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Kinepolis Group posts € 15.2m net profit in 2008

Kinepolis Group ended 2008 with revenue of € 216.9m, EBITDA¹ of € 52.6m, and an operating profit of € 28.7m. Net profit, at € 15.2m, is up 3.1% on 2007.

Recurring 2008 net profit of € 15.2m is up 22.2% on 2007 (€12.5m).

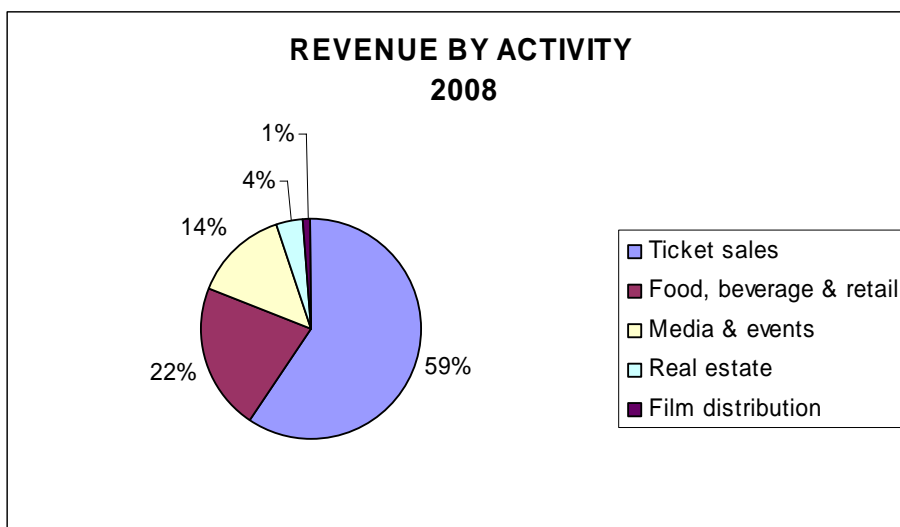
KEY FIGURES (in € '000)	31/12/2008	31/12/2007	% change
Total admissions ('000) (*)	21,870	22,038	-0.8%
Revenue	216,877	212,324	2.1%
EBITDA	52,588	49,579	6.1%
Recurring EBITDA (**)	52,651	48,430	8.7%
Operating profit	28,718	25,146	14.2%
Recurring operating profit	28,781	24,759	16.2%
Financial result	-8,390	-6,890	21.8%
Profit before tax	20,328	18,256	11.4%
Tax	-5,142	-3,530	45.7%
Net profit	15,186	14,726	3.1%
Recurring net profit	15,225	12,456	22.2%
Earnings per share – basic	2.22	2.15	3.3%
Earnings per share – diluted	2.22	2.15	3.3%
Net Financial Debt (NFD):	129,248	138,868	-6.9%
Recurring EBITDA/Revenue	24.3%	22.8%	6.4%

(*) excluding the 2007 admission figures of the Polish facility Cinema City Kinepolis (business transfer on 18/01/07).

(**) after elimination of non-recurrent transactions, including for 2007 the transfer of cinema operations at the Polish facility in 2007, and the tax benefit of the liquidation of a subsidiary and the lowering of the corporate tax rate in Spain.

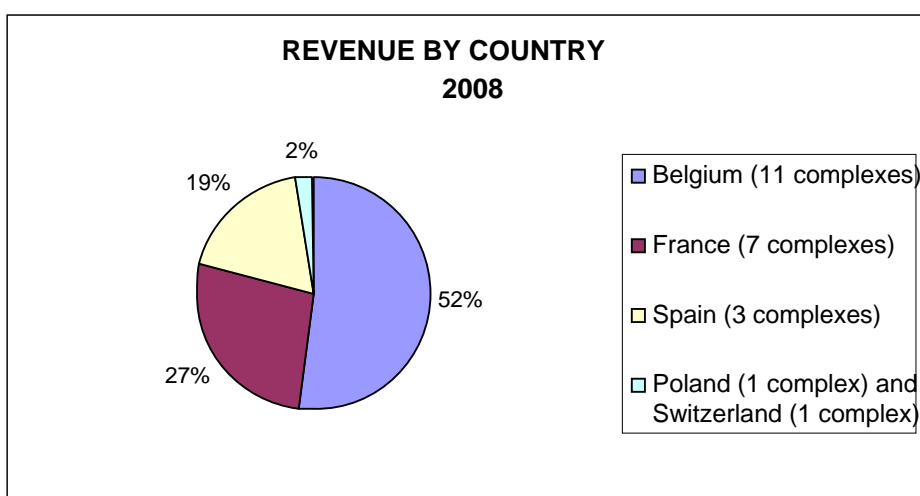
¹ EBITDA is not a recognized IFRS term. Kinepolis has defined the concept by adding back charges for depreciation, amortization, value impairments and provisions to the operating profit, and subtracting any reversals or uses of the same items.

Revenue



In 2008 Kinepolis generated € 216.9m of revenue, 2.1 % more than the year before (2007: € 212.3m).

- Income from ticket sales increased by 3%. The lower admissions figure was offset by the upward movement in average ticket prices (due among other things to the success of digital films) and in average consumption spend per cinema visitor. Ticket sales as a percentage of total revenue (59 %) remained unchanged..
- Food, beverage & retail rose by 1%.
- Business-to-business activities in the cinema environment remain a source of growth, with revenue from events, screen advertising etc. up 2%.
- Revenue in Kinepolis's film distribution division (KFD) came from the box-office successes "Untraceable", "Bangkok Dangerous", 3D-film "Fly me to the Moon" and a number of local productions like "Aanrijding in Moscou", "Anubis – het Pad der 7 Zonden" and "Samson en Gert – Hotel op Stelten".
- Real estate income rose by 2% compared to 2007. Income from commercial letting contracts, which make up a large part of the real estate income, rose by 7%.



Admissions

ADMISSIONS ('000)	31/12/2008	31/12/2007	%Δ
Belgium	9 658	9 912	-2.6%
France	6 988	6 544	6.8%
Spain	5 047	5 397	-6.5%
Switzerland	177	185	-4.5%
Total (*)	21 870	22 038	-0.8%

(*) excluding admission figures of the Polish facility Cinema City Kinepolis (business transfer on 19/01/07).

Last year Kinepolis Group welcomed 21.9m visitors to its cinema complexes in its various countries, 0.8% less than in 2007 (22.0m).

This is a good performance, given the postponement to 2009 of 'Harry Potter and the Half-Blood Prince'. A notable feature is the large number of very successful local films in the top film line-up. French film 'Bienvenue chez les Ch'tis' topped 1 000 000 visitors, and 'Astérix aux Jeux Olympiques' also attracted viewers in their droves. Flemish productions 'Loft' and 'Aanrijding in Moscou' broke national and regional records respectively in Belgium.

EBITDA

In 2008 EBITDA rose 6.1% to € 52.6m (2007: € 49.6m).

Recurring 2008 EBITDA of € 52.6m is up 8.7% on 2007 (€48.4m).

The financial impact of lower admissions was more than compensated by an increase of digital film content, increased beverages & snacks sales, rising business-to-business activities and a well-targeted cost policy.

In 2008 sales and marketing costs reduced by € 1.1m compared with 2007. It should be borne in mind here that the non-recurrent amount of other operating income was flattered in 2007 by capital gains on asset disposals. The impact of non-recurrent items in 2008 was limited.

Operating profit (EBIT)

Operating profit for 2008 is € 28.8m, compared with € 25.1m in 2007.

Recurring 2008 EBIT of € 28.8m is up 16.2% on 2007 (€ 24.8m).

Depreciation in 2008 of € 23.8m is comparable with that of 2007 (€ 23.6m), notwithstanding the investment in the new Ostend cinema complex that opened its doors on 8 July 2007.

Net financing cost and debt position

In 2008, given the financial market crisis, Kinepolis pursued a conservative financial policy aimed at further debt reduction. Net Financial Debt (NFD) reduced by 6.9% during the year (from € 138.9m on 31.12.2007 to € 129.2m on 31.12.2008). In so doing the Kinepolis Group has reached a NFD/EBITDA ratio of 2.46, a historical low for Kinepolis. Kinepolis has a syndicated loan until 2014, based on fixed, committed long-term credit lines with a limited annual payment of € 14m.

As part of this conservative financial policy, Kinepolis uses since 2008 only derivatives for which movements in the fair value are taken directly against equity and do not impact the result for the year (hedge accounting). Until end-2007 movements in the fair value of derived financial instruments used to cover the interest rate risk passed largely through income. This policy change had the effect of reducing equity in 2008 by € 3.5m.

In combination with Kinepolis real estate (book value: 227.4m) underlines the conservative management approach regarding debt financing.

Net financial cost in 2008 was -€8.4m (2007: -€ 6.9m).

This consists mainly of interest on financial debt, currency translation results and the results of derivative financial instruments (hedging of interest and exchange rate fluctuations).

The increased financial costs are explained on the one hand by higher interest rates and new interest-rate hedges.

Profit before tax

Profit before tax is € 20.3m (2007: € 18.2m), an increase of 11.4%.

Net profit for the financial year

Net profit for the year to 31.12.2008 amounted to € 15.2m (2007: €14.7m), an increase of 3.1%.

Recurring 2008 net profit of € 15.2m is up 22.2% on 2007 (€ 12.5m).

With the higher pre-tax profit, the tax charge rose to € 5.1m (2007: € 3.5m). In 2007 the taxation pressure was positively influenced by a number of non-recurrent items, including the tax benefit of the liquidation of a subsidiary and the lowering of the corporate tax rate in Spain.

Purchase of treasury shares

On 31 December 2007 the group owned 31 118 of its treasury shares. During 2008 an additional 180 000 shares were purchased, bringing the total to 211 118 at 31 December 2008. Treasury shares were purchased as part of the hedge of share options based on the share option plan 2006-2007. On 18/02/2009 the total amount of treasury shares was 271 118 (3.91%).

Balance sheet and cash flow analysis

Property, plant and equipment including those held for sale (€ 250.5m) made up 71% of the balance sheet total at 31.12.2008. These include land and buildings (including those held for sale and investment property) with a carrying value of € 227.4m.

At 31.12.2008 equity amounted to € 117.3m, equal to 33.2% of the balance sheet total, up 2.1% on solvency at 31/12/2007.

Net cash flows from operating activities were € 32.4m (2007: €36.6m). This reduction is due primarily to the fall in trade and other debts.

In 2008 €12.6m was invested in new tangible fixed assets. This is significantly less than in 2007 (€ 32.8m). The difference is largely explained by the investment in the new facility in Ostend (Belgium) that was opened on 8 July 2007.

Real Estate

Kinepolis's land and buildings represent an undoubted strength of the enterprise. Kinepolis stands apart from most other cinema groups by owning almost 90 percent of its real estate. This gives it the independence, freedom and flexibility to undertake a number of innovative projects and concepts inside and outside its own walls.

The expansion and independence of the real estate division under the leadership of Kristof Restiau is progressing to plan. The value potential of the real estate is being better exploited, letting conditions are better adjusted to the market, and the occupancy rate of lettable space is increasing. All this is having a positive effect on commercial letting income, rising by 7% compared to 2007.

In France and Spain a number of locations are being examined for new Kinepolis complexes. Kinepolis Real Estate is also developing building projects in and around existing complexes, at times in cooperation with third parties. The apartment project next to Kinepolis Ghent is the first example.

Organizational structure

Eddy Duquenne, the former top man at Sunparks, joined Joost Bert as co-managing director at the end of 2007. Mr Duquenne's appointment follows the decision taken by the Board of Directors to strengthen operational management. In 2008 the Kinepolis organizational structure was further streamlined and optimized in the direction of customer care, operating efficiency, and use and management of real estate. In 2008 the real estate division was expanded and made independent within the Kinepolis group organization. This division focuses on optimizing the existing real estate portfolio.

Extraordinary General Meeting, General Meeting, Board of Directors

The Extraordinary General Meeting of 12 February 2008 renewed the authorization to buy in treasury shares for a period of 18 months from the deed of amendment to the articles of association, and solely for the purpose of buying in treasury shares to cover the options to be issued under the 2007-2016 Share Option Plan, as approved by resolution of the Board of Directors of 5 November 2007.

The General Meeting of 16 May 2008 declared a dividend of € 0.65 gross per share. Marc Van Heddeghem, managing director of Redevco Belgium, and Geert Vanderstappen, managing partner of Pentahold, were appointed directors.

Since 17 May the board of directors has been chaired by Philip Ghekiere, who also represents the reference shareholder. Former chairman Hugo Vandamme remains a director.

In November 2008 the Board of Directors took note of the resignation of Professor Philippe Haspeslagh as independent director and member of the Appointments Committee and the Audit Committee, owing to overpressure of professional commitments.

The board of directors thanks Professor Haspeslagh, who was for ten years a valued independent director, for making a significant contribution to the company's development.

Sale of minority shareholding in CinemaxX

In January 2009 Kinepolis Group NV sold its 12.61% minority shareholding (3 million shares) in the German cinema group CinemaxX AG to H+Z Beteiligungs GmbH, at € 1.00 per share.

The share transfer to H+Z Beteiligungs GmbH is taking place in three equal parts, with the payment of the corresponding part of the purchase price. The first payment and the transfer of 1 million shares took place on 30 January, with the remaining 2m shares due to follow upon payment on 30 April and 31 July 2009.

For Kinepolis Group NV the transaction generates in the financial year 2009 a capital gain in the amount of the sales price (€ 3 000 000).

Dividend: € 0.66 per share

The Board of Directors will be proposing the General Meeting of 15 May 2009 that it declare a gross dividend of € 0.66 per share in respect of 2008 (dividend payment: 25/05/09). In 2007 € 0.65 per share was declared. In this way the pay-out ratio of 30% has been maintained for 5 years in a row.

Prospects

2009 promises to be an exciting film year with top billings like 'Harry Potter and the Half-Blood Prince' and 'Ice Age 3'. 2009 will also be the break-through year for 3D-films, including 'Bolt', 'Ice Age 3', 'Avatar' and 'Up'. Everywhere local films are gaining in importance: among others, in Flanders the full-length 'FC De Kampioenen' and 'Dossier K' (the sequel to 'De Zaak Alzheimer'), in France and French-speaking Belgium 'De l'autre côté du lit', 'Le code a changé' and 'Coco', and in Spain 'Los abrazos rotos', 'Agora' and 'REC 2'. The successful 'Opera in the Cinema' concept, which is bringing thousands of opera fans into the cinema, is also being continued in 2009. Kinepolis will also be introducing a number of new event initiatives in 2009 around sport, music, TV series and documentaries. On February 26 at 10.30 pm Kinepolis Belgium will present "The Cure Live" from the London O2.

Statutory Auditor's report

To: The Board of Directors of KINEPOLIS GROUP NV

Information with respect to the annual announcement

The statutory auditor, KPMG Bedrijfsrevisoren – Réviseurs d'Entreprises, represented by Sophie Brabants, has confirmed that the audit procedures, which have been substantially completed, have not revealed any material adjustments which would have to be made to the accounting data included in the Company's annual announcement.

The annual announcement is attached to this document.

Antwerp, 19 February 2009

Klynveld Peat Marwick Goerdeler - Bedrijfsrevisoren
Represented by

Sophie Brabants
Partner

Financial Diary

Friday 10 April 2009:	Publication of admissions by country – first quarter 2009
Friday 15 May 2009:	Kinepolis Group Annual Shareholders' Meeting
	Publication of business update
Monday 25 May 2009	Dividend payment
Tuesday 7 July 2009	Publication of admissions by country – first half 2009
Friday 28 August 2009	Publication of half-year financial report 2009
Tuesday 13 October 2009	Publication of admissions by country – third quarter 2009
Friday 13 November 2009	Publication of business update
Tuesday 12 January 2010	Publication of admissions by country – 2009
Friday 26 February 2010	Publication of 2009 annual results
Tuesday 13 April 2010	Publication of admissions by country – first quarter 2010
Friday 21 May 2010	Kinepolis Group Annual Shareholders' Meeting
	Publication of business update

Financial statements

The consolidated financial statements have been drawn up in conformity with IFRS standards. The same accounting principles and calculation methods have been applied to the consolidated data for 31 December 2008 as in the 2007 annual accounts.

- Consolidated income statement
- Consolidated balance sheet
- Consolidated cash flow table
- Equity reconciliation
- Segment information