount that would arise using the tax rate applicable to profits of the Group as follows:

	Three months ended 31 March 2013	Three months ended 31 March 2012
(Loss)/profit before income tax	(110.138)	2.080
Tax calculated at tax rates applicable to profits—19% and 15%	20.942	(434)
Goodwill impairment	(15.001)	—
Expenses not deductible for tax purposes	(96)	(127)
Writte off of the deferred tax asset previously recognised on tax losses	(3.815)	—
Tax losses carried forward from previous years utilised in current period on which deferred tax asset was not recognised	—	349
Other permanent differences	(174)	(303)
	1.856	(515)

The tax authorities may inspect the books and records at any time within 5 years from the end of the year when a tax declaration was submitted, and may impose additional tax assessments with penalty interest and penalties. The Group's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

18. Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the Parent Company by the weighted average number of shares in issue during the period (excluding treasury shares).

	Three months ended 31 March 2013	Three months ended 31 March 2012
Net (loss)/profit	(108.282)	1.565
Weighted average number of shares in issue (not in thousands)—see additional comments below	29.289.006	29.289.006
Basic earnings per share (not in thousands)	(3,70)	0,05

The number of shares has not changed in the course of the three months periods ended 31 March 2013 and 31 March 2012 and amounted to 29.289.006 (not in thousands).

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding assuming conversion of all dilutive potential shares. The Company has no category of such potential shares during the periods presented.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

19. CASH GENERATED FROM OPERATIONS

	Three months ended 31 March 2013	Three months ended 31 March 2012
(Loss)/profit before income tax	(110.138)	2.080
Adjustments for:		
—Depreciation (Note 6)	7.271	7.983
—Amortisation (Note 7)	772	272
—Impairment charges (Note 8)	110.943	1.057
—Amortisation of right to the perpetual usufruct of land	42	42
— (Gain)/loss on disposal of property, plant and equipment	(2)	73
—Finance income and costs	5.803	4.963
Changes in working capital:		
—Inventories	(40)	378
—Trade and other receivables	4.246	13.973
—Trade and other payables	(18.544)	(8.854)
—Accruals	619	1.020
—Distribution rights	(2.790)	295
Cash generated from operations	(1.818)	23.282

The amount of barter revenue recognised in the periods covered by these financial statements is comparable to the amount of costs incurred through non-cash transactions. The amounts of revenue were presented in Note 5.

20. CONTINGENT LIABILITIES

There were no changes in contingent liabilities since 31 December 2012.

21. COMMITMENTS

Capital expenditure contracted for at the balance sheet date but not yet incurred relating to property, plant and equipment is as follows:

	31 March 2013	31 December 2012
No later than 1 year	8.199	3.740
Later than 1 year and no later than 5 years	—	—
	8.199	3.740

The Group leases land and cinema premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 March 2013	31 December 2012
No later than 1 year	50.373	49.160
Later than 1 year and no later than 5 years	206.730	202.363
Later than 5 years	149.265	139.998
	406.368	391.521

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

22. RELATED PARTIES

As at 31 March 2013 the Group is controlled by Multikino Holding (incorporated in the Netherlands) which holds 86% of the Company's shares. The ultimate parent of the Group is International Trading and Investments Holdings S.A. Luxembourg. 14% of the Parent Company's shares is held by A.P. Portico Slask.

ITI Holdings is ultimately, jointly controlled by the members of the Wejchert, Walter, Valsangiacomo and Kostrzewa families.

The following transactions were carried out with related parties:

Sales to related parties amounted to 477 for the three months ended 31 March 2013 (for the three months ended 31 March 2012: 700) and comprise mainly advertising services and license fees.

Purchases from related parties for the three months ended 31 March 2013 amounted to 1.491 (for the three months ended 31 March 2012: 2.119) and comprise mainly purchase of distribution rights, licence fees, office rent, marketing services and finance services including corporate guarantee fees and interest.

Cost of services and goods purchased and financing:

	Three months ended 31 March 2013	Three months ended 31 March 2012
Ultimate parent	221	—
Subsidiaries of the ultimate parent	1.219	—
Associates of the ultimate parent	51	2.119
	1.491	2.110

Balances arising from sales/purchases of goods/services:

Receivables from related parties:

	31 March 2013	31 December 2012
Subsidiaries of the ultimate parent	705	2.373
Associates of the ultimate parent	7	995
	712	3.368

Payables to related parties:

	31 March 2013	31 December 2012
Ultimate parent	221	11.179
Subsidiaries of the ultimate parent	5.224	—
Associates of the ultimate parent	71	882
	5.516	12.061

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

22. Related parties (continued)

Key management compensation:

	Three months ended 31 March 2013	Three months ended 31 March 2012
Management Board	2.919	2.133
Supervisory Board	412	475
	3.331	2.608

No other transactions with the Management or Supervisory Board or members of their families were undertaken.

23. Post Balance Sheet Events

(i) On 10 May 2013 a preliminary agreement for the sale of the whole of the issued share capital of the Company was signed (see Note 1).

(ii) On 24 May 2013 the Group entered into an annex to the agreement extending the Bank Millennium facility term until 26 May 2014 (see Note 12).

Multikino Group

Special Purpose Consolidated Financial Statements

For the twelve month period ended 31 December 2012

Multikino Group

Contents	Page

Approval of the Consolidated Financial Statements:

This special purpose consolidated financial statements for the twelve month period ended 31 December 2012 comprising the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity, consolidated cash flow statement and the notes to the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and are audited.

The Management Board of Multikino S.A.:

Piotr Zygo, Chairman of the Board

Robert Kaczmarek, Vice-chairman of the Board

Paweł Świst, Vice-chairman of the Board

Warsaw, 1 July 2013

Independent auditor's report

To the Management Board of Multikino S.A.

Report on the special purpose consolidated financial statements

We have audited the accompanying special purpose consolidated financial statements of Multikino S.A. and its subsidiaries (the 'Multikino Group'), which comprise the consolidated balance sheet as at 31 December 2012 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholder's equity and consolidated cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the special purpose consolidated financial statements

Management is responsible for the preparation and fair presentation of these special purpose consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of the special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the special purpose consolidated financial statements present fairly, in all material respects the financial position of the Multikino Group as at 31 December 2012, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers Sp. z o.o.
Warsaw, Poland
1 July 2013

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Multikino Group

Special Purpose Consolidated financial statements for the twelve month period ended 31 December 2012

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2012	2011
ASSETS			
Non-current assets			
Property, plant and equipment	6	444.668	444.128
Goodwill	8	78.958	78.958
Other intangible assets	7	5.671	3.047
Distribution rights		1.220	1.747
Perpetual usufruct of land	9	15.021	15.189
Deferred income tax assets	10	10.601	6.964
Other receivables	12	371	2.884
		556.510	552.917
Current assets			
Inventories	13	1.430	1.462
Distribution rights		8.628	6.807
Trade and other receivables	12	27.098	41.391
Current income tax receivables		428	—
Restricted cash	11	—	914
Cash and cash equivalents	14	14.498	7.245
		52.082	57.819
TOTAL ASSETS		608.592	610.736
EQUITY			
Capital and reserves attributable to the owners of the Parent			
Share capital	15	1.464	1.464
Share premium		175.995	175.995
Merger reserve		142.592	142.592
Currency translation adjustment		26	(307)
Retained earnings		(15.160)	(19.938)
		304.917	299.806
LIABILITIES			
Non-current liabilities			
Borrowings	17	180.044	187.473
Other liabilities		362	322
		180.406	187.795
Current liabilities			
Trade and other payables	16	81.142	82.669
Current income tax liabilities		—	326
Borrowings	17	29.805	33.276
Provisions	18	12.322	6.864
		123.269	123.135
Total liabilities		303.675	310.930
TOTAL EQUITY AND LIABILITIES		608.592	610.736

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

CONSOLIDATED INCOME STATEMENT

	Note	Twelve month period ended 31 December 2012	2011
Revenue	5	338.829	319.664
Cost of sales	20	(263.849)	(258.294)
Gross profit		74.980	61.370
Selling expenses	20	(35.344)	(32.690)
Administrative expenses	20	(19.942)	(17.118)
Other gains/(losses), net	19	3.048	(5.056)
Operating profit		22.742	6.506
Finance income	22	1.002	59
Finance costs	22	(22.602)	(22.084)
Finance costs, net	22	(21.600)	(22.025)
Profit/(loss) before income tax		1.142	(15.519)
Income tax benefit	23	3.636	1.413
Net profit/(loss)		4.778	(14.106)
Attributable to:			
Owners of the Parent		4.778	(14.106)
Earnings/(loss) per share attributable to the owners of the Parent (in PLN per share)	24		
—basic		0,16	(0,48)
—diluted		0,16	(0,48)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Twelve month period ended 31 December 2012	2011
Net profit/(loss)	4.778	(14.106)
Other comprehensive income:		
Currency translation adjustment	333	(307)
Total comprehensive income for the period	5.111	(14.413)
Attributable to:		
Owners of the Parent	5.111	(14.413)

Consolidated Statement of Changes in Shareholders' Equity

	Number of shares (not in thousands)	Attributable to owners of the Parent					Total equity
		Share capital	Share premium	Merger reserve	Currency translation adjustment	Retained earnings	
Balance at 1 January 2011	29.289.006	1.464	175.995	142.592	—	(5.832)	314.219
Loss for the period	—	—	—	—	—	(14.106)	(14.106)
Other comprehensive income	—	—	—	—	(307)	—	(307)
Total comprehensive income for the period	—	—	—	—	(307)	(14.106)	(14.413)
Balance at 31 December 2011	29.289.006	1.464	175.995	142.592	(307)	(19.938)	299.806
Balance at 1 January 2012	29.289.006	1.464	175.995	142.592	(307)	(19.938)	299.806
Profit for the period	—	—	—	—	—	4.778	4.778
Other comprehensive income	—	—	—	—	333	—	333
Total comprehensive income for the period	—	—	—	—	333	4.778	5.111
Balance at 31 December 2012	29.289.006	1.464	175.995	142.592	26	(15.160)	304.917

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

CONSOLIDATED CASH FLOW STATEMENT

	Note	Period ended 31 December 2012	2011
Cash generated from operating activities			
Cash generated from operations	25	78.738	48.749
Tax paid		(835)	(596)
Net cash generated from operating activities		77.903	48.153
Investing activities			
Payments to acquire property, plant and equipment		(40.044)	(55.017)
Proceeds from sale of property, plant and equipment		191	759
Payments to acquire intangible assets		(4.302)	(1.655)
Change in restricted cash		914	609
Net cash used in investing activities		(43.241)	(55.304)
Financing activities			
Proceeds from borrowings		17.250	40.345
Repayments of borrowings		(24.378)	(10.387)
Interest paid (incl. arrangement and guarantee fees and penalty interest, net)		(20.281)	(20.281)
Net cash (used)/generated in financing activities		(27.409)	9.677
Net increase in cash and cash equivalents		7.253	2.526
—including exchange gains/(losses) on cash and cash equivalents		—	—
Cash and cash equivalents at the beginning of the year		7.245	4.719
Cash and cash equivalents at the end of the year		14.498	7.245

1. GENERAL INFORMATION

Multikino S.A. (''the Company'', ''Multikino'' or ''the Parent'') and its subsidiaries (''the Group''), operate a network of multi-screen cinemas and act as a film distributor in Poland. The Group is part of the ITI Group, a group of companies controlled by International Trading and Investments Holdings S.A. Luxembourg (''ITI Holdings'') which owns 86% of the Company's shares as at the balance sheet date. The remaining 14% is owned by A.P. Portico Slask S.a.r.l. (''A.P. Portico Slask''). ITI Holdings is ultimately, jointly controlled by the members of the Wejchert, Walter, Valsangiacomo and Kostrzewa families. ITI Group has been active in Poland since 1984 and is one of the largest media and entertainment groups in Poland.

The Company is a joint stock company incorporated on 8 July 1998 and domiciled in Poland. The address of its registered office is Mokotowska 49, Warsaw. On 10 July 2007 the Company was subject to a transition from a limited liability (Multikino Sp. z o.o.) to a joint stock company (Multikino S.A.).

These consolidated financial statements for the twelve month period ended 31 December 2012 are special purpose financial statements and have been prepared for the purpose of inclusion in the offering document of Vougeot Bidco p.l.c. These consolidated financial statements were authorised for issue by the Management Board on 1 July 2013.

The special purpose consolidated financial statements for the same period from 1 January 2012 to 31 December 2012 were prepared in Polish to fulfil the Group's reporting requirements arising from the agreements with financing parties and authorised for the issue on 28 February 2013. There are no differences with respect to reported net profit or equity between these two sets of the financial statements. Additional post balance sheet event disclosure was provided in Note 30 for events which occurred between the date of the authorisation for the issue of the previous and current version of the financial statements.

These special purpose consolidated financial statements for the twelve month period ended 31 December 2012 include the financial information of the Parent Company and its subsidiaries for the period from 1 January 2012 to 31 December 2012 (see Note 29). The financial year of the Company and its Polish domiciled subsidiaries that has begun on 1 January 2011 has been extended up until 30 September 2012 and the financial year that begun on 1 October 2012 has been extended up until 30 June 2014. The financial year of subsidiaries domiciled in Latvia and Lithuania ends on 31 December 2012.

These special purpose consolidated financial statements are not statutory finanacial statements. The Group does not prepare statutory consolidated financial statements based on IAS 27.10.

2. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these special purpose consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. *Basis of preparation*

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. In view of the current process of IFRS endorsement in the European Union certain IFRS and Interpretations of International Financial Reporting Interpretations Committee ('IFRIC') have not yet been endorsed by the EU, however as at the date of authorisation of these consolidated financial statements, there is no difference as regards the Group between IFRS as issued by the International Accounting Standard Board (''IASB'') and IFRS as adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention. As at 31 December 2012 current liabilities exceed current assets by 71.187 (2011: 65.316). The Management

2. ACCOUNTING POLICIES (CONTINUED)

considers the risk of potential liquidity problems as low and believes that there are no indicators which could lead to the conclusion that the going concern assumption is inappropriate. Further information about liquidity and financial risk management is provided in Note 3.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment 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.

2.1.1. Accounting standards and IFRIC interpretations that were adopted by the Group

In the year beginning on 1 January 2012 the Group adopted:

(i) Amendments to IFRS 7 Disclosures—Transfers of Financial Assets

The amendments amend the required disclosures related to transfers of financial assets. The amendments did not affect the Group's consolidated financial statements.

(ii) Amendments to IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

The amendments did not affect the Group's consolidated financial statements.

(iii) Amendments to IAS 12 Deferred Tax: Recovery of Underlying Assets

The amendments relate to measuring deferred tax liabilities and deferred tax assets relating to investment property measured using the fair value model in IAS 40 Investment Property and introduce a rebuttable presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. SIC 21 Income Taxes—Recovery of Revalued Non-Depreciable Assets which addresses similar issues involving non-depreciable assets measured using the revaluation model in IAS 16 Property, Plant and Equipment was incorporated into IAS 12 after excluding guidance regarding investment property measured at fair value.

These amendments did not affect the Group's consolidated financial statements.

2.1.2. Accounting standards and IFRIC interpretations issued but not yet effective and not early adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for following reporting periods beginning after 1 January 2012, and have not been early applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

(i) Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income.

The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The Group has only items which are reclassifiable to profit/ loss.

2. ACCOUNTING POLICIES (CONTINUED)

(ii) IFRS 13, 'Fair value measurement'

The standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Group is currently assessing the impact of this standard.

(iii) IFRS 9, 'Financial instruments'

The standard addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2015. The Group will also consider the impact of the remaining phases of IFRS 9 when completed by the Board. This standard was not yet adopted by the EU.

(iv) IFRS 10, 'Consolidated financial statements'.

The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

(v) IFRS 12, 'Disclosures of interests in other entities'.

The standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

2.2. *Consolidation*

Subsidiaries

(a) General

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries

2. ACCOUNTING POLICIES (CONTINUED)

are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that the control ceases.

Revenues and costs, intra-group balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless they are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The transactions with non-controlling interests are accounted for as transactions with equity owners of the Group. For purchases of shares from non-controlling interests, the difference between any consideration and the relevant share acquired of the carrying value of the net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

(b) Business combinations involving entities or businesses under common control.

As business combinations involving entities under common control are excluded from the scope of IFRS 3 Business combinations, the accounting policy in this area has to be chosen by Management, and would then be applied consistently for all business combination transactions relating to entities under common control. The Group uses the predecessor value method.

This method assumes the application of the following rules:

- The business combination under common control is accounted for in the period when such combination takes place. The information for periods prior to the combination is re-presented as if the combining entities were together from the date they became controlled by the ultimate controlling entity.
- The values used to record the combining business assets (including goodwill) and liabilities in the Group's consolidated financial statements are equal to the value of assets (including goodwill) and liabilities of the combining business which were presented in the consolidated financial statements of the ultimate controlling entity. No new goodwill is recorded as a result of business combinations with entities under common control. The value of net assets of the combining entity at the date when the combining entity became controlled by the entity that has common control is credited to a merger reserve net of any consideration paid to acquire a business.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

2. Accounting policies (continued)

2.3. *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to Management of the Parent, as a decision-making body responsible for allocating resources and assessing performance of the operating segments.

Segment information is presented in Note 5.

2.4. *Foreign currency*

(a) Functional and presentation currency

Items included in the Group's consolidated financial statements are measured using the currency of the primary economic environment in which the Group's entities operate (''the functional currency''). The accompanying consolidated financial statements are presented in Polish Zloty (''PLN'', ''zloty''), which is the Company's presentation and functional currency.

(b) Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange applicable at the balance sheet date. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Gains and losses arising from the settlement of such transactions and from translation of monetary assets and liabilities at year-end exchange rates are recognised in the consolidated income statement.

(c) Translation of the foreign operations

The results and financial positions of all the Group entities (none of which has the currency of the hyper-inflationary economy) that have a functional currency different from the presentation currency of this consolidated financial statements are translated into the presentation currency as follows:

- Assets and liabilities of each balance sheet presented are translated at the closing rate at the date of the balance sheet,
- Income and expense for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions), and
- All resulting exchange differences are recognised in other comprehensive income.

2.5. *Exchange rates and inflation:*

	Exchange Rate PLN to U.S. Dollar	Exchange Rate PLN to Euro
31 December 2012	3,0996	4,0882
31 December 2011	3,4174	4,4168

The change in the consumer price index for the twelve month period ended 31 December 2012 amounted to 2,4% and for the twelve month period ended 31 December 2011 amounted to 4,3%.

2. ACCOUNTING POLICIES (CONTINUED)

2.6. *Property, plant and equipment*

Property, plant and equipment are stated at historical cost less depreciation. Where the carrying amount of an asset is greater than its estimated recoverable amount (the higher of fair value less costs to sell and its value in use), it is written down immediately to its recoverable amount.

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are charged to the consolidated income statement during the financial period in which they are incurred.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

In respect of general borrowing costs relating to qualifying assets, the Group capitalises borrowing costs incurred in the period of the acquisition, construction or production of a qualifying asset as part of the cost of that asset using a capitalisation rate.

The Group defines qualifying assets as assets that take at least 7 months to get ready for their intended use.

Depreciation of property, plant and equipment begins when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Management. Depreciation of property, plant and equipment ceases at the earlier of when the asset is classified as held for sale or when the asset is derecognised.

Depreciation of assets is calculated using the straight-line method to allocate their cost to their residual values over the assets estimated useful lives as follows:

Buildings	10–40 years
Cinemas' machinery and equipment	4–15 years
Vehicles	5 years

Improvements to leased premises and buildings are depreciated over the shorter of their useful life or the related lease term, unless there is a reasonable certainty that the Group will obtain ownership of the leased asset by the end of the lease term. Land and assets under construction are not depreciated.

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses), net in the consolidated income statement.

2.7. *Intangible assets*

(a) Goodwill

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination in which the goodwill arose (see Note 2.9 and Note 4).

(b) Brands

Brands are amortised on a straight-line basis over their useful lives.

2. ACCOUNTING POLICIES (CONTINUED)

(c) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Acquired computer software is amortised using the straight-line method over 5 years.

2.8. *Right to the perpetual usufruct of land*

Initial payments to acquire right to the perpetual usufruct of land are stated at historical cost (being the purchase consideration) less amortisation. Amortisation is calculated using the straight-line method over the assets useful life, i.e. 99 years.

2.9. *Impairment of non-financial assets*

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or cash generating units) fair value less costs to sell and value in use.

The Group performs impairment test in relation to goodwill on annual basis and whenever indications exist that goodwill may be impaired.

When indications exist that some of the Group's assets may be impaired, the Groups initially performs an impairment test in relation to the cash generating unit (typically a single cinema location) where this indication exists and recognises the potential impairment and then performs an impairment test in relation to the operating segment to which this cash generating unit belongs, if goodwill had been allocated to this operating segment.

For the purpose of assessing impairment of goodwill on annual basis and should no indications for impairment of assets exist, an impairment test of goodwill is performed in relation to the group of cash generating units equivalent to the operating segment where goodwill had been allocated.

Non-financial assets (except for goodwill) that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10. *Financial assets*

The Group classifies its financial assets into financial assets at fair value through profit or loss, loans and receivables, available-for-sale financial assets and held-to-maturity financial assets. The classification depends on the purpose for which the financial assets are acquired. The Management of the Group determines the classification of its financial assets at initial recognition and re-evaluates the designation at every reporting date. As at 31 December 2012 and 31 December 2011 the Group has only the financial assets classified to the category ''loans and receivable'' (these assets are receivables, cash and cash equivalents and restricted cash).

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

2. Accounting policies (continued)

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Loans and receivables are tested for impairment the same way as trade receivables. Impairment testing of trade receivables is described in Note 2.12.

2.11. *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Spare parts used in rendering Group's services that do not meet definition of the property, plant and equipment are classified as 'inventory''.

2.12. *Trade receivables*

Trade receivables are carried initially at fair value and subsequently measured at amortised cost using the effective interest rate method less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of settlement. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the recoverable amount, calculated as the present value of expected future cash flows using the original effective interest rate. The amount of the provision is recognised in the consolidated income statement. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statement within selling expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling expenses in the consolidated income statement.

2.13. *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturity of less than three months.

2.14. *Share capital*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares that otherwise would have been avoided are shown in equity as a deduction (net of any related income tax benefit) from the proceeds.

2.15. *Share premium*

The share premium represents the fair value of amounts paid to the Company by shareholders above the nominal value of shares issued to them.

2.16. *Merger reserve*

In case of a business combination under common control, the difference between the consideration transferred and the value of net assets of the combining entity is recognised as merger reserve (for details of this method, please refer to Note 2.2 (d)).

2. ACCOUNTING POLICIES (CONTINUED)

2.17. *Trade payables*

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.18. *Borrowings*

The Group recognises its borrowings initially at fair value net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of instruments using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of a liability for at least 12 months after the balance sheet date.

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other costs relating to borrowings are expensed.

2.19. *Current and deferred income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and regulations that have been enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are recognised for all taxable temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future or the asset cannot be utilised.

As these are special purpose financial statements, they include periods which are different for tax and the accounting purposes, therfore the tax for such accounting periods was calculated using the effective tax rate.

2.20. *Employee benefits (pension obligations)—post employment defined contribution plan*

The Group pays contributions to publicly administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense in the period to which they relate.

2. ACCOUNTING POLICIES (CONTINUED)

2.21. *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.22. *Revenue recognition*

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from admission (ticket sales) is recognised on the day of the show or event. The sales are usually in cash or by credit cards. When the tickets or admission vouchers are prepaid the money received is recognised as deferred income until the day of the show or event or voucher expiry date.

Revenue from distribution of films is recognised depending on the distribution field on an accrual basis based on the agreed percentage of ticket sales realised by theatres from the released films or on the sale of film licence.

Sales of snacks and drinks at cinema bars are recognised when the goods are sold to customers. The sales are usually in cash or by credit card.

Revenue from alternative content and special events is recognised on the day of the show or event. For ticketed events, when the tickets or admission vouchers are prepaid the money received is recognised as deferred income until the day of the show or event or voucher expiry date. For sponsoring campaigns related to specific alternative content or special event revenue is recognised when the sponsoring campaign is performed.

Revenue from advertising is recognised when a related advertisement or commercial is screened or an advertising campaign is performed. In some cases, when services are not relative to a specific advertising campaign the revenues are recognised as monthly instalments straight line over the period of the contract.

Rental income from operating leases is recognised on a straight-line basis over the lease term. When the Group provides incentives to its customers, the cost of incentives is recognised over the lease term, on a straight-line basis, as a reduction of rental income.

Services and management charges are recognised in the accounting period in which the services are rendered.

Revenue arising on a barter transaction is measured at the fair value of goods or services received. However, if the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services provided.

2. ACCOUNTING POLICIES (CONTINUED)

Revenue from barter transactions involving advertising services is recognised at the fair value of services provided, measured in relation to non-barter transactions of similar services provided to a different counter party.

2.23. *Cost of sales*

Cost of sales consists of:

- Film hire costs and other author rights fees, which are generally payable as an agreed portion of ticket sales and therefore are recognised once the screening has begun, in line with revenue from admission based on the rates agreed in the distribution contracts;
- Employee costs related to staff employed in theatres, which are recognised as incurred;
- Cost of concession products, which are recognised when sold to final customers;
- Rental costs which are expensed as incurred;
- Utilities, repairs and maintenance including cleaning and repair services, which are expensed as incurred;
- Costs of films distributed are capitalised and recognised as Distribution rights on the balance sheet until the time the films are distributed. Once the films have been distributed, the costs are charged to the income statement at a rate equal to the ratio of revenue in the period to total estimated revenue for the films.

2.24. *Distribution rights*

The Group acquires distribution rights. The cost of acquired distribution rights are capitalised and recognised in distribution rights on the balance sheet. In the period until distribution begins, they are only assessed for impairment until the time the films are distributed for screening. Once they begin to be distributed, the costs are charged to the income statement to the extent that benefits (measured by the estimated total income from distribution) are consumed at a rate equal to the ratio of revenue in the period to total estimated revenue for the films and periodically assessed for impairment.

2.25. *Leases*

Leases of assets, under which substantially all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. The lease payments are apportioned between a reduction of the outstanding capital liability and interest in such a way as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The interest element of the finance charge is charged to the consolidated income statement over the lease period.

The property, plant and equipment held under finance lease contracts is depreciated over the shorter of the lease term or useful life of the asset, unless there is a reasonable certainty that the Group will obtain ownership of the leased asset by the end of the lease term.

A sale and leaseback transaction involves the sale of an asset and the leasing back of the same asset. The accounting treatment of a sale and leaseback transaction depends upon the type of lease involved. If a sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount are deferred and amortised over the lease term. However when there are indicators that

2. Accounting policies (continued)

individually demonstrate that an arrangement may not, in substance, involve a lease under IAS 17 such as when the Group retains all the risks and rewards incidental to ownership, the primary reason for the arrangement is to secure financing and achieve a particular tax result or an option is included on terms that make its exercise almost certain, the sale and leaseback is accounted for as a borrowing with the asset as security. Payments associated with such transactions are treated as repayment of principal or interest in the income statement.

If a sale and leaseback transaction results in an operating lease, and it is established at fair value, any profit or loss is immediately recognised in the consolidated income statement. If the sale price is below fair value, any profit or loss is recognised immediately except that, if the loss is compensated for by future lease payments at below market price, when it is deferred and amortised in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortised over the period for which the asset is expected to be used.

2.26. *Finance income and finance costs*

Finance income comprises interest on cash and cash equivalents and foreign exchange gains. The interest income is recognised in the income statement on an accrual basis, using the effective interest rate method.

Finance costs comprise interest on loans, borrowings and bonds, bank charges, penalty interest on overdue payments, unwinding of interest on provisions, costs related to measurement of liabilities based on amortised cost and foreign exchange losses. The interest expense is recognised using the effective interest method and is recognised in the income statement in the period to which it relates.

3. Financial risk management

Financial risk factors

The Group's principal financial liabilities comprise bonds, bank borrowings, finance leases and trade payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade receivables, cash and short-term deposits, which arise directly from its operations.

The Group's activities expose it to a variety of financial risks, including credit risk, interest rate risk and the effects of changes in foreign currency exchange rates. The Group's overall risk management program seeks to minimise potential adverse effects of financial risks on the financial performance of the Group.

Interest rate risk

The Group's activities expose it to a cash flow interest rate risk related to bank borrowings which are at the variable interest rate. All Gorup's borrowings are based on WIBOR and EURIBOR and the increase of these benchmarks can cause an increase in financial costs borne by the Group.

Management does not currently consider that it is cost effective to use financial instruments to hedge, or to otherwise seek to reduce interest rate risk.

At 31 December 2012, if interest rates had increased/decreased by 100 basis points (2011: 100 basis points) with all other variables held constant, post-tax profit for the financial year would have been 1.638 (2011: 1.592) lower/higher as a result of higher/lower interest expense.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

3. Financial risk management (continued)

Credit risk

Financial assets, which potentially expose the Group to concentration of credit risk, consist principally of cash and cash equivalents, restricted cash, trade and other receivables (including related party balances). The Group limits the credit risks arising from cash and cash equivalents by accepting only reputable banks with good credit ratings.

	31 December 2012	31 December 2011
Banks rated AA	—	1
Banks rated A+	878	2.205
Banks rated A	15	2.958
Banks rated A−	2.700	72
Banks rated BBB+	—	—
Banks rated BBB	107	—
Banks rated BBB−	7.082	—
Cash in hand	403	423
Cash in transit	3.313	2.500
Cash and cash equivalents (including restricted cash)	14.498	8.159

The Group trades only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group believes it is not exposed to significant credit risk. The majority of the Group's revenues are cash based, which limits the risk of client's ability to settle their payables. Trade receivables are carried at amortised cost less an allowance for the impairment resulting from non-recovery and late payment. Credit concentration of the top five balances measured as a percentage of the Group's total trade receivables is as follows:

	31 December 2012	31 December 2011
Customer A	7,47%	26,71%
Customer B	7,25%	7,57%
Customer C	4,30%	7,20%
Customer D	4,24%	7,14%
Customer E	3,93%	4,23%
Top 5 Subtotal	27,19%	52,85%
Other	72,81%	47,15%
Total	100,00%	100,00%

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

3. Financial risk management (continued)

The credit quality of trade receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

Counterparties without external credit rating	**31 December 2012**	**31 December 2011**
Group 1—New customers (less than 6 months).	541	1.260
Group 2—Existing customers (more than 6 months) with no defaults in the past.	13.088	14.206
Group 3—Existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.	465	800
Trade receivables neither past due nor impaired	14.094	16.266
Trade receivables past due but not impaired	12.362	17.434
Total trade receivables	26.456	33.700

Liquidity risk

The Group entered into a number of sale and leaseback collateralised borrowing transactions involving property plant and equipment with a view to securing long term financing. The nature of these instruments is further discussed in Note 17. The Group intends to enter into further sale and leaseback collateralised borrowing transactions involving newly acquired property, plant and equipment.

In the year ended 31 December 2009 the Group issued uncollateralised PLN Bonds which are due for repayment in 2014 ('Bonds'). Proceeds from the issue of Bonds have been used to repay short-term loans and borrowings, thus improving the cost effectiveness and structure of the Group's indebtedness.

The Group plans to finance its operations, including capital expenditure and investments, through a combination of cash generated from operations, sale and leaseback collateralised borrowing and finance lease transactions involving newly acquired property, plant and equipment and expected extention of the existing overdraft facilities.

Management monitors rolling forecasts of the Group's liquidity reserve (which comprises cash and cash equivalents) on the basis of expected cash flow. As at 31 December 2012 current liabilities exceed current assets by 71.187 (2011: 65.316). The Group is generating positive operating cash flows that secure sources for repayment of current liabilities and allow for financing of investments in relation to which the Group has signed non-cancellable agreements and that are scheduled for 2013.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At 31 December 2012	**Less than 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**Over 5 years**
Borrowings	45.116	164.646	29.372	5.016
Trade and other payables*	71.245	—	—	362

At 31 December 2011	**Less than 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**Over 5 years**
Borrowings	50.349	178.321	22.920	23.495
Trade and other payables*	77.244	—	—	322

* The amount does not include deferred income of 3.797 (2011: 3.438), employee related liabilities of 2.836 (2011: 610) and statutory liabilities of 3.264 (2011: 1.377).

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

3. Financial risk management (continued)

Monthly operating cash inflows allow the Group to settle its current liabilities.

Foreign currency risk

Most of the Group's revenue and majority of its liabilities are denominated in zloty and is independent of the current forex rates. Some of the Group's expenses (related to operating financing leases and sale and leaseback transactions related to buildings and plant and machinery) are denominated in Euro and dependent on EUR/PLN forex rates. The percentage of revenue and expenses that are dependent on forex rates is relatively small as compared to the total scale of operations.

At 31 December 2012, if the zloty had weakened/strengthened by 20% (2011: 20%) against the Euro with all other variables held constant, post-tax profit for the year would have been 5.595 (2011: 6.195) lower/ higher, as a result of foreign exchange losses/gains on translation of the borrowings and rent income and expense.

Estimation of fair value

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair value. The fair value of financial liabilities and assets for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments. The carrying values of the Group's loans, borrowings and bonds are assumed to approximate their fair values due to lack of material differences between the actual interest rates of the loans, borrowings and bonds and current market rates.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the net debt to EBITDA ratio. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheets) less cash and cash equivalents and restricted cash. EBITDA is defined as operating profit before (i.e. excluding) depreciation, amortisation and impairment losses.

EBITDA is not an IFRS measure and should not be considered as an alternative to IFRS measures of net profit/(loss), as an indicator of operating performance, as a measure of cash flow from operations under IFRS, or as an indicator of liquidity. EBITDA is not a uniform or standardised measure and the calculation of EBITDA, accordingly, may vary significantly from company to company, and by itself the Group's presentation and calculation of EBITDA may not be comparable to that of other companies.

The ratios at 31 December 2012 and at 31 December 2011 were as follows:

	2012	2011
Total borrowings	209.849	220.749
Less: cash and cash equivalents	(14.498)	(7.245)
Less: restricted cash	—	(914)
Net debt	195.351	212.590
EBITDA*	61.015	51.924
Net debt/EBITDA ratio	3,20	4,09

* The reconciliation of EBITDA is provided in the Note 5.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated impairment

The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. For the purposes of assessing the impairment of goodwill, assets are grouped at the operating segments level.

An operating segment relates to cinema operations in a given geographical area, i.e. 'Cinema operations—Poland', 'Cinema operations—Baltics'. For more information see Note 5 and Note 8.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the level of cash generating units (operating segments level, which is equivalent to the reporting segment). Non-financial assets other than goodwill that suffered impairment in prior periods are reviewed for possible reversal of the impairment at each reporting date.

If indications exist that the assets grouped in the individual cash generating units (cinemas be impaired, the Group reviews the given cinema for impairment.

The details of the impairement tests are presented in the Note 8.

Depreciation and amortisation rates

Depreciation and amortisation rates are determined based on the estimated economic useful lives of property, plant and equipment and intangible assets. The useful lives are reviewed annually by the Group based on current estimates. The details relating to the depreciation rates applied by the Group are presented in Note 2.6.

Barter transactions involving advertising services

The Group enters into barter transactions to provide advertising services in exchange for receiving advertising or other services from its customer. In accordance with SIC-31 *Revenue-Barter Transactions Involving Advertising Services*, revenue from barter transactions involving advertising is not be measured reliably at the fair value of services received. However, under the provisions of SIC-31 the Group can reliably measure revenue at the fair value of the advertising services it provides in a barter transaction, by reference to non-barter transactions.

The non-barter transactions that act as a reference point for estimation of barter revenues meet the following criteria:

- involve advertising similar to the advertising in the barter transaction;
- occur frequently;
- represent a predominant number and value of transactions and amount when compared to all transactions to provide advertising that is similar to the advertising in the barter transaction;

4. Critical accounting estimates and judgement (continued)

- involve cash and/or another form of consideration (e.g. marketable securities, non-monetary assets, and other services) that has a reliably measurable fair value; and
- do not involve the same counterparty as in the barter transaction.

For details relating to non-cash revenues earned by the Group in the periods covered with these consolidated financial statements, please refer to Note 5 (the analysis of revenues by category).

Deferred tax asset

The Group recognises deferred tax assets based on the assumption that taxable profits will be available against which the deferred tax asset can be utilised. Deterioration of future taxable profits might impact this assumption. Significant management judgment is required to determine the amount of deferred tax asset that can be recognised, based upon the expected timing and level of future taxable profits together with future tax planning strategies. The details relating to the carrying value of recognised deferred tax assets as well as the amount of recognised and unrecognised tax losses at the particular balance sheet dates are presented in Note 10.

Consideration of current economic environment

The ongoing global liquidity crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock markets.

The Group's management considers further negative changes in the economic environment of the Group will not have significant effect on operations and on the financial performance of the Group.

5. Reporting and operating segment information

The Group is organised into two main segments:

(1) 'Cinemas'—including box office, snack and drinks, advertising sales, new streams of revenue and special events and other;

(2) 'Film distribution'.

As at 31 December 2012 and 31 December 2011 an operating segment represents cinema operations in a given geographical area, i.e. 'Cinemas—Poland', 'Cinemas—Baltics' and 'Film Distribution' reflecting the level at which Management assesses performance of the cinema operations and allocates resources within given operation.

As at 31 December 2012 and 31 December 2011 an operating segment corresponds to a reporting segment.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

5. Reporting and operating segment information (continued)

The reporting segment results for the twelve month period ended 31 December 2012 are as follows:

	Cinemas—Poland	Cinemas—Baltics	Cinemas—Total	Film Distribution	Total
Total segment revenue	308.495	14.351	322.846	22.718	345.564
Inter-segment revenue	(1.517)	—	(1.517)	(5.218)	(6.735)
Revenue	306.978	14.351	321.329	17.500	338.829
EBITDA*	59.244	3.959	63.203	(2.188)	61.015
Amortisation, depreciation and impairment charge	(33.664)	(4.468)	(38.132)	(141)	(38.273)
Operating profit/(loss)	25.580	(509)	25.071	(2.329)	22.742
Finance income					1.002
Finance costs					(22.602)
Profit before income tax					1.142
Income tax benefit					3.636
Net profit					4.778

The reporting segment results for the twelve month period ended 31 December 2011 are as follows:

	Cinemas—Poland	Cinemas—Baltics	Cinemas—Total	Film Distribution	Total
Total segment revenue	277.295	8.715	286.010	45.014	331.024
Inter-segment revenue	(1.382)	—	(1.382)	(9.978)	(11.360)
Revenue	275.913	8.715	284.628	35.036	319.664
EBITDA	50.539	(1.475)	49.064	2.860	51.924
Amortisation, depreciation and impairment charge	(43.992)	(1.408)	(45.400)	(18)	(45.418)
Operating profit/(loss)	6.547	(2.883)	3.664	2.842	6.506
Finance income					59
Finance costs					(22.084)
Loss before income tax					(15.519)
Income tax benefit					1.413
Net loss					(14.106)

In the period ended 31 December 2012 the Group recognised an impairment loss relating to the 'Cinemas—Baltics' reporting segment in an amount of 3.037 and an impairment loss relating to the 'Cinemas—Poland' reporting segment in an amount of 1.174 (see Note 8).

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

5. Reporting and operating segment information (continued)

In the period ended 31 December 2011 the Group recognised an impairment loss relating to the 'Cinemas—Poland' reporting segment in an amount of 11.611 (see Note 8).

	2012	2011
Cinemas—Poland		
Depreciation of property, plant and equipment	30.868	31.081
Amortisation of intangible assets	1.454	1.131
Impairment loss	1.174	11.611
Amortisation of perpetual usufruct	168	169
	33.664	43.992
Cinemas—Baltics		
Depreciation of property, plant and equipment	1.340	1.311
Amortisation of intangible assets	91	97
Impairment loss	3.037	—
	4.468	1.408
Film distribution		
Depreciation of property, plant and equipment	8	8
Amortisation of intangible assets	133	10
	141	18
Total	38.273	45.418

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, trade and other receivables, and cash and cash equivalents. Unallocated assets comprise deferred and current income taxation.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as taxation and loans, borrowings and bonds.

Capital expenditure comprises additions to property, plant and equipment (Note 6) and intangible assets (Note 7).

The segment assets and liabilities at 31 December 2012 and capital expenditure for the twelve month period then ended are as follows:

	Cinemas—Poland	Cinemas—Baltics	Cinemas—Total	Film distribution	Unallocated	Group
Assets	563.666	15.241	**578.907**	18.656	11.029	**608.592**
Liabilities	70.475	4.547	**75.022**	18.804	209.849	**303.675**
Capital expenditure	38.573	1.543	**40.116**	2.525	—	**42.641**

Unallocated assets comprise deferred tax assets of 10.601 and income tax receivable of 428.

Unallocated liabilities comprise current borrowings of 29.805 and non-current borrowings and bonds of 180.044.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

5. Reporting and operating segment information (continued)

The segment assets and liabilities at 31 December 2011 and capital expenditure for the twelve month period then ended are as follows ('Cinemas—Total' and 'Unallocated' do not constitute reporting segments as described in IFRS 8):

	Cinemas—Poland	Cinemas—Baltics	Cinemas—Total	Film distribution	Unallocated	Group
Assets	556.144	19.386	**575.530**	28.242	6.964	**610.736**
Liabilities	57.538	3.443	**60.981**	28.874	221.075	**310.930**
Capital expenditure	62.367	807	**63.174**	—	—	**63.174**

Unallocated assets comprise deferred tax assets of 6.964.

Unallocated liabilities comprise income tax payables of 326, current loans, borrowings and bonds of 33.276 and non-current loans, borrowings and bonds of 187.473.

The assets allocated to the 'Cinemas—Poland' reporting segment include goodwill in an amount of 78.958.

The assets allocated to the 'Cinemas—Poland' and 'Film Distribution' reporting segments are located in Poland, whereas the assets and the assets allocated to 'Cinemas—Baltics' reporting segment are located in Lithuania and Latvia.

The analysis of revenues by category is as follows:

	2012	2011
Box office revenue (tickets)	181.223	168.678
Concession revenue (sales at the cinema bars)	70.259	60.133
Advertising revenue	44.759	36.367
—including non-cash	*18.357*	*16.693*
Alternative content and special events revenue	21.546	16.974
Other revenue	3.542	2.476
Cinemas—Total	321.329	284.628
Film distribution	17.500	35.036
Revenue—Total	338.829	319.664

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Machinery and equipment	Vehicles	Assets under construction	Total
Gross value						
1 January 2011	7.064	405.002	181.179	1.224	9.205	603.674
Additions	—	28.063	29.610	170	3.676	61.519
Disposals	—	(2.512)	(464)	(172)	—	(3.148)
Transfers	—	416	(416)	—	—	—
Exchange differences	—	1.207	721	—	—	1.928
31 December 2011	7.064	432.176	210.630	1.222	12.881	663.973
Accumulated depreciation						
1 January 2011	—	88.346	83.102	90	—	171.538
Charge for the period	—	17.064	15.065	271	—	32.400
Disposals	—	(2.512)	(463)	(78)	—	(3.053)
Exchange differences	—	53	39	—	—	92
31 December 2011	—	102.951	97.743	283	—	200.977
Impairment loss						
1 January 2011	—	5.317	655	—	1.285	7.257
Impairment charge (Note 8)	—	8.994	2.617	—	—	11.611
31 December 2011	—	14.311	3.272	—	1.285	18.868
Net book value at 1 January 2011	7.064	311.339	97.422	1.134	7.920	424.879
Net book value at 31 December 2011	7.064	314.914	109.615	939	11.596	444.128

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

6. Property, plant and equipment (continued)

	Freehold land	Buildings	Machinery and equipment	Vehicles	Assets under construction	Total
Gross value						
1 January 2012	7.064	432.176	210.630	1.222	12.881	663.973
Additions	—	13.800	16.000	264	8.275	38.339
Disposals	—	—	(1.222)	11	—	(1.211)
Transfers	—	6.166	2.931	—	(9.097)	—
Exchange differences	—	(901)	(470)	—	(3)	(1.374)
31 December 2012	7.064	451.241	227.869	1.497	12.056	699.727
Accumulated depreciation						
1 January 2012	—	102.951	97.743	283	—	200.977
Charge for the period	—	15.650	16.476	90	—	32.216
Disposals	—	—	(921)	11	—	(910)
Exchange differences	—	(68)	(84)	—	—	(152)
31 December 2012	—	118.533	113.214	384	—	232.131
Impairment loss						
1 January 2012	—	14.311	3.272	—	1.285	18.868
Impairment charge (Note 8)	—	3.037	—	—	1.174	4.211
Exchange differences	—	(151)	—	—	—	(151)
31 December 2012	—	17.197	3.272	—	2.459	22.928
Net book value at 1 January 2012	7.064	314.914	109.615	939	11.596	444.128
Net book value at 31 December 2012	7.064	315.511	111.383	1.113	9.597	444.668

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expense of 31.401 (2011: 29.566) has been charged in cost of sales and 815 (2011: 2.834) has been charged in administrative expenses. The impairment loss recognised in the twelve month period ended 31 December 2012 of 3.037 (2011: 11.611) has been charged in cost of sales and the impairment loss recognised in the twelve month period ended 31 December 2012 of 1.174 (2011: 0) has been charged in administrative expenses.

Operating lease rentals amounting to 51.247 (2011: 45.588) relating to the lease of land and premises are included in the consolidated income statements (Note 20). Minimum lease payments for non-cancellable leases are presented in Note 27.

Property, plant and equipment include the following amounts where the Group is a lessee under a finance lease:

	31 December 2012	31 December 2011
Buildings		
Cost—capitalised finance leases	10.075	10.878
Accumulated depreciation	(3.980)	(679)
Net book value	6.095	10.199
Machinery and equipment (including assets under construction)		
Cost—capitalised finance leases	10.037	8.884
Accumulated depreciation	(2.214)	(1.765)
Net book value	7.823	7.119

Property, plant and equipment includes the following amounts under the facility of the sale and leaseback collateralised borrowing:

	31 December 2012	31 December 2011
Buildings		
Cost—capitalised finance leases	133.299	132.120
Accumulated depreciation	(32.441)	(29.465)
Net book value	100.858	102.655
Machinery and equipment		
Cost—capitalised finance leases	36.172	30.538
Accumulated depreciation	(4.349)	(2.034)
Net book value	31.823	28.504

The amount of capitalised borrowing costs relating to acquisition and construction of qualifying assets that are included in the amount of property, plant and equipment according to IAS 23 *'Borrowing costs'* amount to 252 (31 December 2011: 423).

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

7. Other intangible assets

	Software	Brand	Total
Gross value			
1 January 2011	7.615	1.400	9.015
Additions	1.655	—	1.655
31 December 2011	9.270	1.400	10.670
Accumulated amortisation			
1 January 2011	5.218	1.167	6.385
Charge for the period	1.005	233	1.238
31 December 2011	6.223	1.400	7.623
Net book value at 1 January 2011	2.397	233	2.630
Net book value at 31 December 2011	3.047	—	3.047

	Software	Brand	Total
Gross value			
1 January 2012	9.270	1.400	10.670
Additions	1.802	2.500	4.302
31 December 2012	11.072	3.900	14.972
Accumulated amortisation			
1 January 2012	6.223	1.400	7.623
Charge for the period	1.553	125	1.678
31 December 2012	7.776	1.525	9.301
Net book value at 1 January 2012	3.047	—	3.047
Net book value at 31 December 2012	3.296	2.375	5.671

The Group has not recognised any internally generated intangible assets.

Amortisation of 1.049 (2011: 881) has been charged in cost of sales and 629 (2011: 357) has been charged to administrative expenses.

There was no qualifying assets thus no borrowing costs capitalised on intangible assets in the twelve month period ended 31 December 2012 and in the year ended 31 December 2011.

8. Impairment of non-current assets

Impairment test as at 31 December 2012

For the purpose of the preparation of the special purpose consolidated financial statements as at 31 December 2012:

- no impairment indicators were identified for the Group's cinemas;
- an obligatory annual impairment test in relation to goodwill allocated to the group of cash generating units within an operating segment 'Cinemas—Poland' was performed; an impairment test performed in relation to goodwill revealed no impairment; additional information on the methodology of the test performed is given below.

The goodwill of 78.958 was tested at the level of operating segment 'Cinemas—Poland'. The impairment test of goodwill and other non-current assets was undertaken based on the value in use and the five year business plan approved by the Management. The assumptions of the business plan included the

8. Impairment of non-current assets (continued)

increase of operating profits before depreciation and amortisation (EBITDA) and capital expenditures necessary to maintain the current level of economic benefits expected to arise. In the calculation of the residual amount, twenty year forecast period was assumed on top of the five year business plan.

The pre-tax 9,5% discount rate was used. This discount rate was derived from the weighted average cost of capital (WACC) calculated for a capital structure typical for the business sector in which the Group operates as of 31 December 2012.

As at 30 June 2012, Management has determined that:

- impairment indicators occurred for one of the cinemas; an impairment test performed has indicated an impairment of assets in an amount of 3.037; the impairment loss has been charged to the consolidated income statement in the twelve month period ended 31 December 2012 and reduced the carring value of buildings within the property, plant and equipment as at 31 December 2012 (see Note 6);
- in connection with the decision to abandon two projects an impairment loss of 1.117 has been charged to the consolidated income statement in the twelve month period ended 31 December 2012 and reduced the carrying value of assets under constructions within property, plant and equipment as at 31 December 2012 (see Note 6);
- no impairment indicators were identified for any of the remaining cash generating units,

Impairment test as at 31 December 2011

As at 31 December 2011, Management has determined that:

- impairment indicators occurred for one of the cinemas; an impairment test performed has indicated an impairment of assets in an amount of 11.611; the impairment loss has been charged to the consolidated income statement in the twelve month period ended 31 December 2011 and reduced the value of property, plant and equipment as at 31 December 2011 (see Note 6);
- no impairment indicators were identified for any of the remaining cash generating units,
- an obligatory annual impairment test in relation to goodwill allocated to the group of cash generating units within an operating segment 'Cinemas—Poland' was performed; an impairment test performed in relation to goodwill revealed no impairment; additional information on the methodology of the test performed is given below.

If the discount rate used for the purpose of this impairment test was higher/lower by 1 pp, an impairment charge recognised would be higher/lower by 469. If the growth rate after the forecast period used for the purpose of this impairment test was higher/lower by 1 pp, an impairment charge would be 523 lower/higher.

As 31 December 2011 the goodwill amounted to 78.958 and is tested at the level of operating segment 'Cinemas—Poland' (a total of 21 cinemas as at 31 December 2011, including 7 cinemas and projects acquired by the Group on 30 June 2008 in Silver Screen subsidiaries acquisition, with goodwill being allocated to these acquired cinemas and projects as at 31 December 2009).

The impairment test of goodwill and other non-current assets was undertaken based on the value in use and the five year business plan approved by the Management. The assumptions of the business plan include the increase of operating profits before depreciation and amortisation (EBITDA) and capital expenditures necessary to maintain the current level of economic benefits expected to arise. In the calculation of the residual amount, twenty year forecast period was assumed on top of the five year business plan.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

8. Impairment of non-current assets (continued)

The 10% discount rate used is the pre-tax rate and is derived from the weighted average cost of capital (WACC) calculated for a capital structure typical for the business sector in which the Group operates as of 31 December 2011.

9. Right to the perpetual usufruct of land

	2012	2011
Net value as at 1 January	15.189	15.358
Amortisation	(168)	(169)
Net value as at 31 December	15.021	15.189

The amortisation charge of 168 (2011: 169) has been charged in cost of sales.

10. Deferred income tax

Deferred income tax assets and liabilities are offset where the offsetting criteria are met. The offset amounts are as follows:

	31 December 2012	31 December 2011
Deferred income tax assets :		
—Deferred income tax asset to be recovered after more than 12 months	11.316	16.167
—Deferred income tax asset to be recovered within 12 months	8.346	6.612
	19.662	22.779

	31 December 2012	31 December 2011
Deferred tax liabilities:		
—Deferred income tax liability to be recovered after more than 12 months	(9.005)	(15.815)
—Deferred income tax liability to be recovered within 12 months	(56)	—
	(9.061)	(15.815)
Deferred income tax asset, net	10.601	6.964

The gross movement in the deferred income tax assets and liabilities is as follows:

	2012	2011
Balance at beginning of the period	**6.964**	**4.463**
Income statement credit	3.717	2.417
Currency translation adjustment	(80)	84
Balance at end of the period	10.601	6.964

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

10. Deferred income tax (continued)

The movements in deferred income tax assets and liabilities during the year are as follows:

	Unpaid interest on loans, borrowings and bonds	Impairment losses	Sale and leaseback excess/ (deficit) and subsequent tax depreciation difference	Provisions, accruals, deferred income and other	Tax losses carried forward	Foreign exchange (gain)/losses from translation of monetary assets and liabilities denominated in foreign currencies	Difference between accounting and tax amortisation rates	Total
Deferred tax (liability)/asset at 1 January 2012	(2.085)	3.098	(9.329)	4.721	13.085	259	(2.785)	6.964
(Charged)/credited to net profit	2.020	691	389	3.625	(6.349)	(315)	3.656	3.717
Currency translation adjustment	—	—	—	—	(80)	—	—	(80)
Deferred tax (liability)/asset at 31 December 2012	(65)	3.789	(8.940)	8.346	6.656	(56)	871	10.601
Deferred tax (liability)/asset at 1 January 2011	(1.700)	892	(10.321)	4.840	12.913	(63)	(2.098)	4.463
(Charged)/credited to net profit	(385)	2.206	992	(119)	88	322	(687)	2.417
Currency translation adjustment	—	—	—	—	84	—	—	84
Deferred tax (liability)/asset at 31 December 2011	(2.085)	3.098	(9.329)	4.721	13.085	259	(2.785)	6.964

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

10. DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The deferred tax amounts were calculated using the enacted tax rate of 19% (for the Company and its Poland domiciled subsidiaries) and 15% (for Lithuania and Latvia domiciled subsidiaries) as at 31 December 2012 and as at 31 December 2011.

As at 31 December 2012 the amount of tax losses carried forward in relation to which tax assets has been recognised is 36.232 (2011: 70.250). The expiration date of tax losses of 15.854 is 30 June 2014 and the tax losses in the amounts of 11.610, 1.869, 2.168, 4.392 and 399 expire in the subsequent three tax years.

11. FINANCIAL INSTRUMENTS BY CATEGORY

	'Loans and receivables' as defined in IAS 39	
	31 December 2012	31 December 2011
Assets as per balance sheets		
Trade and other receivables (Note 12)	26.988	36.754
Cash and cash equivalents (Note 14)	14.498	7.245
Restricted cash*	—	914
Total	41.486	44.913

(*) Restricted cash relates to deposits set as collateral and guarantees for the lessors of theatres.

The maximum exposure to credit risk is represented by the carrying amount of all financial assets. Maximum exposure to credit risk as of 31 December 2012 amounted to 41.486 (2011: 44.913).

	'Other financial liabilities measured at amortised cost' as defined in IAS 39	
	31 December 2012	31 December 2011
Liabilities as per balance sheets		
Borrowings (Note 17)	209.849	220.749
Trade and other payables*	71.245	77.244
Other liabilities	362	322
Total	281.456	298.315

(*) The amount does not include deferred income of 3.797 (2011: 3.438), employee related liabilities of 2.836 (2011: 610) and tax liabilities of 3.264 (2011: 1.377) (see Note 16).

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

12. TRADE AND OTHER RECEIVABLES

	31 December 2012	31 December 2011
Trade receivables—gross	27.741	34.754
Less: provision for impairment of trade receivables	(1.285)	(1.054)
Trade receivables—net	26.456	33.700
Taxes receivable (VAT)	—	6.950
Pre-payments	481	571
Other receivables	532	3.054
	27.469	44.275
Less non-current portion	371	2.884
Current portion	27.098	41.391

Trade receivables are non-interest bearing and generally have 14 days payment terms. The fair values of trade and other receivables, because of their short-term nature, are estimated to approximate their carrying values. The concentration of trade receivables is discussed in Note 3.

As of 31 December 2012, trade receivables of 12.362 (2011: 17.434) were past due but not impaired. The balance relates to a number of customers with no recent history of default.

The ageing analysis of these trade receivables is as follows:

	31 December 2012	31 December 2011
Past due but not impaired	**12.362**	**17.434**
Including:		
up to 90 days	11.605	17.411
91–180 days	325	23
181–360 days	432	—

The financial assets fully impaired as at 31 December 2012 amount to PLN 1.285 (31 December 2011: 1.054).

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

	2012	2011
At 1 January	1.054	652
Additions	287	451
Utilisation	(56)	(49)
At 31 December	1.285	1.054

The addition of provisions has been included in selling expenses in the consolidated income statements. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

13. INVENTORIES

Inventories comprise snacks and drinks sold at cinemas' bars. The cost of inventories recognised as expense and included in 2012 cost of sales amounted to 17.598 (2011: 14.156).

The value of spare parts used in rendering Group's services as at 31 December 2012 amounts to 211 (2011: 279).

14. Cash and cash equivalents

	2012	2011
Cash at bank and on hand	8.072	6.045
Short-term bank deposits	6.426	1.200
At 31 December	14.498	7.245

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposits rates. The fair value of cash and short term deposits equals to their book value. Deposits are made in PLN.

For the purpose of the cash flow statement, cash and cash equivalents consists of the elements specified in the above table.

15. Share capital (not in thousands)

Shareholder's equity as at 31 December 2012 equalled 29.289.006 shares (as at 31 December 2011: 29.289.006) with a par value of 0,05 per share. There are no preferred shares.

Shareholders at 31 December 2012 and 31 December 2011:

Shareholder	Number of shares	Nominal value of shares (in thousands)	Type of shares	% of shares
Multikino Holding B.V.	25.188.545	1.259	Ordinary shares	86%
A.P. Portico Slask S.a.r.l.	4.100.461	205	Ordinary shares	14%
	29.289.006	1.464		100%

16. Trade and other payables—current

	31 December 2012	31 December 2011
Trade payables	38.541	49.431
Property, plant and equipment payables	8.465	12.217
Accrued expenses	23.792	15.335
Deferred income	3.797	3.438
Employee benefits related payables	2.836	610
VAT and other tax payables	3.264	1.377
Other payables	447	261
	81.142	82.669

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-days terms;
- Other payables are non-interest bearing and are normally settled on 6 months terms;
- For terms and conditions relating to related parties, please refer to Note 28.

17. BORROWINGS

	31 December 2012	31 December 2011
Non-current		
Bonds	124.715	124.445
Sale and leaseback collateralised borrowings	44.473	50.113
Finance lease liabilities	10.856	12.915
	180.044	187.473
Current		
Bonds	—	17
Bank borrowings	19.856	22.277
Sale and leaseback collateralised borrowings	8.213	7.320
Finance lease liabilities	1.736	3.662
	29.805	33.276
Total	209.849	220.749

On 5 January and 31 July 2007 the Group entered into a loan agreement transaction which has a legal form of sale and leaseback for a total value of 48.710 in respect of land and buildings located in Bydgoszcz, Zabrze and Gdansk. The basic lease period has been set for 5 years with an option to extend for an additional 5 years. On 31 January 2011 the Group signed annexes to the agreement extending the term of the sale and leaseback transaction by additional 5 years. The lease schedule and the liability reflect a 10 year lease period. The liability is repaid in 120 monthly instalments including the last payment in year 10 covering 25% of the lease liability. The leasing agreement includes a repurchase option for the property at the end of the leasing period. The interest rate is floating based on the WIBOR plus a margin.

On 23 December 2009 the Group completed the issue of 12.500 (not in thousands) Bonds with a nominal value of 10 and a total nominal value of 125.000. This value was reduced by deferred pre-issuance costs of 1.383. The proceeds from the issue of Bonds were used to repay the factoring facility, bank borrowings and related parties' loans. The Bonds bear a variable interest rate based on 6 month WIBOR plus a margin. The Bonds are payable on 23 December 2014. The Bonds carry an early redemption option.

On 3 December 2009 the Group entered into a finance lease agreement to purchase digital projectors for a total EUR consideration of 968. The basic period of leasing has been set for 5 years. The liability will be repaid in monthly instalments.

On 4 December 2009, 13 April 2010, 16 April 2010, 26 May 2010, 26 July 2010, 29 September 2010 and 19 October 2010 the Group entered into a finance lease agreement for a total EUR consideration of 2.397. The basic period of leasing has been set for 5 years. The liability will be repaid in monthly instalments.

On 25 May 2010 and 6 September 2010 the Group entered into a finance lease agreement for a total consideration of 1.017. The basic period of leasing has been set for 2 years. The liability will be repaid in monthly instalments.

On 12 April 2011 the Group entered into a short term facility of 15.000 to finance its current operations until 12 April 2012. The facility was repaid on 20 March 2012.

On 27 May 2011 the Group entered into a short term facility of 13.000 to finance its current operations until 26 May 2012. On 16 March 2012 the Group entered into an annex to the agreement extending the facility to 14.000 and its term until 26 May 2013. On 24 May 2013 the Group entered into an annex to the agreement extending the facility term until 26 May 2014.

17. Borrowings (continued)

On 21 June 2011 the Group entered into a short term facility of 2.000 to finance its current operations until 20 June 2012. On 6 June 2012 the Group entered into an annex to the agreement extending the facility term until 20 June 2013.

On 4 July 2011 and 29 July 2011 the Group entered into a finance lease agreement for a total EUR consideration of 2.306. The basic period of leasing has been set for 7 years. The liability will be repaid in monthly instalments.

On 1 September 2011 the Group entered into a finance lease agreement for a total consideration of 147. The basic period of leasing has been set for 4 years. The liability will be repaid in monthly instalments.

On 5 September 2011, 6 September 2011, 14 September 2011 and 28 September 2011 the Group entered into a finance lease agreements for a total EUR consideration of 2.145. The basic period of leasing has been set for 7 years and 1 month. The liability will be repaid in monthly instalments.

On 26 June 2012 the Group entered into a short term facility of 6.000 to finance its current operations until 21 March 2013. The facility was extended to 10.000 by an annex entered into on 24 September 2012. On 25 March 2013 the Group entered into an annex to the agreement extending the facility to PLN 15.000 and the facility term to 31 March 2014.

On 22 October 2012 the Group entered into a finance lease agreement for a total consideration of EUR 1.144. The basic period of leasing has been set for 5 years and 1 month. The liability will be repaid in monthly instalments.

On 9 November 2012 the Group entered into a finance lease agreement for a total consideration of EUR 424. The basic period of leasing has been set for 3 years and 1 month. The liability will be repaid in monthly instalments.

All decribed finance lease agreements relate to Machinery and equipment.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

17. BORROWINGS (CONTINUED)

The detailed listing of the borrowings as at the particular balance sheet dates is as follows:

	Currency	Maturity	As at 31 December 2012	As at 31 December 2011
Securities				
Bonds	PLN	2014	124.715	124.462
—including current portion			*—*	*17*
			124.715	124.462
Bank borrowings:				
Bank Millennium	PLN	May 2014	11.864	7.880
—including current portion			*11.864*	*7.880*
Bank BZ WBK	PLN	March 2014	7.992	—
—including current portion			*7.992*	*—*
Bank PEKAO	PLN	n/a	—	14.397
—including current portion			*—*	*14.397*
			19.856	22.277
Sale and leaseback collateralised borrowings:				
BREL-PRO	PLN	2017	30.176	33.783
—including current portion			*3.833*	*3.608*
Siemens Finance	EUR	2018	5.595	6.974
—including current portion			*870*	*901*
Pekao	EUR	2018	7.648	9.614
—including current portion			*1.272*	*1.319*
BZ WBK Leasing	EUR	2014, 2015	9.267	7.062
—including current portion			*2.238*	*1.492*
			52.686	57.433
Finance lease liabilities:				
BRE Leasing	PLN	2013	148	166
—including current portion			*148*	*96*
BZ WBK Finanse & Leasing	EUR	2015, 2017	2.124	2.994
—including current portion			*681*	*692*
BZ WBK Finanse	PLN	2015	279	398
—including current portion			*111*	*106*
Europejski Fundusz Leasingowy	EUR	2015	1.688	—
—including current portion			*537*	*—*
Pekao Leasing	PLN	2013, 2015	137	511
—including current portion			*57*	*366*
Raiffeisen Leasing	EUR	n/d	—	96
—including current portion			*—*	*96*
UAB Ozantis	EUR	2020	7.719	11.689
—including current portion			*—*	*2.114*
SIA Diksna	EUR	2015	497	723
—including current portion			*202*	*192*
			12.592	16.577
Total			209.849	220.749

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

17. BORROWINGS (CONTINUED)

The reconciliation of minimum lease payments to the present value of finance lease liabilities is as follows:

	31 December 2012	31 December 2011
Finance lease liabilities—minimum lease payments:		
No later than 1 year	2.380	4.523
Later than 1 year and no later than 5 years	8.715	10.326
Later than 5 years	3.393	5.171
	14.488	20.020
Future finance charges on finance leases	1.896	3.443
Present value of finance lease liabilities	12.592	16.577

The reconciliation of minimum lease payments to the present value of sale and leaseback collateralised borrowings liabilities is as follows:

	31 December 2012	31 December 2011
Gross sale and leaseback collateralised borrowings liabilities—minimum lease payments:		
No later than 1 year	10.497	10.042
Later than 1 year and no later than 5 years	47.791	39.054
Later than 5 years	1.623	18.324
	59.911	67.420
Future finance charges on finance leases	7.225	9.987
Present value of sale and leaseback collateralised borrowings liabilities	52.686	57.433

The present value of finance lease liabilities is as follows:

	31 December 2012	31 December 2011
No later than 1 year	1.736	3.662
Later than 1 year and no later than 5 years	7.730	8.301
Later than 5 years	3.126	4.614
	12.592	16.577

The present value of sale and leaseback collateralised borrowings liabilities is as follows:

	31 December 2012	31 December 2011
No later than 1 year	8.213	7.320
Later than 1 year and no later than 5 years	42.882	31.789
Later than 5 years	1.591	18.324
	52.686	57.433

The carrying amounts of both, non-current and current borrowings approximate their fair value.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

17. BORROWINGS (CONTINUED)

The carrying amounts of the Group's borrowings at the balance sheet dates are denominated in the following currencies:

	31 December 2012	31 December 2011
Denominated in PLN	175.311	181.597
Denominated in Euro	34.538	39.152
	209.849	220.749

The interest rates of the borrowings (which approximate the effective borrowing rates of these borrowings) are as follows:

- Bonds due in 2014 bear an interest based on 6 month WIBOR plus a margin;
- Bank borrowings bear an interest based on 1 month WIBOR or 1 month EURIBOR plus a margin;
- Liabilities related to sale and leaseback collateralised borrowings bear an interest based on 1 month WIBOR or 1 month EURIBOR plus a margin;
- Finance lease liabilities bear an interest based on 1 month WIBOR or 1 month EURIBOR plus a margin.

All of Group's interest bearing liabilities are floating interest rate based.

18. PROVISION

	Legal claims	Other	Total
At 1 January 2011	—	363	363
Charged to the consolidated income statements:			
—additional provision	4.142	2.359	6.501
At 31 December 2011	4.142	2.722	6.864
At 1 January 2012	4.142	2.722	6.864
Charged to the consolidated income statements:			
—additional provision	2.962	2.496	5.458
At 31 December 2012	7.104	5.218	12.322

Provision for legal claims

In 2011 the Group recognised a provision in an amount of 4.091 relating with respect to the ruling of arbitration court in a legal case brought against the Group by one of the developers for a payment of contractual penalties (EUR denominated). On 22 July 2011 the Group lodged a complaint to the common court for a reversal of judgement in the abovementioned case. The Group has re-estimated the amount of the provision as at 31 December 2012 increasing it to the amount of PLN 5.440.

In 2011 the Group has also recognised a provision in an amount of 51 with respect to a court ruling in a legal case brought against the Group by one of the interior designers.

In 2012 the Group recognised a provision in an amount of 1.664 with respect to the ruling of common court in a legal case brought against a Group by a contractor of the shopping mall where one of the Group's cinemas is located.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

18. Provision (continued)

Other provisions

The Group recognises a provision with respect to author's rights fees collected by a national author's rights agency in the amount which the Group believes to be the best estimate of the possible future outflow. As at 31 December 2012 the provision amounted to 5.218 (2011: 2.722).

19. Other gains/(losses), net

	2012	2011
Gain/(loss) on sale of property, plant and equipment and intangible assets	(110)	664
Grants	576	408
Other gains	3.797	101
Legal claim	(1.187)	(4.078)
Contributions to charity	(27)	(5)
Other gains/(losses), net	(1)	(2.146)
	3.048	(5.056)

20. Expenses by nature

	2012	2011
Film hire and royalties	79.363	68.558
Films distribution	12.746	25.432
Employee benefit expense (Note 21)	51.405	41.415
Advertising costs	29.323	30.893
Costs of alternative content and special events	5.918	4.359
Depreciation, amortisation (including amortisation of right to the perpetual usufruct of land)	33.937	33.574
Impairment charges	4.211	11.611
Amortisation of trademark	125	233
Utilities, repairs and maintenance	22.763	20.594
Operating lease payments	51.247	45.588
Concession cost (cost of sales at cinema bars)	16.293	14.156
Consulting services	2.917	3.947
Property and other taxes	1.492	1.670
Other expenses	7.395	6.072
	319.135	308.102

21. Employee benefits

	2012	2011
Wages and salaries (including holiday accrual)	44.032	34.817
Social security costs—costs relating to State Pension	5.963	4.972
Other benefits (training and social fund)	1.410	1.626
	51.405	41.415

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

22. FINANCE INCOME AND COSTS

	2012	2011
Interest expense:		
—Bonds	(13.539)	(12.774)
—Borrowings	(3.683)	(3.252)
—Finance leases	(709)	(975)
—Overdue paid interest	(2.369)	(357)
Net foreign exchange losses on financing activities	—	(2.594)
Other items:		
—Guarantee fees	(1.085)	(972)
—Arrangement fees	(797)	(826)
—Bank charges	(420)	(334)
Finance costs	(22.602)	(22.084)
Interest income on short-term bank deposits	74	33
Overdue received interest	75	26
Net foreign exchange gains on financing activities	519	—
Other finance income	334	—
Finance income	1.002	59
Finance costs, net	(21.600)	(22.025)

23. INCOME TAX EXPENSE, NET

	2012	2011
Current tax charge	(81)	(1.004)
Deferred tax charge, net (see Note 10)	3.717	2.417
	3.636	1.413

The tax expense differs from the theoretical amount that would arise using the tax rate applicable to profits of the Group as follows:

	2012	2011
Profit/(loss) before income tax	1.142	(15.519)
Tax calculated at tax rates applicable to profits—19% and 15%	(285)	2.813
Expenses not deductible for tax purposes	(398)	(726)
Tax losses carried forward from previous years utilised in current period on which deferred tax asset was not recognised	4.319	—
Other differences	—	(674)
	3.636	1.413

The reporting period of twelve months ended 31 December 2012 comprise of parts of the two fiscal years i.e. nine months of the fiscal year ended 30 September 2012 and three months of the fiscal year beginning on 1 October 2012 and lasting until 30 June 2014 (the reporting period of twelve months ended 31 December 2011 represent the part of one fiscal years i.e. twelve months of the fiscal year beginning on 1 January 2011 and ended 30 September 2012).

The tax authorities may inspect the books and records at any time within 5 years from the end of the year when a tax declaration was submitted, and may impose additional tax assessments with penalty interest

23. Income tax expense, net (continued)

and penalties. The Group's management is not aware of any circumstances, which may give rise to a potential material liability in this respect.

24. Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to shareholders of the Parent Company by the weighted average number of shares in issue during the period (excluding treasury shares).

	2012	2011
Net profit/(loss)	4.778	(14.106)
Weighted average number of shares in issue (not in thousands)—see additional comments below	29.289.006	29.289.006
Basic earnings per share (not in thousands)	0,16	(0,48)

The number of shares has not changed in the course of the years ended 31 December 2012 and 31 December 2011 and amounted to 29.289.006 (not in thousands).

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding assuming conversion of all dilutive potential shares. The Company has no category of such potential shares during the periods presented.

25. Cash generated from operations

	2012	2011
Profit/(loss) before income tax	1.142	(15.519)
Adjustments for:		
—Depreciation (Note 6)	32.216	32.400
—Amortisation (Note 7)	1.678	1.238
—Impairment charges (Note 8)	4.211	11.611
—Amortisation of right to the perpetual usufruct of land (Note 9)	168	169
—Loss on disposal of property, plant and equipment	110	(664)
—Finance income and costs	20.187	21.207
—Other	(3.112)	—
Changes in working capital:		
—Inventories	32	59
—Trade and other receivables	17.140	(19.400)
—Trade and other payables	2.659	11.185
—Accruals	3.601	6.501
—Programming rights	(1.294)	(38)
Cash generated from operations	78.738	48.749

The amount of barter revenue recognised in the periods covered by these financial statements is comparable to the amount of costs incurred through non-cash transactions. The amounts of revenue were presented in Note 5.

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

26. Contingent liabilities

The Group has contingent liabilities in respect of claims arising in the ordinary course of business of up to PLN 1.000.

The Group has a guarantee line agreement up to a maximum amount of 30.000. The Group is required to pay to the guarantying bank all amounts disbursed by the bank under the guarantee line agreement. As at 31 December 2012 the amounts drawn by the Group under the guarantee line agreement amount to 4.233 and an equivalent of EUR 4.711. No amounts were disbursed by the guarantying bank under the guarantee line agreement as of 31 December 2012.

It is not anticipated that any material liabilities may arise from the contingent liabilities other than those fully provided for (Note 18) and described above.

27. Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred relating to property, plant and equipment is as follows:

	31 December 2012	31 December 2011
No later than 1 year	3.740	23.190
Later than 1 year and no later than 5 years	—	—
	3.740	23.190

The Group leases land and cinema premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2012	31 December 2011
No later than 1 year	49.160	50.725
Later than 1 year and no later than 5 years	202.363	220.569
Later than 5 years	139.998	281.225
	391.521	552.519

28. Related parties

As at 31 December 2012 the Group is controlled by Multikino Holding (incorporated in the Netherlands) which holds 86% of the Company's shares. The ultimate parent of the Group is International Trading and Investments Holdings S.A. Luxembourg. 14% of the Parent Company's shares is held by A.P. Portico Slask.

ITI Holdings is ultimately, jointly controlled by the members of the Wejchert, Walter, Valsangiacomo and Kostrzewa families.

The following transactions were carried out with related parties:

In 2012 sales of goods and services to the related parties amounted to 4.049 (2011: 4.110) and relates mainly to sale of advertising services and sale of programming rights.

In 2012 purchase of goods and services from related parties amounted to 10.230 (2010: 22.478) and related mainly to purchase of programming rights, advertising services and financial services (corporate guarantee costs and interest).

(Expressed in PLN, all amounts in thousands, except as otherwise stated)

28. Related parties (continued)

Cost of services and goods purchased and financing:

	2012	2011
Subsidiaries of the ultimate parent	9.912	22.473
Associates of the ultimate parent	318	—
Other related parties	—	5
	10.230	22.478

Year-end balances arising from sales/purchases of goods/services:

Receivables from related parties:

	31 December 2012	31 December 2011
Subsidiaries of the ultimate parent	2.373	3.981
Associates of the ultimate parent	995	—
	3.368	3.981

Payables to related parties:

	31 December 2012	31 December 2011
Subsidiaries of the ultimate parent	11.179	23.880
Associates of the ultimate parent	882	—
	12.061	23.880

Key management compensation:

	2012	2011
Management Board	2.919	2.133
Supervisory Board	412	475
	3.331	2.608

No other transactions with the Management or Supervisory Board or members of their families were undertaken.

29. Group companies

These consolidated financial statements comprise the Parent company and the following subsidiaries (the Group):

	Country of incorporation	31 December 2012 Ownership %	31 December 2011 Ownership %
ITI Cinema Sp. z o.o.	Poland	100	100
SC-Personel Sp. z o.o. (in liquidation)	Poland	100	100
Multikino Media Sp. z o.o. (until 25 November 2011— Silver Screen SPC Sp. z o.o.)	Poland	100	100
UAB Multikino Lietuva	Lithuania	100	100
SIA Multikino Latvia	Latvia	100	100

29. Group companies (continued)

The share capital percentage owned by the Parent Company equals the percentage of Parent Company's voting rights in each of the above entities.

30. Post balance sheet events

On 10 May 2013, the owners of the Company have signed agreement for the sale of the whole of the issued share capital of the Company. The completion of the agreement is subject to meeting certain conditions, including antimonopoly approval.

Vougeot Bidco Limited
(formerly Alnery No. 3098 Limited)

Balance Sheet as at 28 June 2013

(Registered Number 08514872)

STATEMENT OF INDEPENDENT AUDITORS TO VOUGEOT BIDCO LIMITED FOR THE PURPOSES OF SECTIONS 92(1)(b) AND (c) OF THE COMPANIES ACT 2006

We have audited the balance sheet and related notes of Vougeot Bidco Limited as at 28 June 2013 set out on pages F-258 to F-259 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The company's directors are responsible for the preparation of the balance sheet and related notes.

It is our responsibility to:

1. report on whether the balance sheet has been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied if it had been prepared for a financial year of the company with such modifications as are necessary by reason of that fact; and
2. form an independent opinion concerning the relationship between the company's net assets and its called-up share capital and undistributable reserves at the balance sheet date.

This report, including the opinion, has been prepared for and only for the company in accordance with section 92 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, 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.

Opinion concerning proper preparation of balance sheet

In our opinion the balance sheet and related notes as at 28 June 2013 have been properly prepared in accordance with the provisions of the Companies Act 2006 that would have applied had the balance sheet been prepared for a financial year of the company.

Statement on net assets

In our opinion, at 28 June 2013 the amount of the company's net assets (within the meaning given to that expression by section 831(2) of the Companies Act 2006) was not less than the aggregate of its called-up share capital and undistributable reserves.

PricewaterhouseCoopers

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
1 July 2013

Vougeot Bidco Limited

Balance Sheet as at 28 June 2013

For the purpose of re-registration as a public company

	Notes	28 June 2013 GBP
Current assets		
Cash		12,500
Debtors amounts falling due within one year	4	37,501
Total net assets		**50,001**
Capital and reserves		
Share capital	5	50,001
Shareholders' funds		**50,001**

The notes below form an integral part of this financial statement.

The Balance Sheet of Vougeot Bidco Limited, registered number 08514872, was approved by the Board of directors and authorised for issue on 28 June 2013.

Director
Simon Jones
28 June 2013

Notes

1. Basis of preparation

The non-statutory financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company is a wholly owned subsidiary of Vougeot Holdco Limited and will be included in the consolidated financial statements of Vougeot Holdco Limited for the year ended 30 November 2013.

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of paragraph 3(c) of FRS 8 ''Related Party Disclosure'' from disclosing relating party transactions with entities that are part of the Vougeot Holdco Limited group of companies.

2. Employees

There were no persons employed by the company.

3. Directors' emoluments

The directors received no emoluments from the company for their services.

4. Debtors

On 27 June 2013, Vougeot Bidco Limited (the ''Company'') entered into a subscription agreement with Vougeot Midco Limited (the ''Parent Company''), for the allotment of 50,000 Voting Ordinary Shares of £1 each in the Company. These Voting Ordinary Shares are paid up to the amount of £12,500, with £37,500 left outstanding as an intercompany receivable. The receivable is payable on demand and is included in ''Debtors amounts falling due within one year''.

In addition, there is an undertaking from Parent Company to pay the initial £1 subscription amount.

5. Share capital

	28 June 2013 GBP
50,001 Voting Ordinary Shares of £1 each	**50,001**

6. Profit and loss account

	28 June 2013 GBP
As at 28 June 2013	**—**

7. Reconciliation of movements in shareholders' funds

	28 June 2013 GBP
Ordinary shares issued on incorporation	1
Issue of share capital	50,000
Shareholders' funds at 28 June 2013	**50,001**

8. Ultimate parent undertaking

The immediate parent undertaking is Vougeot Midco Limited.

The results of the company will be consolidated, from 28 June 2013, in the financial statements of Vougeot Holdco Limited, a company incorporated in Jersey. The consolidated financial statements of Vougeot Holdco Limited are publically available and may be obtained from Vougeot Holdco Limited, 6 New Street Square, New Fetter Lane, London, EC4A 3BF, United Kingdom.

Vougeot Holdco Limited is the parent undertaking of the smallest and largest group to consolidate the results of this company.

At 28 June 2013, the ultimate controlling parties are considered by the Directors to be OPE Vougeot Holdings Limited, PE12GV (Artist) Ltd and PE12PX (Artist) Ltd, investment vehicles for OMERS Administration Corporation and Alberta Investment Management Corporation are the controlling parties of Vougeot Holdco Limited.

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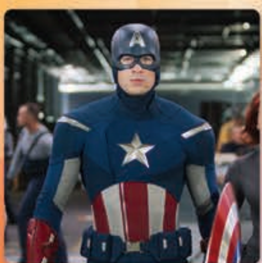

STANDBY






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OFFERING MEMORANDUM

Vougeot Bidco p.l.c.

to acquire

Vue Entertainment International Limited

£300,000,000 7.875% Senior Secured Notes due 2020
€290,000,000 Senior Secured Floating Rate Notes due 2020

Joint Global Coordinators and Joint Bookrunners

Goldman Sachs International **Morgan Stanley**

Bookrunner

Lloyds Bank

July 11, 2013