

Half-yearly Financial Report 30 June 2011  
Press Release - regulated information - 25 August 2011

## Kinopolis realises € 111 million revenue and € 14 million profit in the first half year

### The past half year at a glance<sup>1</sup>

- 9.6 million visitors: 6.8% less than in the 'Avatar' half year (first half 2010)
- Box office revenue<sup>2</sup> and In-theatre Sales (ITS)<sup>3</sup> decreased respectively by 4.9% and 1.1%
- More Business-to-business revenue (B2B)
- Real estate: rental income stable
- Current<sup>4</sup> EBITDA<sup>5</sup> in line with prior year (-1.9%)
- Current<sup>4</sup> profit rose by 16.4%
- Capital gain (after tax) of € 0.3 million on second phase real estate development in Ghent (project Blyweert)
- Increased free cash flow<sup>6</sup>, especially through working capital movements (seasonality and timing effects)
- Net financial debt of € 64.9 million as at 30 June 2011 compared to € 67.0 million as at 31 December 2010

### Key figures

In million €	H1 2011	H1 2010	% difference
Visitors ('000)	9,619	10,319	-6.8%
Revenue	111.5	112.9	-1.2%
EBITDA <sup>5</sup>	30.5	31.5	-3.2%
Current <sup>4</sup> EBITDA <sup>5</sup> (REBITDA <sup>7</sup> )	30.1	30.7	-1.9%
REBITDA margin	27.0%	27.2%	
EBIT	20.2	20.3	-0.3%
Current <sup>4</sup> EBIT (REBIT)	19.8	18.9	4.8%
REBIT margin	17.8%	16.8%	
Profit	14.0	11.6	20.6%
Current <sup>4</sup> profit	13.7	11.8	16.4%
Earnings per share (in €)	2.08	1.73	
Free cash flow <sup>6</sup>	14.2	12.0	18.9%

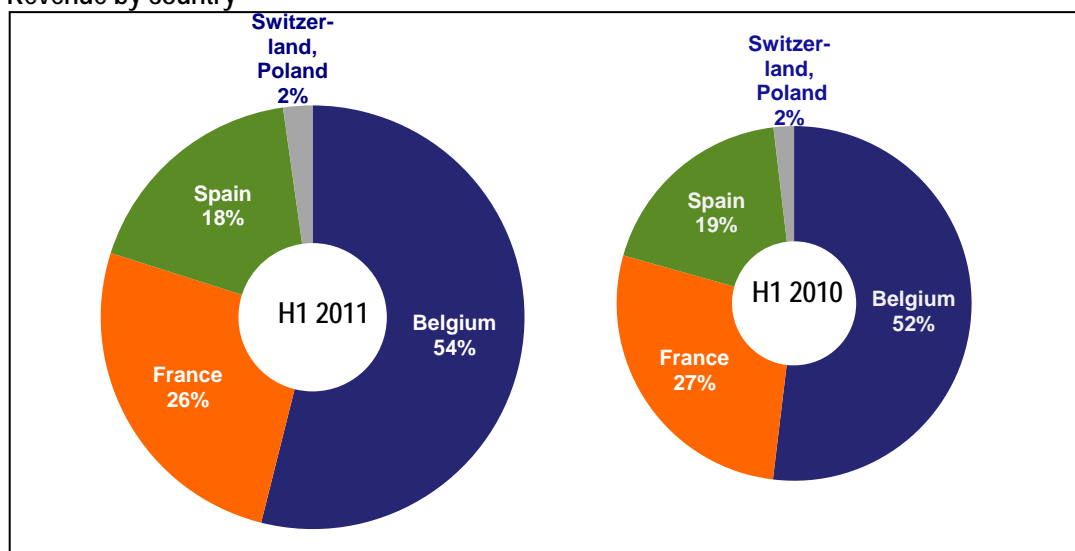
In million €	30 June 2011	31 December 2010	% difference
Total assets	315.2	326.0	-3.3%
Equity	135.0	157.3	-14.2%
Net financial debt (NFD)	64.9	67.0	-3.0%

## Notes to the consolidated results

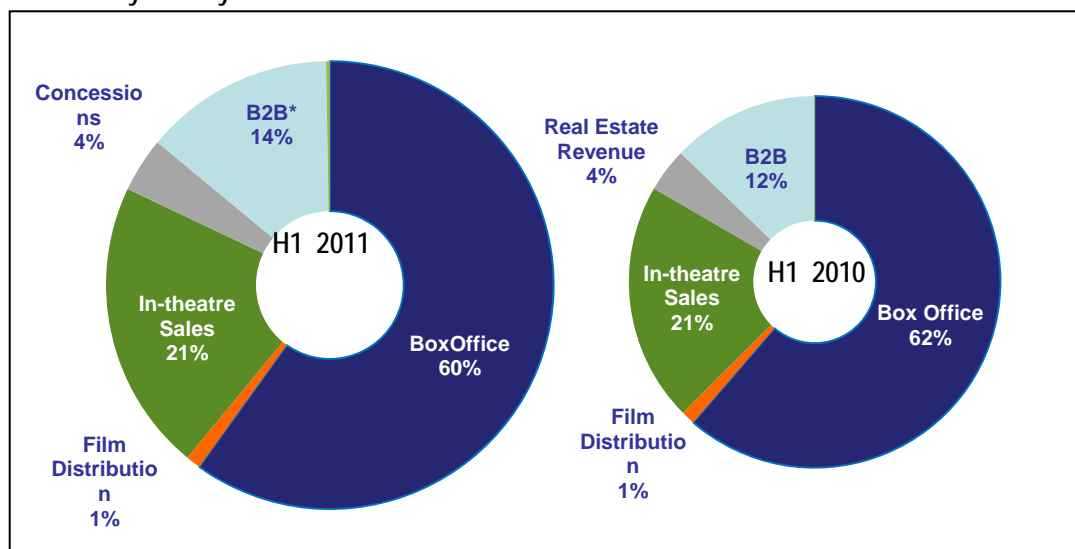
### Revenue

Revenue of € 111.5 million decreased by 1.2% compared to the first half of 2010 and can be broken down as follows:

Revenue by country



Revenue by activity



**Box office** revenue amounted to € 66.8 million in the first half of the year, a decline by 4.9% compared with the first half of 2010, while visitor numbers decreased by 6.8%. This is in line with previously announced expectations, given that 2010 was an atypical film year with a very strong first half of the year and a mediocre second half.

- The extraordinary success of 'Avatar' led to a surge in ticket sales in the first half of last year. As a consequence the current year attendance figures experienced a relapse, but were only 2.3% lower than in the first half of 2009 ('Angels and Demons', 'Fast and Furious 4'), which provides a better basis for

comparison. Furthermore the exceptionally warm spring weather, combined with an average film offering, affected cinema attendance in the past half year.

- The summer blockbuster season, supported by the rainy weather, turned the tide as from mid-June. Cinema attendance rose resulting in a substantial catch-up effect.
- The top 5 for the first half of the year was made up of 'Pirates of the Caribbean, On Stranger Tides', 'Rien à Déclarer', 'Fast Five', 'Rio' and 'Black Swan'.
- In contrast to France and Spain, several local movies ('Rundskop', 'Rien à Déclarer', 'Frits and Freddy') supported box office revenue in Belgium. Local film offering in the top category was limited to 'Rien à Déclarer' in France, 'Torrente 4' in Spain and 'Kokowaah' in Switzerland.
- Live opera, ballet, theatre and musicals experienced increased interest. Some performances attracted a record number of visitors and sometimes even ended up in the film top 10 of the week.
- Box office revenue was positively impacted by VPF ('Virtual Print Fee') income, resulting from contracts with film distributors. These agreements allow Kinopolis to recoup a large part of its investments in digital equipment over the next few years.

Visitors (in millions)	Belgium	France	Spain	Switzerland	Total
Number of cinemas	11	7	3	1	22
H1 2011	4.3	3.1	2.1	0.1	9.6
H1 2010	4.5	3.5	2.3	0.1	10.3
2011 compared to 2010	-2.9%	-10.3%	-9.7%	+8.9%	-6.8%

**In-theatre Sales (ITS)** slightly decreased by 1.1%. ITS revenue per visitor increased further thanks to the continued rollout and success of the new Mega Candy self-service shops that offer visitors a broader assortment and more convenience. The higher consumption per visitor could however not entirely offset the impact of lower attendance. A second generation of the self-service concept is introduced in Spain in 2011.

**Business to Business (B2B)** revenue rose by 17.5% in the first half of the year compared with the same period last year, mainly thanks to the extensive efforts of the B2B sales teams committed, among others, to the sale of cinema vouchers and business events.

**Real estate revenue** increased by 0.8% due to new rental agreements in France and Switzerland, and rent increases covering inflation in Belgium. At constant exchange rates, the increase was 0.6%.

Revenue from **Kinopolis Film Distribution (KFD)** amounted to € 1.2 million, a decrease of 10.7% compared with the first half of 2010, due to less film releases in the first half of 2011. 'Rundskop' was the most successful Flemish film of the first half of the year. The international top films for KFD were 'Limitless', 'Season of the Witch' and 'The Fighter', which won two Oscars.

## **REBITDA**

As a result of the continued focus on efficiency improvement, margin-enhancing measures and fixed cost control (even after inflation), the REBITDA margin remained stable and amounted to 27.0% versus 27.2% last year, despite falling visitor numbers. The overhead costs increased due to investments in talent, management, skills and systems. These support our strategic goals of being the best marketer, the best cinema operator and the best cinema real estate manager.

## **Profit for the first half**

Current profit amounted to € 13.7 million in the first half of 2011, an improvement of 16.4% compared to 2010 (€ 11.8 million). This significant increase is the result of higher operating profit combined with lower interest costs and taxes.

Profit for the first half of 2011 was € 14.0 million compared with € 11.6 million in 2010, an increase of 20.6%.

The non-current result for the first half of 2011 includes a gain of € 0.3 million (after tax) realized on the second phase of the real estate project (Blyweert) in Ghent. The remaining apartments and parking places will be delivered and recognized in income in the second half of the year.

The effective tax rate decreased to 24.5%.

### **Free cash flow and net financial debt**

Free cash flow amounted to € 14.2 million for the first half of 2011, compared to € 12.0 million for the same period in 2010.

The increase in free cash flow is primarily due to lower interest payments (€ 1.1 million) and favourable working capital movements (€ 4.4 million), offset by higher income taxes paid (€ -2.0 million). On the other hand, free cash flow in the first half of 2010 was impacted by the one-off sale of real estate in Ghent to Brummo (€ -1.4 million).

The evolution of the working capital is due to:

- 1) a number of project-related and one-off impacts,
- 2) seasonal fluctuations in the cinema business and differences in the timing of blockbuster releases,
- 3) effects arising from differences in the timing of payment of trade payables, the timing of implemented investments, collection and payment of other receivables and payables.

In the first half of 2011, capital expenditure was € 6.2 million, € 0.6 million less than last year (€ 6.8 million).

The net financial debt of Kinopolis decreased by € 2.1 million, from € 67.0 million as at 31 December 2010 to € 64.9 million as at 30 June 2011. The NFD/EBITDA ratio was 1.0 as of 30 June 2011.

Kinopolis is financed, among others, by a syndicated credit facility until 2012 and 2014. The total gross financial debt fell by € 6.6 million to € 73.2 million on 30 June 2011 compared to 31 December 2010.

### **Balance sheet**

Fixed assets (including those available for sale) at € 284.0 million on 30 June 2011 represented 90.1% of the balance sheet total. This includes land and buildings (including those available for sale and investment property) with a carrying value of € 204.6 million.

On 30 June 2011 equity amounted to € 135.0 million or 42.8% of total assets, a decrease of 11.4% compared to the solvency at the end of 2010, as a result of the capital reduction to be paid out for € 30 million (see below).

## **Significant events since 1 January 2011**

### **Kinopolis was the first in Europe to install Barco 4K projectors**

To offer its visitors the utmost best film experience, Kinopolis is installing Barco 4K projectors in each of its Belgian, French and Spanish cinemas. This represents a new milestone in the process of digitization of Kinopolis and gives an innovative impulse to the digital development of the European cinema market. Kinopolis Belgium will be the first to be equipped with 4K Barco projectors; the other countries will then follow.

## Kinopolis Group Capital Optimization

Through a capital reduction combined with a programme of share buy-back, Kinopolis aims to optimize its capital structure and create value for its shareholders.

In this context, the General Meeting of Kinopolis Group on 20 May 2011 decided to reduce the share capital by about € 30 million and to pay out € 4.33 per share to the shareholders. As announced on 17 August 2011, the payment date for the capital reduction is set at 26 August 2011 against the issue of coupon no. 12. As from 23 August (ex-date), the Kinopolis Group shares are traded on Euronext Brussels without this coupon. The registration date (record date) of the capital reduction is today, 25 August 2011.

In the context of this capital optimization, the Board of Directors was also authorised by the Extraordinary Meeting of 20 May 2011 to purchase up to 1,074,270 of its own shares in view of their cancellation and to purchase up to 34,654 own shares to cover new options to be issued in connection with a proposed expansion of the 2007-2016 Stock Option Plan.

## Brussels Exhibition Center

In February 2011, Kinopolis was summoned by the Brussels Exhibition Centre (BEC), operator of Brussels Expo. Kinopolis believes that BEC has issued this summons on the basis of unfounded reasons and is confident these proceedings will have a successful outcome for the company.

## Line-up

In July and August 2011 'Harry Potter and the Deathly Hallows', 'Transformers 3: Dark of the Moon', 'Cars 2', 'Kung Fu Panda 2', 'The Smurfs' and many other blockbusters reached dizzy heights for attendance. The opening weekend of the last film of the Potter series even broke all records. The weather conditions were also extremely favourable for visiting the cinema.

'The Adventures of Tintin 1', the eagerly awaited Tintin movie by Steven Spielberg will be released in October. The autumn season is infused with many home-produced films, including 'Het Varken van Madonna' and 'Groenten uit Balen' (Belgium), 'Carnage', 'The Lady' and 'Les Lyonnais' (France), and 'La Piel que Habito' (Spain). The end of the year finally brings together Hollywood and home-produced films to form a very promising film offering. The programme includes 'Happy Feet 2', 'Puss in Boots', 'Alvin and the Chipmunks 3', 'Mission Impossible 4' and 'Sherlock Holmes 2'.

The usual film offering will be complemented by more targeted programming such as Ladies@theMovies and Cinémanie, and more artistic highlights that will attract a new audience. After four successful editions of Opera in the Cinema, the fifth opera season will be opened on 15 October with 'Anna Bolena' by Donizetti.

## Financial calendar

Tuesday, 15 November 2011  
Thursday, 16 February 2012  
Tuesday, 15 May 2012  
Friday, 18 May 2012

Publication business update third quarter 2011  
Publication 2011 annual results  
Publication business update first quarter 2012  
General Shareholders' Meeting

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<sup>1</sup> All comparisons are made against the first half of 2010.

<sup>2</sup> Income from ticket sales

<sup>3</sup> Revenue from the sale of beverages, snacks and merchandising in the cinema

<sup>4</sup> After eliminating non-current transactions

<sup>5</sup> EBITDA is not a recognized IFRS term. Kinopolis Group has defined this concept by adding depreciations, amortizations, impairments and provisions to the operating profit, and subtracting any reversals or uses of the same items.

<sup>6</sup> Kinopolis Group defines the free cash flow as the cash flow generated from operating activities less the maintenance investments in other intangible assets, property, plant and equipment and investment property, paid interest charges, including the sales of property, plant and equipment and other financial assets.

<sup>7</sup> REBITDA is not a recognized IFRS term. Kinopolis Group has defined this concept as the current operating profit increased by current depreciations, amortizations, impairments and provisions (including any reversals or uses of these items).

## CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2011

- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated statement of financial position
- Consolidated statement of cash flows
- Consolidated statement of changes in equity
- Notes

CONSOLIDATED INCOME STATEMENT	30/06/2011	30/06/2010
IN '000 €		

Revenue	111.450	112.850
Cost of sales	-79.206	-82.780
<b>Gross profit</b>	<b>32.244</b>	<b>30.069</b>
<i>Gross profit / Revenue</i>	<i>28,9%</i>	<i>26,6%</i>
Distribution expenses	-5.852	-4.426
Administrative expenses	-7.038	-7.369
Other operating income and expenses	874	2.016
<b>Operating profit</b>	<b>20.227</b>	<b>20.290</b>
<i>Operating profit / Revenue</i>	<i>18,1%</i>	<i>18,0%</i>
Finance income	704	1.227
Finance cost	-2.406	-4.775
<b>Profit before tax</b>	<b>18.525</b>	<b>16.742</b>
Income tax expense	-4.573	-5.170
<b>Profit for the period</b>	<b>13.952</b>	<b>11.571</b>
<i>Profit for the period / Revenue</i>	<i>12,5%</i>	<i>10,3%</i>
Attributable to:		
Owners of the company	13.862	11.504
Non-controlling interests	90	67
<b>Profit for the period</b>	<b>13.952</b>	<b>11.571</b>
Basic earnings per share (€)	2,08	1,73
Diluted earnings per share (€)	2,05	1,71



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
in '000 €

**30/06/2011    30/06/2010**

<b>Profit of the period</b>	<b>13.952</b>	<b>11.571</b>
Translation differences	138	1.019
Net changes in the fair value of derivative financial instruments	518	772
<b>Total other comprehensive income for the period</b>	<b>656</b>	<b>1.792</b>
<b>Total comprehensive income for the period</b>	<b>14.608</b>	<b>13.363</b>
Attributable to:		
Owners of the company	14.518	13.296
Non-controlling interests	90	67
<b>Total comprehensive income for the period</b>	<b>14.608</b>	<b>13.363</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION / ASSETS	30/06/2011	31/12/2010
in '000 €		

Other intangible assets	3.247	3.386
Goodwill	18.761	18.761
Property, plant and equipment	224.011	227.446
Investment property	14.214	14.485
Deferred tax assets	1.550	1.548
Derivative financial instruments	52	5
Non-current other receivables	14.050	16.198
Other financial assets	27	27
<b>Non-current assets</b>	<b>275.912</b>	<b>281.856</b>
Assets classified as held for sale	8.040	8.138
Inventories	3.860	3.703
Trade and other current receivables	18.810	19.623
Current tax assets	629	136
Cash and cash equivalents	7.936	12.584
Derivative financial instruments	0	0
<b>Current assets</b>	<b>39.274</b>	<b>44.183</b>
<b>TOTAL ASSETS</b>	<b>315.186</b>	<b>326.040</b>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION / EQUITY AND LIABILITIES	30/06/2011	31/12/2010
in '000 €		

Issued capital	18.952	48.963
Share premium	1.154	1.154
Consolidated reserves	113.711	106.292
Translation reserve	-491	-629
<b>Total equity attributable to owners of the company</b>	<b>133.326</b>	<b>155.780</b>
<b>Non-controlling interests</b>	<b>1.628</b>	<b>1.538</b>
<b>Equity</b>	<b>134.954</b>	<b>157.318</b>
Loans and borrowings	52.429	57.437
Provisions	2.321	2.274
Deferred tax liabilities	14.255	13.918
Derivative financial instruments	681	1.018
Trade and other payables	9.740	10.132
<b>Non-current liabilities</b>	<b>79.427</b>	<b>84.779</b>
Bank overdrafts	70	346
Loans and borrowings	20.687	22.017
Trade and other payables	76.615	55.548
Provisions	203	172
Derivative financial instruments	136	284
Current tax liabilities	3.095	5.576
<b>Current liabilities</b>	<b>100.806</b>	<b>83.943</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>315.186</b>	<b>326.040</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (in '000€)**
**30/06/2011 30/06/2010**
**Cash flows from operating activities**

Profit before tax	18.525	16.742
Adjustments for:		
Depreciations and amortization	10.082	11.532
Provisions and impairments	220	-274
Government grants	-387	-405
Gains / losses on sale of fixed assets	-398	-892
Change in fair value of derivative financial instruments and unrealised foreign exchange results	-27	-490
Discounting long-term receivables	-419	-453
Share-based payments	225	204
Translation differences realised due to liquidation Polish subsidiary	0	1.324
Interest expense and income	1.191	2.378
	29.012	29.665
Changes in inventory, trade and other receivables and payables	-4.207	-8.580
Cash from operating activities	24.805	21.085
Income taxes paid	-7.212	-5.231
<b>Net cash from operating activities</b>	<b>17.593</b>	<b>15.854</b>

**Cash flows from investing activities**

Acquisition of other intangible assets	-364	-699
Acquisition property plant and equipment and investment property	-5.796	-6.047
Proceeds from sale of property, plant and equipment	36	1.365
<b>Net cash used in investing activities</b>	<b>-6.124</b>	<b>-5.381</b>

**Cash flows from financing activities**

New loans	21.933	1.007
Repayment of borrowings	-28.271	-16.000
Interest paid	-1.316	-2.338
Interest received	77	68
Dividends paid	-8.275	-6.121
<b>Net cash used in financing activities</b>	<b>-15.852</b>	<b>-23.384</b>

**Net cash flow** **-4.383** **-12.911**

**Cash and cash equivalents**

Cash and cash equivalents at beginning of the period	12.239	20.136
Cash and cash equivalents at end of the period	7.866	7.272
Effect of exchange rate fluctuations on cash held	10	47
<b>Net cash flow</b>	<b>-4.383</b>	<b>-12.911</b>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	Capital	Share premium	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Treasury shares	Share-based payments reserve	Total equity attributable to equity holders of the company	Non-controlling Interests	Total Equity
At 31 December 2010	48.963	1.154	-629	-1.210	0	112.949	-6.974	1.527	155.780	1.538	157.318
Profit for the period						13.862			13.862	90	13.952
Translation differences			138						138		138
Net changes in the fair value of derivative financial instruments				518					518		518
Other comprehensive income for the period	0	0	138	518	0	0	0	0	656	0	656
Total comprehensive income for the period	0	0	138	518	0	13.862	0	0	14.518	90	14.608
Capital decrease	-30.011					1.200			-28.811		-28.811
Dividends paid						-8.383			-8.383		-8.383
Share-based payment transactions								228	228		228
Total transactions with owners, recorded directly in equity	-30.011	0	0	0	0	-7.183	0	228	-36.966	0	-36.966
At 30 June 2011	18.952	1.154	-491	-692	0	119.622	-6.974	1.755	133.326	1.628	134.954

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	Capital	Share premium	Translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Treasury shares	Share-based payments reserve	Total equity attributable to equity holders of the company	Non-controlling Interests	Total Equity
At 31 December 2009	48.963	1.154	-1.439	-2.803	0	91.223	-6.974	1.093	131.217	1.323	132.540
Profit for the period						11.504			11.504	67	11.571
Translation differences			1.019						1.019		1.019
Net change in the fair value of derivative financial instruments				772					772		772
Other comprehensive income for the period	0	0	1.019	772	0	0	0	0	1.792	0	1.792
Total comprehensive income for the period	0	0	1.019	772	0	11.504	0	0	13.295	67	13.363
Dividends paid						-6.120			-6.120		-6.120
Share-based payment transactions								202	202		202
Total transactions with owners, recorded directly in equity	0	0	0	0	0	-6.120	1	202	-5.917	0	-5.917
At 30 June 2010	48.963	1.154	-420	-2.031	0	96.607	-6.973	1.295	138.595	1.390	139.985

SEGMENT INFO IN '000 €	Belgium		France		Spain		Others (PL+SWI)		Not allocated		TOTAL	
	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010	30/06/2011	30/06/2010
Segment revenue	64.952	63.732	28.996	30.965	19.856	21.154	2.510	2.131	0	0	116.313	117.982
Inter-segment revenue	-4.864	-5.133	0	0	0	0	0	0	0	0	-4.864	-5.133
<b>Revenue</b>	<b>60.088</b>	<b>58.599</b>	<b>28.996</b>	<b>30.965</b>	<b>19.856</b>	<b>21.154</b>	<b>2.510</b>	<b>2.131</b>	<b>0</b>	<b>0</b>	<b>111.450</b>	<b>112.850</b>
<b>Segment result</b>	<b>8.683</b>	<b>6.588</b>	<b>7.020</b>	<b>7.897</b>	<b>3.855</b>	<b>4.711</b>	<b>669</b>	<b>1.092</b>	<b>0</b>	<b>0</b>	<b>20.227</b>	<b>20.290</b>
Finance income									704	1.227	704	1.227
Finance cost									-2.406	-4.775	-2.406	-4.775
<b>Profit before tax</b>											<b>18.525</b>	<b>16.742</b>
Income tax expense									-4.573	-5.170	-4.573	-5.170
<b>Profit for the period</b>											<b>13.952</b>	<b>11.572</b>
<b>Investments</b>	<b>3.652</b>	<b>3.031</b>	<b>1.118</b>	<b>2.444</b>	<b>1.381</b>	<b>1.122</b>	<b>11</b>	<b>148</b>	<b>0</b>	<b>0</b>	<b>6.161</b>	<b>6.746</b>
<b>Total assets</b>	<b>121.995</b>	<b>120.415</b>	<b>94.556</b>	<b>102.403</b>	<b>50.070</b>	<b>52.504</b>	<b>28.816</b>	<b>28.409</b>	<b>19.750</b>	<b>19.800</b>	<b>315.186</b>	<b>323.531</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2011

### 1. Information about the company

Kinepolis Group NV (the 'Company') is a company registered in Belgium. Kinepolis offers leisure and contemporary entertainment to all generations through its network of movie theatres.

Since its foundation in 1997 and initial public offering in 1998, Kinepolis has grown into the market leader in Belgium and a leading player in Europe. Kinepolis runs 23 cinema complexes in Belgium, France, Spain, Poland and Switzerland. The group employs approximately 1.400 people and welcomed 9.6 million paying customers in the first six months of 2011.

The condensed consolidated interim financial statements of the company for the half year ending 30 June 2011 include the company and its subsidiaries (jointly referred to as the 'Group') and the Group's interests in affiliated enterprises. The condensed consolidated interim financial statements were approved for publication by the Board of Directors on 22 August 2011.

### 2. Statement of compliance

The condensed consolidated interim financial statements for the six months ending on 30 June 2011 have been prepared in accordance with the International Financial Reporting Standard (IFRS) IAS34 "Interim financial reporting", as published by the International Accounting Standards Board (IASB) and approved by the European Union. The statements do not include all the information required for the full annual financial statements and need to be read in conjunction with the consolidated annual financial statements of the group for the financial year ending on 31 December 2010.

The consolidated annual financial statements of the Group for the financial year 2010 can be read on the website [www.kinepolis.com](http://www.kinepolis.com) and can be requested from Investor Relations free of charge.

### 3. Summary of significant accounting policies

The financial reporting principles which the Group has applied in these condensed consolidated interim financial statements are the same as those the Group applied in the consolidated annual accounts for financial year 2010. There are no new standards or revised existing standards which have an impact on the condensed consolidated interim financial statements for 2011.

### 4. Segment information: *see separate table*

### 5. Non-current items included in the results

Gains on sale of fixed assets

The other operating income includes the gain realized on the sale of part of the apartments and land in Ghent (Blijweert project) for € 0.4 million (before taxes).

### 6. Risks and uncertainties

There are no fundamental changes in the risks and uncertainties for the Group as set out in the 2010 Management Report included in the 2010 Annual Report (Section 02 – Management Report).

### 7. Related party transactions

The related party transactions did not significantly differ from the transactions disclosed in the 2010 Annual Report (Section 07 – Financial Report – Note 29).

### 8. Other notes

Additional information concerning the capital decrease, financing, treasury shares and dividends is included in the first part of the press release.

## DECLARATION WITH REGARD TO MANAGEMENT RESPONSIBILITY

Joost Bert and Eddy Duquenne, CEOs of Kinopolis Group, and Henk Rogiers, CFO of Kinopolis Group, declare that, to the best of their knowledge, the condensed consolidated interim financial statements, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), provide a true and fair view of the net assets, the financial position and the results of Kinopolis Group.

The interim financial report gives a true and fair view of the development and the results of the company and the position of the Group.



FREE TRANSLATION OF

**STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS OF KINEPOLIS GROUP NV/SA ON THE REVIEW OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION AS AT 30 JUNE 2011 AND FOR THE 6-MONTH PERIOD THEN ENDED**

ORIGINALLY PREPARED IN DUTCH

## **Introduction**

We have reviewed the accompanying condensed consolidated statement of financial position of Kinopolis Group NV/SA as at 30 June 2011, the consolidated income statement and consolidated statements of comprehensive income, changes in equity and cash flows for the 6-month period then ended, as well as the explanatory notes ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

## **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2011 and for the 6-month period then ended is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Kontich, 23 August 2011

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises

Statutory Auditor

Represented by

Sophie Brabants

Réviseur d'Entreprises / Bedrijfsrevisor