

Kinepolis Group Press Release

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Kinepolis Group trading update

First quarter 2008

Kinepolis Group publishes an interim report in November and May. This report provides information on the operating activities and the main events in the last quarter.

Operating activities

Visitor numbers

From January to 14 May 2008 inclusive Kinepolis Group International welcomed 8.3 million visitors to its cinema complexes, up 4.2% compared with the previous year (8.0 million visitors). The lead established in the first quarter (cf. press release of 11 April 2008) was reduced somewhat in April and May owing to the persistent fine weather.

The Kinepolis cinemas in France and French-speaking Belgium have attracted a great many film lovers in the past few months thanks to the French films 'Bienvenue chez les Ch'tis' and 'Astérix aux Jeux Olympiques'. The former really did break all French film records.

The top international films in the period from January to mid-May consisted respectively of 'Bienvenue chez les Ch'tis', 'Astérix aux Jeux Olympiques', 'National Treasure 2', '10 000 BC', 'Jumper' and 'Horton Hears a Who'.

2008	Belgium 11 cinemas	France 7 cinemas	Spain 3 cinemas	Switzerland 1 cinema	Total	2008/2007
First quarter	2 722 878	2 213 150	1 282 491	51 115	6 269 634	11.2%
January – 14 May 2008	3 566 846	2 957 019	1 746 071	64 434	8 334 370	4.18%
January – 14 May 2007*	3 549 139	2 506 873	1 877 932	66 109	8 000 053	
2008 / 2007	0.5%	17.96%	-7.02%	-2.53%	4.18%	

* after deduction of the visitor figures for the Polish complex, Cinema City Kinepolis (transfer of operation on 19/01/07)

Ticket sales

Revenue from ticket sales mirrors the trend in visitor numbers. However, this revenue is affected by adjustments to ticket prices as a result of inflation and the success of the digital film. The share of ticket sales in percentage terms is constantly falling in favour of food, drinks and retail, and income from trade leases.

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Food, drinks and retail

This type of revenue is also related to visitor numbers. In addition to popcorn and soft drinks, cinema-goers can now also buy healthy food, posters, soft toys, books, DVDs, etc.

Food, drinks and retail represent a growth tool thanks to the general increase in consumption among film lovers.

Media and events

Kinepolis Group is constantly diversifying and increasing the professionalism of its business-to-business activities. The trend in the revenue this produces develops entirely independently of that of film ticket sales. In other words, the announced increase in visitor numbers does not impact on this revenue item. During the past quarter event-based activities at Kinepolis were again widely applauded.

Film distribution

By specialising in the distribution of Flemish films, Kinepolis Film Distribution (KFD) has been able to carve out a firm niche in the Belgian film landscape. Via KFD, Kinepolis indicates as a media company that it wishes to promote Flemish films.

Real Estate

Kinepolis's land and buildings constitute a definite asset for the company. Kinepolis stands out from most other cinema groups in that it owns a good 90% of its real estate, giving it the independence, freedom and flexibility to implement a host of innovative projects and concepts both within the company and outside. The real-estate division is being further developed and made more independent in 2008.

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Main events

Organisational structure

Eddy Duquenne, former head of Sunpark, joined Joost Bert as joint managing director at the end of 2007. His appointment is in line with the decision taken by the Board of Directors to substantially strengthen the operational management.

The current organisational structure at Kinepolis is to be streamlined and optimised in 2008 to promote a customer-oriented approach, professionalisation of the real-estate sector and effective decision-making.

Competition Council (Belgium)

The Belgian competition authority, the Competition Council, decided in April 2007 to lift the conditions imposed on Kinepolis in 1997. This decision was challenged by the foreign cinema groups UGC and Utopolis, with the support of the Belgian cinema federation, and on 18 March 2008 the Court of Appeal ordered the Competition Council to review the dossier.

Médiacité construction project (Liège)

In 2007 Kinepolis decided to build cinemas with 1,264 seats at Médiacité, a media and leisure complex covering over 6 ha on the Longdoz site in Liège. Last year Kinepolis concluded an agreement with project developer Wilhelm & Co. and submitted an application for planning permission.

Depending on how the permit procedures go, the new Kinepolis complex is scheduled to open in 2009 or 2010.

Digital cinema

Kinepolis is continuing with the international digitalisation process so that the constantly increasing range of digital films can be shown in Kinepolis cinemas. The installation of digital equipment is consistent with the evolution of digital content.

The digitalisation of the cinema medium brings better sound and picture quality and offers a wider range of films with a whole host of new means of entertainment and business-to-business applications.

3D digital cinema

The very latest application of digital cinema is 3D Digital Cinema (Kinepolis, Dolby Laboratories, Barco). Kinepolis has fitted its cinemas in various countries with 19 3D installations. In November 2007 Kinepolis presented its first 3D-film, Beowulf. This was followed in early 2008 by the 3D-film Fly me to the Moon and the concert film U2 3D, which attracted upwards of 32,000 U2 fans.

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General Meeting

The General Meeting of Kinepolis Group is being held in Brussels today, 16 May 2008.

The General Meeting is to decide today on the payment to shareholders of a gross dividend of EUR 0.65 per share.

The agenda also includes the appointment as directors of Marc Van Heddeghem, managing director of Redevco Belgium, and Geert Vanderstappen, managing partner of Pentahold,

As of tomorrow, 17 May 2008, the chairmanship of the Board of Directors will be undertaken by Philip Ghekiere, who also represents the reference shareholder. The previous chairman Hugo Vandamme remains on the board as an independent director.

Outlook

The outlook for the **second quarter** is moderately positive. The cartoon film '*Horton hears a Who*', the French films '*Disco*' and n '*Les Randonneurs à Saint-Tropez*', and 3D concert film '*U2 3D*' (Belgium), the action film '*Iron Man*' and the Flemish '*Samson en Gert: Hotel op Stelten*' attracted cinema-goers. However, their success is being undermined by the persistent summery weather.

Forthcoming releases include '*Indiana Jones 4*', '*Sex and the City*', '*Speedracer*' and '*The Incredible Hulk*'.

Other blockbusters are coming up in the **period after this**, such as '*Chronicles of Narnia: Prince Caspian*', '*Wall-e*', '*The Mummy 3*', '*Bond 22*', '*Kung Fu Panda*', '*Harry Potter and the Half-Blood Prince*' and '*Escape from Madagascar*'.