KINEPOLIS GROUP NV, public limited company making or having made a public appeal to savings

Eeuwfeestlaan 20, 1020 Brussels

Enterprise Number VAT BE 0415.928.179 RPR Brussels

***Free translation***

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**Report of the Board of Directors on the Statutory Financial Statements for fiscal year 2014 to the General Meeting of 13 May 2015**

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Dear Shareholders,

In accordance with Articles 95 and 96 of the Companies Code and our Articles of Association, we have the honour to report you on the activities and profit and loss statement of our company during the fiscal year from 1 January 2014 to 31 December 2014.

## 1. NOTES TO THE STATUTORY FINANCIAL STATEMENTS OF KINEPOLIS GROUP NV (ART. 96 1° COMPANIES CODE)

Kinepolis Group NV's shareholders' equity at 31 December 2014 was € 66,944,081.54 compared with € 64,420,381.11 at the end of 2013. The underlying reason for this change is explained in 1.2.1 below.

The balance sheet total of Kinepolis Group NV is € 303,908,855.41 compared with € 278,471,696.95 in 2013. The underlying reason for this change is explained in 1.1 below.

### 1.1. Unconsolidated balance sheet: comments on the main assets

#### *1.1.1. Formation expenses*

The formation expenses are fully amortized.

#### *1.1.2. Intangible assets*

The intangible assets fell by € 864,675.01, primarily due to amortizations in the fiscal year under review of € 1,316,186.96, offset by the purchases. The purchases concern the activation of projection software and the development of an "international chart of accounts".

*1.1.3. Property, plant and equipment*

Investments (including conveyance) totalled € 3,619,360.59. This primarily concerns the purchase of new technologies and the development of a new ticketing platform. Disposals totalling € 70,836.74 were recognized in Property, plant and equipment. The depreciations were € 2,356,475.69 and € 65,201.24 in depreciations were reversed as a result of disposals.

*1.1.4. Financial fixed assets*

On the one hand, the financial fixed assets increased by € 24,548,167.26 due to the acquisition of an additional participation and a capital increase in a subsidiary; on the other hand, a write-down of € 839,039.70 was recognized.

*1.1.5. Inventories and orders in progress*

Inventories, which remained virtually unchanged compared with 2013, primarily consist of technical projection and sound equipment.

*1.1.6. Current receivables*

Current receivables, which were fairly stable, consist almost exclusively of intercompany payments.

*1.1.7 Investments*

Investments rose as a consequence of the ongoing share buyback program.

*1.1.8 Accrued charges and deferred income*

Accrued charges and deferred income, primarily costs to be carried forward to future fiscal years, amounts to € 458,872.30.

## 1.2. Unconsolidated balance sheet: comments on the main liabilities

*1.2.1. Capital, share premium and profit carried forward*

Profit for the fiscal year was € 42,536,895.42, slightly lower than the previous year. Operating profit was virtually unchanged. The decrease in net profit was due to lower received dividends and slightly higher taxes. The extraordinary result was also lower than the previous year. A transfer was made from the legal reserves to the available reserves, which means the legal reserves amount to one tenth of the authorized capital. The unavailable reserves increased to € 9,363,677.10 due to the purchase and cancellation of own shares.

*1.2.2. Non-current loans and borrowings*

Non-current loans and borrowings fell due to the repayment of leasing and intra-group debts.

*1.2.3. Current loans and borrowings*

Current loans and borrowings rose due to the incorporation of short-term funding and the scheduled pay-out of a higher dividend. That means that the tax payable is also slightly higher.

*1.2.4. Accrued charges and deferred income*

There were no major changes to accrued charges and deferred income, which primarily consist of payable interest and outstanding vouchers.

## 1.3. Comments on the statutory income statement

Operating profit fell slightly by € 155,315.98. The advantages of operational efficiency and the lower overhead costs were weakened by the costs relating to the expansion projects. Financial income fell due to lower dividend receipts. The slight rise in financial costs was due to a higher indebtedness.

## 2. KEY EVENTS AFTER THE END OF THE FISCAL YEAR (ART. 96.2° COMPANIES CODE)

Private placement of bonds

In January 2015 Kinepolis successfully placed bonds for an amount of € 96.0 million at institutional investors. This comprised € 61.4 million worth of bonds maturing in seven years and € 34.6 million worth of bonds maturing in ten years. The placement at attractive financial conditions fits into the financial strategy of Kinepolis and supports the expansion of Kinepolis, as diversification of its sources of financing and as refinancing of existing credit.
Kinepolis's main sources of financing are currently a syndicated loan with a bank consortium, a retail bond loan (€ 75.0 million maturing in March 2019) and this private placement (€ 61.4 million maturing in 2022, € 34.6 million maturing in 2025).

## 3. INFORMATION ABOUT THE CIRCUMSTANCES THAT COULD HAVE A SIGNIFICANT IMPACT ON THE DEVELOPMENT OF THE COMPANY – PRINCIPLE RISKS AND UNCERTAINTIES (ART. 96 1° AND 3° COMPANIES CODE)

Performance indicators

The financial statements and the annual report give a true and fair view of the development and position of the Company, so no further description of essential financial and other performance indicators is needed in addition to the data provided in the consolidated annual report of Kinepolis Group.

Primary risks

On an annual basis, the Board of Directors and Management conduct a risk assessment to gain insight into the main business risks, which is subsequently analyzed and approved by the Board of Directors. As in 2013, this occurred in 2014 on the basis of a written survey of the participants, which led to both quantitative and qualitative results, enabling risks to be assessed in order of scale. Although this way of working enables Kinepolis to distinguish important risks from less important risks in a well-founded way, it remains an estimation that, inherent to the definition of risk, provides no guarantee whatsoever of the actual occurrence of risk events. The following list therefore contains only some of the risks to which Kinepolis is exposed.

**Availability and quality of supplied material - Seasonal and weather effects**
As the majority of the subsidiaries of Kinepolis is active in the cinema exploitation sector, Kinepolis depends also indirectly of the availability, diversity and quality of movies. Kinepolis tries to protect itself wherever possible by maintaining good long-term relations with the major distributors or producers, by pursuing a content diversification policy and by playing a role as distributor in Belgium. The investments in Tax Shelter projects should also be viewed in this light.

Kinepolis tries to neutralise as much as possible the seasonal and weather effects, by variabilizing its cost structure to a maximum degree.

**Risks associated with current and future acquisitions**
In the event of any acquisition, competition authorities can impose additional conditions and restrictions with regard to the growth of Kinepolis Group (see also 'Political, regulatory and competition risks' below). Certain inherent risks are also associated with any acquisition that can have a negative impact on the goals set. With this in mind, Kinepolis Group will thoroughly examine acquisition opportunities in advance, to ensure these risks are properly assessed and, where necessary, controlled.

**Political, regulatory and competition risks**
Kinepolis Group strives to operate within the legal framework at all times. However, additional or amended legislation, including tax laws, could restrict Kinepolis' growth and operations or result in additional investments or costs. Where possible, Kinepolis Group actively manages these risks by notifying the relevant political, administrative or legal bodies of its positions and defending them in an appropriate way. Belgium's Competition Council has imposed a number of conditions and restrictions, such as the need for its prior approval of plans to build new cinema complexes or acquire existing cinema complexes in Belgium if these do not involve the rundown of existing complexes.

**Employee risks**
As a service company, Kinepolis largely depends on its employees to provide high-quality service. Hiring and retaining the right managers and employees with the requisite knowledge and experience in all parts of the Company is therefore a constant challenge. Kinepolis accepts this challenge by offering attractive terms of employment, good knowledge management, a pleasant working atmosphere and the required trainings and support.

For that reason "Kinepolis Academy" was created, offering a wide range of trainings, so that new employees can easily work in their new job, experienced employees stays up to speed in their actual job and eventually can evolve to new functions.
A "Talent Factory" was also created, where employees with potential are nearby supported in their carrier planning and development.

Kinepolis measures employee satisfaction on the basis of employee surveys and where necessary improves its policies.

## 4. ACQUISITION OF TREASURY SHARES (ART. 624 AND 630 COMPANIES CODE)

After the buyback in 2014 of a further 604,710 shares under the authorization given by the Extraordinary General Meeting of 19 October 2012 (to buy back 5,856,505 shares for cancellation), the delivery of 30,000 shares within the framework of the exercise of options and the cancellation by the Board of Directors on 18 December 2014 of 548,073 treasury shares, on 31 December 2014 Kinepolis held 1,529,252 treasury shares with a capital value of € 1,059,113. Under the above authorization by the Extraordinary General Meeting, at 31 December 2014 Kinepolis Group NV was authorized to buy back another 3,869,335 shares.

## 5. USE OF FINANCIAL INSTRUMENTS (ART. 96 8° COMPANIES CODE)

The Company had no outstanding financial instruments at 31 December 2014.

## 6. CORPORATE GOVERNANCE STATEMENT

Pursuant to the Belgian Corporate Governance Code of 12 March 2009 (hereinafter the "Code"), the stipulations of which Kinepolis Group NV subscribes to, the Board of Directors approved on 18 November 2014 a revised version of the Corporate Governance Charter of Kinepolis Group NV. The Charter can be consulted on the Investor Relations website.

In this chapter of the annual report more factual information is provided on the Corporate Governance policy pursued in the fiscal year 2014, together with an explanation of the deviations from the Code in accordance with the "comply or explain" principle.

### 6.1 Share capital

Authorized capital at 31 December 2014 was € 18,952,288.41.

After the share split on 1 July 2014 (by which each regular share was split into five shares) and the cancellation on 18 December 2014 of 548,073 shares held by Kinepolis Group NV, the authorized capital is represented by 27,365,197 shares without nominal value, all of which give the same rights to holders.

After the buyback in 2014 of a further 604,710 shares under the authorization given by the Extraordinary General Meeting of 19 October 2012 (to buy back, under certain conditions, up to 5,856,505 shares for cancellation), the delivery of 30,000 shares within the framework of the exercise of options and the cancellation by the Board of Directors on 18 December 2014 of 548,073 treasury shares, on 31 December 2014 Kinepolis Group held 1,529,252 treasury shares with a capital value of € 1,059,113. Under the above authorization by the Extraordinary General Meeting, at 31 December 2014 Kinepolis Group NV was authorized to buy back another 3,869,335 shares.

## 6.2 Rights to nominate candidates for a seat on the Board of Directors

According to the provisions of the articles of association, eight directors can be appointed from among the candidates nominated by Kinohold Bis SA, limited company under the laws of Luxembourg, insofar as it or its legal successors, as well as all entities directly or indirectly controlled by (one of) them or (one of) their respective legal successors (within the meaning of Article 11 of the Companies Code) solely or jointly hold at least thirty-five per cent (35%) of the shares of the Company, both when the candidate is nominated and when the candidate is appointed by the General Meeting, on the understanding that, if the shares held by Kinohold Bis SA or its respective legal successors, as well as all entities directly or indirectly controlled by (one of) them or (one of) their respective legal successors (within the meaning of Article 11 of the Companies Code) represent less than thirty-five per cent (35%) of the capital of the Company, Kinohold Bis SA or its respective legal successors shall only be entitled to nominate candidates to the Board of Directors for each group of shares representing five per cent (5%) of the capital of the Company.

## 6.3 Shareholder agreements

Kinepolis Group NV is not aware of any shareholder agreements that could restrict the transfer of securities and/or the exercise of voting rights in the context of a public acquisition bid.

## 6.4 Change of Control

Under the terms of the Credit Agreement concluded on 15 February 2012 between, on the one hand, Kinepolis Group NV and a small number of her subsidiaries, and on the other, Fortis Bank NV, KBC Bank NV and ING Belgium NV, a participating financial institution can end its participation in that agreement, in which case the relevant part of the outstanding loan amount will be immediately due if other natural persons or legal entities than Kinohold Bis SA (or its legal successors) and Mr. Joost Bert acquire control (as defined in the Credit Agreement) of Kinepolis Group NV.
Furthermore, in case of a change of control, under the General Terms and Conditions of the Listing and Offering Prospectus dated 17 February 2012 with regard to a bond issue in Belgium, any bond holder will have the right to oblige Kinepolis Group to repay the nominal amount of all or a part of the bonds, under the conditions set forth in the Prospectus. This Prospectus can be consulted on the Investor Relations website.

Finally, there is a clause in the General Terms and Conditions dd. 16 January 2015 with regard to the private placement of bonds with institutional investors with a value of € 96,0 million in the event of a change of control that is identical to the one set down in the aforementioned Prospectus.

## 6.5 Shareholder structure and received notifications

Based on the notifications received within the framework of Article 74 of the Public Acquisition Bids Act of 1 April 2007, from Kinepolis Group NV, Kinohold Bis SA, Stichting Administratiekantoor Kinohold, Marie-Suzanne Bert-Vereecke, Joost Bert, Koenraad Bert, Geert Bert and Peter Bert, acting by mutual agreement (either because they are “affiliated persons” within the meaning of Article 11 of the Companies Code or they are otherwise acting by mutual agreement) and collectively holding more than 30% of the voting shares of Kinepolis Group NV, on subsequent transparency notices (within the meaning of the Act of 2 May 2007 and the Royal Decree of 14 February 2008 regarding the disclosure of major holdings) and notifications within the meaning of the share buyback program, as of 31 December 2014:

- Kinohold Bis SA held 12,700,050 shares or 46.41% of the shares of the Company;
- Kinohold Bis SA is controlled by Stichting Administratiekantoor Kinohold under Dutch law, which in turn is jointly controlled by the following natural persons (in their capacity as directors of Stichting Administratiekantoor Kinohold): Joost Bert, Koenraad Bert, Geert Bert and Peter Bert; Kinohold Bis SA otherwise acts in close consultation with Joost Bert;
- Kinepolis Group NV, controlled by Kinohold Bis SA, held 1,529,252 or 5.59% treasury shares;
- Mr. Joost Bert, who acts in close consultation with Kinohold Bis SA, held 208,000 shares or 0.76% of the shares of the Company.

**SHAREHOLDERS’ STRUCTURE AT 31 DECEMBER 2014**

| SHAREHOLDER | NUMBER OF SHARES | % |
|---|---|---|
| Kinohold BIS | 12,700,050 | 46.41 |
| Mr. Joost Bert | 208,000 | 0.76 |
| Kinepolis Group NV | 1,529,252 | 5.59 |
| Free Float. of which: | 12,927,895 | 47.24 |
| - Axa SA | 1,523,555 | 5.57 |
| - BNP Paribas Investment Partners | 1,406,080 | 5.14 |
| **TOTAL** | **27,365,197** | **100** |

## 6.6 Amendments to the articles of association

Amendments can be made to the articles of association with due consideration for the stipulations in the Companies Code.

## 6.7 Board of directors and special committees

**Composition of the Board of Directors**

The Board of Directors consists of seven members, four of whom are independent of the majority shareholders and management. These four directors fulfil the criteria for independent directors as stated in the Article 526ter of the Companies Code and were appointed upon nomination by the Board of Directors, which was advised on this matter by the Nomination and Remuneration Committee. The majority shareholders did not use their nomination right with regard to these appointments.

The Board regularly reviews the criteria for its composition and of its committees, in light of ongoing and future developments and expectations, as well as its strategic objectives. In the coming years the Board will give attention to the appropriate complementarity and diversity among its members, including gender and age diversity, and ensure a balance between rejuvenation and continuity in order that the acquired knowledge and history can be passed on efficiently. The Board of Directors will also work to bring its composition into line with the requirements in Article 518bis of the Companies Code within the terms laid down there. Within this framework, the market is regularly screened to identify potentially suitable profiles.

Contrary to Stipulation 2.9 of the Belgian Corporate Governance Code 2009, the Board of Directors has not appointed a secretary, as it believes these duties can be fulfilled by the President assisted by the Senior Legal Advisor, bearing in mind the limited size of the Company.

The table shows the composition of the Board of Directors as well as the attendance record of the various directors with respect to the eleven meetings that took place in 2014.

**DIRECTORS AS PER 31 DECEMBER 2014**

| NAME | POSITION | TERM ENDS | OTHER POSITIONS AT LISTED COMPANIES | ATTENDANCE RECORD (11) |
|---|---|---|---|---|
| Mr. Philip Ghekiere (1) (2) | Chairman | 2016 | / | All meetings |
| Mr. Eddy Duquenne | CEO | 2016 | / | All meetings |
| Mr. Joost Bert (2) | CEO | 2016 | / | 10 meetings |
| Mr. Geert Vanderstappen, permanent representative of Management Center Molenberg bvba (1) | Independent Director | 2018 | Spector Photo Group NV: Director | 10 meetings |
| Mr. Marcus Van Heddeghem, permanent representative of MarcVH Consult bvba (1) | Independent Director | 2015 | Befimmo NV: Director | 8 meetings |
| Ms. Marion Debruyne, permanent representative of Marion Debruyne bvba (1) | Independent Director | 2015 | Recticel NV: Director | 9 meetings |
| Mr. Rafaël Decaluwé, permanent representative of Gobes Comm. V. | Independent Director | 2015 | Jensen Group NV: Chairman | 10 meetings |

(1) Non-executive director
(2) Represent the majority shareholders

**Activity Report of the Board of Directors**

In addition to the duties assigned to the Board of Directors by the Companies Code, the articles of association and the Kinepolis Corporate Governance Charter, the following items were handled on a regular basis:

- Review of the monthly revenues and financial results together with the forecasts;
- Evolution in the customer and personnel satisfaction index;
- Progress reports on on-going cinema and real estate projects;
- Discussion and decision on new cinema and property opportunities;

- Up-to-date treasury situation and cash flow forecast.

Appropriate attention was also given inter alia to the following items:

- Discussion and establishment of the profit plan for the following fiscal year;
- Determination of the short-term and long-term strategy;
- The start of the share buyback programs within the framework of the optimization of the capital structure and the cancellation of treasury shares;
- The short- and long-term financing;
- Reports of the Nomination and Remuneration Committee and the Audit Committee;
- Evaluation and establishment of the quantitative and qualitative management targets for Executive Management;
- Assessment of the functioning of the Board of Directors and its committees;
- Restructuring of the ICT architecture;
- The primary risks the Company can be exposed to and the measures to control them.

Other items, including human resources, external communication, investor relations, disputes and legal issues are addressed as needed or desired.

At least seven meetings are scheduled in 2015. Additional meetings may be held if needed.

**Composition and activity report of the Nomination and Remuneration Committee**
In accordance with the possibility provided for in the Corporate Governance Code, Kinepolis Group NV has one joint committee-the Nomination and Remuneration Committee. This committee comprises the following non-executive directors, the majority of whom are independent directors with the necessary expertise and professional experience in human resources, bearing in mind their previous and/or current business activities:

- Mr. Philip Ghekiere (Chairman Kinepolis Group NV and Investment Director at NPM Capital);
- MarcVH Consult bvba, whose permanent representative is Mr. Marcus Van Heddeghem (former Managing Director of Redevco Belgium);
- Gobes Comm. V., whose permanent representative is Mr. Rafaël Decaluwé (former CEO of Bekaert NV).

The Chief Executive Officers may attend the meetings of the Nomination and Remuneration Committee (NRC) by invitation.

The NRC met four times in 2014 in the presence of all members and mainly dealt with the following:

- Evaluation of the management targets for Executive Management and establishment of the variable remuneration for the fiscal year 2013;
- Qualitative and quantitative management targets with regard to the fiscal year 2014 for Executive Management and the corresponding variable remuneration and outperformance bonus;
- The remuneration policy for senior management;
- The 2007-2016 Share Option Plan and arrangements for its implementation;

- The changes in composition of the Board of Directors and the ensuing process for selecting and appointing candidates;
- Evaluation of the functioning of the Board of Directors and its committees;
- Preparation of the Remuneration Report.

**Composition and activities report of the Audit Committee**
Pursuant to Article 526bis of the Companies Code, the Audit Committee was exclusively composed of non-executive and independent directors with the appropriate expertise and professional experience in accounting and auditing, bearing in mind their previous and/or current business activities:

- Management Center Molenberg bvba, whose permanent representative is Mr. Geert Vanderstappen, who combines five years' experience as Corporate Officer at Generale Bank's Corporate & Investment Banking with seven years' operational experience as CFO at Spector Photo Group and is now Managing Partner at Pentahold;
- Gobes Comm. V, whose permanent representative is Mr. Rafaël Decaluwé, who is a former CEO of Bekaert NV and had a long career in financial management positions at a number of multinationals, including Samsonite, Fisher- Price and Black & Decker.

The Chief Financial Officer, the Chief Executive Officers and the internal auditor attend the meetings of the Audit Committee.

The representatives of the majority shareholders may attend meetings upon invitation.

In 2014 the Audit Committee met five times, in the presence of all members, and primarily the following items were handled:

- Discussion on financial reporting in general and the unconsolidated and consolidated annual and interim financial statements in particular;
- Discussion, establishment and monitoring of the internal audit activities, including the discussion of the annual report of the Internal Audit department;
- Discussion and evaluation of the internal control and" risk management systems "as well as the 2014 risk management action plan;
- Discussion of the risk survey 2014;
- Evaluation of the effectiveness of the external audit process;
- Evaluation of the functioning of the internal auditor;
- Monitoring of the financial reporting and its compliance with the applicable reporting standards.

**Evaluation of the Board of Directors, its committees and its individual directors**
Under its Chairman, the Board of Directors regularly evaluates its own size, composition, performance and those of its committees.

Thus in 2014, an evaluation was conducted on the composition of the Board of Directors and its committees, based on the nature of the company and the future challenges, and with due consideration for diversity within the Board with regard to competences in various disciplines, experience in various sectors, age and gender.

Next to that, a more thorough evaluation will take place in the first semester of 2015, covering the following matters:

- Assessment of the director selection and appointment process;
- Assessment of the functioning of the Board of Directors and its committees;
- Analysis of whether the most important items on the agenda are properly prepared and discussed;
- Assessment of the actual contribution of each director based on his or her attendance at and constructive participation in meetings, with due consideration for the competences of each individual director;
- Assessment of the remuneration of the directors and
- Executive Management;
- Interaction with Executive Management.

This evaluation process is initiated by the Chairman of the Board of Directors on the basis of a written procedure, the results of which are analyzed and discussed at the Nomination and remuneration committee as well as at the Board of Directors, where the appropriate conclusions are drawn.

## 6.8 Executive management

Executive Management consists of the two Chief Executive Officers. The Board of Directors is authorized to appoint additional members of Executive Management.

## 6.9 Insider Trading Policy – Code of Conduct – Transactions with related Parties

The Company's policy on insider trading is included in an Insider Trading Protocol that applies to the members of the Board of Directors, the Chief Executive Officers and other persons who might have inside information. The Protocol is designed to ensure that share trading by the persons in question only occur strictly in accordance with the Act of 2 August 2002 on the Supervision of the Financial Sector, and in accordance with the guidelines issued by the Board of Directors. The Chief Financial Officer is responsible, as Compliance Officer, for monitoring compliance with the rules on insider trading as set out in this Protocol.

In this regard, the Company announces that Kinohold Bis SA, Mr. Joost Bert, PGMS NV, Mr. Philip Ghekiere and Mr. Eddy Duquenne have notified the Company that the Management Committee of the FSMA has brought proceedings against them before the Sanctions Committee due to alleged insider trading with regard to their purchase of shares on their own account on 22 November (and with regard to Kinohold Bis also on 23, 24 and 25 November) 2011 and immediate notification thereof within the framework of a manager transaction notification as referred to in article 25bis § 2 of the Act of 2 August 2002. The FSMA Management Committee demands the imposition of an administrative fine within the framework of these proceedings (in which the Company itself is not involved). A ruling is expected in the course of 2015.

The Code of Conduct approved by the Board of Directors in 2012 containing the appropriate guidelines, values and standards with regard to the ethical and fitting way Kinepolis wishes to treat employees, customers, suppliers, shareholders and the general public was implemented at the beginning of 2013.

The transactions with related parties as included in Note 28 to the Consolidated Financial Statements were con- ducted in complete transparency with the Board of Directors.

## 6.10. Remuneration report

Kinepolis Group provides transparent information on remuneration of members of the Board of Directors and Executive Management to its shareholders and other stakeholders.

### Procedure for establishing the remuneration policy and level for the Board of Directors and Executive Management

**Principles**
The principles of the remuneration policy and level for the directors and Executive Management are stated in the Company's Corporate Governance Charter.

The remuneration policy is designed in such a way that the remunerations for the directors and Executive Management are reasonable and appropriate enough to attract, retain and motivate the persons meeting the profile established by the Board of Directors, with due consideration for the size of the Company and the external benchmark data.

The following principles are also employed:

- For the fulfillment of their duties as a member of the Board of Directors, the non-executive directors receive a fixed amount taking account of an attendance of a minimum number of meetings of the Board of Directors;
- The members of the committees are allocated a fixed amount every time they attend a meeting of the committee, with additional fixed remuneration for the president of the Audit Committee and of the Nomination and Remuneration Committee;
- The Chairman of the Board of Directors and the Chief Executive Officers are allocated a fixed annual amount for participating in the Board of Directors meeting;
- The non-executive directors do not receive any bonuses, participation in long-term share-based incentive programs, benefits in kind (with the exception of the right to attend a number of film screenings each year) or benefits related to pension plans;
- Alongside fixed remuneration, Executive Management receives variable remuneration dependent on the attainment of the management targets set by the Board of Directors on the recommendation of the Nomination and Remuneration Committee. These targets include both quantitative targets set annually, the criterion for which is the attainment of a certain level of consolidated current net profit, and qualitative targets, which are defined as targets that are to be attained over several years, progress of which is evaluated on an annual basis. The variable part of the remuneration ensures that the interests of Executive Management run parallel to the Group's, leads

to value creation and loyalty, and provides the appropriate incentive to optimize the short-term and long-term objectives of the Group and its shareholders;

- As well as this variable remuneration, an "outperformance" bonus may be allocated to Executive Management if the quantitative targets are substantially exceeded. Long- term incentives in the form of share options or other financial instruments of the Company or its subsidiaries may also be allocated to Executive Management. The remuneration package for Executive Management may additionally include participation in the corporate pension plan and/or the use of a company car;
- The Company's formal right to claim back variable remuneration and "outperformance" bonus granted on the basis of incorrect financial data was not explicitly provided for in such cases;
- The exit compensation for a member of Executive Management in the event of early termination of a contract (entered into after 1 July 2009) will not exceed twelve (12) months' basic and variable remuneration. A higher compensation may be granted in specific justifiable circumstances, on the recommendation of the NRC and with the prior approval of the General Meeting, but may never exceed eighteen (18) months' basic and variable remuneration. In any event, the exit compensation may not exceed twelve (12) months' basic remuneration and the variable remuneration cannot be taken into account if the departing person has not met the performance criteria referred to in his or her contract.

**Procedure**
The annual overall remuneration for the members of the Board of Directors will be determined by the General Meeting following a proposal from the Board of Directors (on the basis of the recommendation by the NRC), which will be based on the amounts set in the past, with due regard for a minimum number of actual meetings of the Board of Directors and its committees. The apportionment of the overall portfolio to the individual members is a decision of the Board of Directors on the recommendation of the NRC, based on their actual attendance at the various meetings of the Board of Directors and its committees.

The above-mentioned amounts, set in 2011 and adjusted in 2013, are based on benchmarking using surveys conducted by independent third parties with regard to listed and other companies and resulted in the following remunerations:

- € 87,250 as fixed remuneration for the chairmanship of the Board of Directors;
- € 30,000 as fixed remuneration for attendance by the Chief Executive Officers of the meetings of the Board of Directors;
- € 32,500 for the actual attendance of the other directors of six or more meetings of the Board of Directors; the remuneration will be reduced proportionately if fewer meetings are attended;
- € 3,000 for attendance of a meeting of the Audit Committee or the Nomination and Remuneration Committee;
- € 3,750 as additional fixed remuneration for the chairman of the Audit Committee and of the Nomination and remuneration Committee.

The Board of Directors determines the remuneration as well as the remuneration policy of Executive Management based on the proposal of the NRC, with due consideration for the relevant contractual stipulations and benchmark data from other comparable listed companies to ensure that these remunerations are in line with market rates, bearing in mind the duties, responsibilities and management targets.

The management targets to which the variable remuneration is linked, as well as the level of these targets, are proposed annually by the NRC and approved by the Board of Directors. The Board of Directors evaluates the attainment of these quantitative and qualitative targets on the basis of an analysis by the Nomination and Remuneration Committee. The attainment of the quantitative targets will be measured against current net profit on a consolidated basis. The qualitative targets to be attained over more than one year will be evaluated on an annual basis against progress towards each specific target.

On the proposal of the Board of Directors, which is of the opinion that the quantitative and qualitative management targets are set to also favour the long-term goals of the Company, on 17 May 2013 the General Meeting approved the proposal to base the integral annual variable remuneration of the CEOs for the fiscal years 2014 till 2016 on objective and measurable performance indicators agreed in advance and always measured over a period of one year, in accordance with Article 520 ter of the Companies Code.

**Application of the remuneration policy on the members of the Board of Directors**
In line with the remuneration policy and its underlying principles, the non-executive directors of the Company were remunerated for their services in the past fiscal year as shown in the following table. All amounts are gross amounts before deduction of tax.

In the year under review, the non-executive directors received no other remuneration, benefits, share based or other incentive bonuses from the Company.

All members of the Board of Directors as well as directors of the subsidiaries of the Company are also covered by a “civil liability of directors” policy, the total premium of which € 21,850 (including taxes) is paid by the Company.

**BOARD OF DIRECTORS AS AT 31 DECEMBER 2014**

| Name | Title | Remuneration 2014 (in €) |
|---|---|---|
| Mr. Philip Ghekiere | Chairman of the Board of Directors and of the Nomination and Remuneration Committee | 103,000 |
| Mr. Eddy Duquenne | CEO | 30,000 |
| Mr. Joost Bert | CEO | 30,000 |
| Mr. Geert Vanderstappen, permanent representative of Management Center Molenberg bvba | Independent Director | |
| Mr. Marcus Van Heddeghem, permanent representative of MarcVH Consult bvba | Independent Director | 44,500 |
| Ms. Marion Debruyne, permanent representative of Marion Debruyne bvba | Independent Director | 32,500 |
| Mr. Rafaël Decaluwé, permanent representative of Gobes Comm. V | Independent Director | 59,500 |
| **TOTAL** | | **350,750** |

**Application of the remuneration policy on the members of Executive Management**

Bearing in mind benchmark data, the duties, responsibilities and management targets, in 2013 the remuneration in the remuneration package for Executive Management for the fiscal years 2013-2014, established by the Board of Directors on the proposal of the Nomination and Remuneration Committee by which the remuneration method used earlier is retained but after thorough benchmarking with comparable listed companies based on an external survey and bearing in mind the sustainable improvements in results and value creation was adjusted as follows:

bvba Eddy Duquenne:

- fixed remuneration: € 428,242(1)
- maximum variable remuneration: € 295,000
- maximum outperformance bonus: € 165,000
- monthly fixed expenses: € 750

Mr. Joost Bert:

- fixed remuneration: € 330,120(1)
- maximum variable remuneration: € 215,000
- maximum outperformance bonus: € 75,000

(1) Since the financial year 2014 Executive Management no longer charges car costs but the fixed compensation was raised in a tax-neutral manner at a corresponding indexed amount to compensate for this.

The amount of the variable remuneration ultimately granted to Executive Management depends on the fulfillment of the annual management targets, which apply collectively to Executive Management and comprise both quantitative targets, of which the criterion is the attainment of a certain level of consolidated current net profit, and qualitative targets. The targets were established to ensure that they help attain not only the short-term goals but also the long-term goals of the Group.

In addition to this variable remuneration and if the quantitative management targets are substantially exceeded, the Board of Directors, on the recommendation of the NRC, has the discretionary power to allocate an outperformance bonus, the annual amount of which is set by the Board of Directors.

The above-mentioned remunerations and outperformance bonuses will be paid out at the beginning of the following financial year.

In the evaluation of the financial year 2013, the Board of Directors observed in 2014 that Executive Management had performed very strongly. For instance, it was observed that, in spite of an unexpected drop in visitor numbers of 1.6 million due to external circumstances, a considerable and sustainable improvement in profitability per visitor was achieved in addition to the improvement potential identified in the profit plan, and lastly that performance was much better than provided for in the profit plan, with net current profit of € 37.4 million.

Given the very strong performance of Executive Management in a difficult period, as also recognized by the market, the structural improvement of profitability and the attainment or at least the putting into practice of the qualitative management goals, the Board of Directors, assisted by the Nomination and Remuneration Committee, has decided to pay out the variable remuneration to Executive Management of a total amount of € 510,000 as well as an outperformance bonus to Mr. Duquenne of € 125,000.

Finally, it can be noted that, pursuant to contractual agreements reached prior to 1 July 2009, in the event of the early termination of the contract of one of the members of Executive Management and if there is a change in the control of the Company, the exit package can be 24 months' fixed remuneration plus the pro-rata part of the variable remuneration for the ongoing year.

The table provides an overview of the fixed part of the remuneration, the other components of the remuneration (such as pension contributions, insurances and car allowances) as well as the variable part, as paid out in 2014. In this regard it is observed that since the financial year 2014 Executive Management no longer charges car costs but that the fixed compensation was raised in a tax-neutral manner at a corresponding indexed amount to compensate for this.

| **NAME** | **REMUNERATION** | **AMOUNTS (EXCL. VAT) (IN €)** |
|---|---|---|
| CEO | | |
| Eddy Duquenne bvba | Fixed remuneration (1) | 428,242 (4) |
| | Variable remuneration (2) | 295,000 |
| | Outperformance bonus (2) | 125,000 |
| | Expense allowance | 9,000 |
| | **TOTAL** | **857,242** |
| Joost Bert | Fixed remuneration (1) | 330,120 (4) |
| | Variable remuneration (2) | 215,000 |
| | Outperformance bonus (2) | 0 |
| | Pension scheme (3) | 10,422 |
| | **TOTAL** | **555,542** |

(1) Other than remuneration received as a member of the Board of Directors (which amounts to € 30 000 for each director)
(2) Received in 2014 for performances in 2013
(3) Mr. Joost Bert participates in a supplementary pension scheme providing for an annual indexed fixed contribution
(4) Since the financial year 2014 Executive Management no longer charges car costs but the fixed compensation was raised in a tax-neutral manner at a corresponding indexed amount to compensate for this.

**Long-term incentives**

The goal of the 2007-2016 Share Option Plan (the 'Plan') approved by the Board of Directors on 5 November 2007 and enlarged on 25 March 2011 is to support and achieve the following corporate and human resources policy targets:

- To encourage and reward the executive directors and management staff of the Company and its subsidiaries, who are able to contribute to the long-term success and growth of the Company and its subsidiaries;
- To assist the Company and its subsidiaries in attracting and retaining directors and management staff with appropriate experience and skills; and to link the interests of the directors and management staff more closely to those of the shareholders of the Company and give them the possibility of sharing in the created value and growth of the Company.

346,540[2] options were granted to the Chairman [1] and each of the CEOs in 2008. In 2009 management staff were granted 150,000 options, 75,000 in 2010 and 237,500 in 2011. In 2012 no options were granted, but 39,000 options forfeited that were not yet permanently acquired.
No options were granted in 2013 either, but 48,675 options forfeited that were not yet permanently acquired and 70,000 options were exercised. In 2014, 125,000 options were granted and 30,000 options exercised.

At 31 December 2014, 1,426,245 granted options were still outstanding.

Given that the granting of the share options is not based on individual or company performance, they are not considered to be part of the variable remuneration as defined in the Companies Code.

A further description of the characteristics of these options is provided in Note 20 to the Consolidated Financial Statements.

(1) In his former capacity of Executive Director
(2) The number at that time multiplied by five, with due consideration for the 2014 share split

**Fiscal years 2015-2016**

On the proposal of the Nomination and Remuneration Committee, and with due consideration for the benchmark data from an external survey, the Board of Directors has decided to adopt the remuneration policy and the remuneration of the Executive Management for the fiscal years 2015-2016 in order to bring the policy more into line with practice at other comparable listed companies with regard to the ratio of the fixed to the variable part of the remuneration package and to keep the remuneration in line with market rates, bearing in mind the roles, responsibilities, management targets and value created.

Given the long-term improvement in the results of the existing core business, the important steps taken in the implementation of the expansion strategy and the great value created for all stakeholders by the Executive Management in recent years, the Board of Directors has decided:

- to increase the fixed remuneration of bvba Eddy Duquenne from € 428,242(1) to € 538,242 and to reduce the variable remuneration of maximum € 295,000 and the outperformance bonus of a maximum € 165,000 to variable remuneration of maximum € 400,000; the annual expense allowance of € 9,000 is unchanged;

- to increase the fixed remuneration of Mr Joost Bert from € 300,120 (1) to € 350,120 and to reduce the variable remuneration of maximum € 215,000 and the “outperformance bonus” of maximum € 75,000 to a variable remuneration of up to € 220,000; the annual indexed pension contribution is unchanged.

The management targets to which the variable remuneration is linked are qualitative and quantitative targets to which 30% and 70% respectively of the variable remuneration is linked.

The achievement of the quantitative targets will be measured based on the improvement of the financial results (REBITDA/net current profit) compared to the previous fiscal year, with due consideration for the changes in the critical parameters for value creation in the existing businesses and the impact of the integration of expansion projects.

The qualitative targets, which among other things relate to the further expansion of the company, the further development of the “Talent Factory” and the further optimisation of management reporting, will be evaluated annually based on the progress made on each specific target.

These targets were established to ensure that they help attain not only the short-term goals but also the long-term goals of the Group.

(1) Since the fiscal year 2014 the Executive Management no longer charges on car costs. Instead, the fixed remuneration has been increased by a corresponding indexed amount.

## 6.11 Description of the main characteristics of the internal control and risk management system

Kinepolis Group uses the Integrated Framework for Enterprise Risk Management as developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This framework integrates internal control and risk management processes with the purpose of identifying and managing strategic, operational and reporting risks as well as complying and regulatory risks as to enable the achievement of the corporate objectives.

Kinepolis Group uses this framework to implement a system of Risk Management or to control the above risks in the business processes and financial reporting. The system is developed centrally and is as much as possible uniformly applied in the various parts of the organization and subsidiaries. The system fills in the various components, as prescribed by the reference model, as well as the various roles and responsibilities with regard to internal controls and risk control.

**Roles and Responsibilities**

Within Kinepolis Group, risk management is not the exclusive responsibility of the Board of Directors and Executive Management; every employee is responsible for the proper and timely application of the various risk management activities within the scope of his or her job.

The responsibilities regarding risk management of the Board of Directors (and its various committees) and Executive Management are established and described in detail in legal stipulations, the Belgian Corporate Governance Code 2009 and the Kinepolis Corporate Governance Charter. In brief, it can be stated that Executive Management bears final responsibility for the appropriate implementation and management of the risk management system, whereas the Board of Directors has a supervisory role in this matter.

The implementation and management of the risk management system is based on a pyramidal responsibility structure in which each manager is responsible not only for the proper introduction and application of the risk management processes within the scope of his or her job but also has a duty to monitor its proper implementation by his or her direct reports (who may in turn be managers).

In this way, management can be confident of proper and comprehensive risk management throughout the Company and have peace of mind that related risks in the various business processes and departments are tackled in an integrated way.

**Application of the various components**

The way in which the Company applies the various components of the COSO framework is outlined below. This description covers only the most important elements and is therefore not exhaustive. In addition, the appropriateness of the application is regularly evaluated and so permanently subject to change.

**Internal Control Environment**
An appropriate internal environment is a precondition of being able to effectively apply other risk management components. An appropriate internal environment is a precondition of being able to effectively apply other risk management components. With this in mind, Kinepolis Group values integrity and ethical action highly. Alongside the existing legal framework, Kinepolis Group endeavours to encourage and enforce this type of behaviour through preventive measures (such as Code of Conduct, work regulations, various policies and procedures) and detection measures (such as the reporting procedure and compliance inspections).

Another important aspect of the internal environment is the organizational structure. Kinepolis has a clear and uniform organizational structure, which fits within the various countries and business processes. The organizational structure, the determination of the various objectives, management of the budget and the remuneration process are also aligned to each other.

In addition, correct employee training and guidance is essential to the proper application of risk management. To this end, the training needs of every employee are examined on an annual basis, distinct from the existing compulsory courses for certain jobs. An introductory risk management course is also given to new managers, on an annual basis.

**Objective setting**
Business objectives are established over various durations in line with the Kinepolis mission. As described in the Corporate Governance Charter, these are confirmed on an annual basis by the Board of Directors, which also ensures they are in line with the Company's risk appetite.

The (financial and non-financial) objectives established at consolidated level are gradually developed into specific objectives for individual countries, business units and departments on an annual basis. The lowest level is the determination of the individual objectives for each employee. The attainment of these objectives is linked to the remuneration policy.

Progress with regard to these objectives is regularly assessed through business controlling activities based on management reports. The individual objectives are assessed at least once every year as part of a formal HR evaluation process.

**Internal Control**
Internal Control is defined as the identification and assessment of business risks as well as the selection, implementation and management of the appropriate risk responses (including the various control activities).

As stated above, it is first and foremost the duty of every manager to properly set up and implement the various internal risk management activities (including monitoring) within the scope of his or her job. In other words, each line manager is responsible for the appropriate and timely identification and evaluation of business risks and the ensuing control measures to be taken and managed.

Although the individual line manager has some latitude when applying these rules, Kinepolis endeavors to standardize the process as much as possible. This is achieved by organizing corporate ERM trainings, implementing the structured policy guidelines and procedures, and using standard lists of internal audits to be conducted.

The Board of Directors and Management of Kinepolis conduct an annual risk assessment to acquire a general understanding of the business risk profile. The acceptability of residual risks is also assessed as part of this. If these are not acceptable, additional risk response measures are taken.

**Information and Communication**
The appropriate structures, consultation bodies, reporting and communication channels have been set up within Kinepolis Group for business operations in general and risk management in particular to ensure that the information required for those operations, including risk management, is made available to the appropriate persons in a timely and proper way. The information in question is retrieved from data warehouse systems that are set up and maintained in such a way as to meet the reporting and communication requirements.

**Monitoring**

In addition to the monitoring activities by the Board of Directors (including the Audit Committee) as stipulated in legal provisions, the Corporate Governance Code 2009 and the Corporate Governance Charter, Kinepolis primarily relies on the following monitoring activities:

- **Business Controlling:** The Management, supported by the Business Controlling department, analyzes the progress made towards the targets and explains the discrepancies on a monthly basis. This analysis may identify potential improvements that could be made to the existing risk management activities and measures;

- **Internal Audit:** The existing risk management activities and measures are evaluated and compared with internal rules and best practices on a regular basis by the Internal Audit department. Potential improvements are discussed with Management and lead to the implementation of action points that further enhance risk management.

## 6.12 Compliance with the Corporate Governance Code

Kinepolis Group NV complies with the principles of the Belgian Corporate Governance Code.

In line with the 'comply or explain principle', the Company has decided that it was in the best interests of the Company and its shareholders to depart from the stipulations of the Code in a limited number of specific cases in addition to the circumstances described above:

- Contrary to Stipulations 5.5. of the Code, the Board of Directors believes that, bearing in mind its own limited composition, an Audit Committee comprising two independent members – both with the requisite auditing and accounting expertise – provides sufficient guarantees with regard to the efficient functioning of the committee;

- Contrary to Stipulation 7.13., the Board of Directors approved the Share Option Plan 2007-2016 for the executive directors and members of the senior management on 5 November 2007. This plan serves, among other things, to more closely align the interests of the above- mentioned persons with the interests of the Company by allowing them to participate in future value creation and to enable the Company to offer a competitive remuneration package and as such to be able to hire, remunerate and retain the right persons in these positions. Bearing in mind that the above objectives are in the best interest of the Company, the Board of Directors does not deem it necessary to submit this point to the General Meeting;

- Contrary to Stipulation 4.6. of the Code, the professional qualifications and duties of the director to be re-appointed were not stipulated in the convening notices to the General Shareholders' Meeting of 16 May 2014, given that these qualifications are already published in several press releases and annual reports.

## 7. CONFLICT OF INTERESTS COVERED BY ARTICLE 523 OF THE COMPANIES CODE (ART. 523 COMPANIES CODE)

On **21 March 2014**, pursuant to Article 523 of the Companies Code and after the directors in question had left the meeting, deliberations were held and decisions taken on:

1. The allocation to Executive Management of the variable remuneration and outperformance bonus for the fiscal year 2013:

*Excerpt from the minutes*

*Notification in accordance with Article 523 of the Companies Code*

*Messrs Joost Bert and Eddy Duquenne informed the other directors that they had a possible conflict of interest of a proprietary nature within the meaning of Article 523 of the Companies Code, given that the Board of Directors was to take a decision on the attainment of the management targets by the Executive Management.*

*Messrs Joost Bert and Eddy Duquenne duly left the meeting and did not participate in the deliberations or vote on this agenda item.*

*Deliberations and decision*

*After it was established that the milestones with regard to qualitative targets had been achieved or at least that sufficient progress had been made and in light of the very strong performance of the Executive Management in difficult market conditions and the structural improvement in profitability, as already explained by the president of the Nomination and Remuneration Committee at the previous meeting, the Board of Directors decided, after thorough deliberation and on the advice of the Nomination and Remuneration Committee, to grant the maximum variable remuneration to the Executive Management (€ 295.000 to Eddy Duquenne, € 215.000 to Joost Bert).*

*With regard to the outperformance bonus, the Board of Directors decided, on the advice of the Nomination and Remuneration Committee as explained in agenda point 4, to grant an outperformance bonus of € 125.000 to Eddy Duquenne, given his constant and valued contribution to the continuous long-term improvement of the profitability of the Company as well as the exceptionally strong performance in 2013, in which, despite a decrease in the number of visitors of -1.6m, a significantly better result was achieved than provided for in the profit plan.*

*The payment of these amounts to Executive Management will be made in May 2013 (*).*

*Messrs Joost Bert and Eddy Duquenne returned to the meeting at that point.*

*(*) This should have been "May 2014"*

2. Establishment of management targets and remuneration for Executive Management for 2014

*Excerpt from the minutes*

*Notification in accordance with Article 523 of the Companies Code*

*Messrs Joost Bert and Eddy Duquenne informed the other directors that they had a possible conflict of interest of a proprietary nature within the meaning of Article 523 of the Companies Code, given that the Board of Directors was to take a decision on the setting of the management targets by the members of the Executive Management.*

*Messrs Joost Bert and Eddy Duquenne duly left the meeting and did not participate in the deliberations or vote on this agenda item.*

*Deliberations and decision*

*After exhaustive clarification by the president of the NRC of the proposed management targets for granting the variable remuneration and the proposed new methodology to setting the quantitative targets, the Board of Directors decided, after a comprehensive discussion, to unanimously approve the proposed qualitative and quantitative management targets, the ratio of which remains 30% to 70%, as well as the new methodology, being of the opinion that the management targets continue to align the interests of Executive Management to the interests of the Company and help achieve the goals of the Company with regard to value creation.*
*The qualitative management targets will be set as concrete deliverables (milestones). The quantitative targets will be dependent on the 2014 Profit Plan, based on the Net Current Profit of the Group in 2014.*

*The Outperformance Bonus Pool of the Executive Management will once again be dependent on the quantitative management targets set for the granting of the variable remuneration being exceeded.*

On **10 June 2014**, pursuant to Article 523 of the Companies Code and after the directors in question had left the meeting, deliberations were held and decisions taken on the change to management remuneration in the light of the changed tax regime for reimbursement of car costs:

*Excerpt from the minutes*

*Notification in accordance with Article 523 of the Companies Code*

*Messrs Joost Bert and Eddy Duquenne informed the other directors that they had a possible conflict of interest of a proprietary nature within the meaning of Article 523 of the Companies Code, given that the Board of Directors was to take a decision on a proposed change to the management remuneration.*

*Messrs Joost Bert and Eddy Duquenne duly left the meeting and did not participate in the deliberations or vote on this agenda item.*

*Deliberations and decision*

*On the proposal of the NRC and after clarification by Mr De Clercq, it was decided to give Mr Bert and BVBA Eddy Duquenne the possibility of adapting their management remuneration to the position, as changed in 2011, of the tax authorities with regard to the deductibility of car costs and accordingly to incorporate part of the car costs in the management fee, which can then be increased by an amount equal to this cost plus an amount that will enable them to offset the tax impact hereof.*

*This change has no impact on the profit of Kinepolis Group NV.*

## 8. RESEARCH AND DEVELOPMENT (ART. 96 4° COMPANIES CODE)

In the year under review, Kinepolis developed a number of new concepts for the benefit of the operating entities within the framework of the three strategic pillars. Kinepolis is committed to constantly adapting the experience it provides to the changing demographic trends, to be innovative with regard to picture and sound and other factors, in order to improve the experience of the customers and protect the profitability of the group. An example of this is the installation of laser projectors.

## 9. APPLICATION OF ACCOUNTING POLICIES (ART. 96 6° COMPANIES CODE)

The accounting policies remained unchanged and were applied with a view to the continuity of the Company.

## 10. PROFIT APPROPRIATION

The Board of Directors takes account of various factors with regard to the proposal of the General Meeting on profit appropriation and distribution, including the Company's financial position, operating profits, current and future resources, and expansion plans.

For fiscal year 2014 the payment of a gross amount of € 17?666?416 to be divided among the shares entitled to dividend will be proposed, taking account of a pay-out ratio of 50% calculated on the current net profit, as well as payment of an amount of € 5?435?820 in exceptional dividend to be divided among the shares entitled to dividend.

Subject to the approval of the General Meeting, the Board of Directors decided to make the dividend available to shareholders through a financial institution of their choice on 21 May 2015 (ex-date: 19 May 2015; record date: 20 May 2015).

The financial statements were drawn up after profit appropriation, in accordance with the Royal Decree of 30 January 2001.

*The following profit appropriation was proposed:*

| | |
|---|---|
| Profit for the fiscal year to be appropriated: | € 42,536,895.42 |
| Profit carried forward from previous fiscal year: | € 27,753,132.39 |
| Withdrawal from equity: | |
| To the legal reserves | € 3,001,026.87 |
| Addition to equity: | |
| To other reserves | € 21,659,954.57 |
| Profit to be carried forward: | € 28,528,864.11 |
| Dividend | € 23,102,236.00 |

**<u>Messrs Eddy Duquenne, CEO, and Joost Bert, CEO, declare that to the best of their knowledge:</u>**

- the financial statements, which have been prepared in accordance with applicable standards for financial statements, give a true and fair view of the Company's financial position and profit and loss;
- the annual report gives a true and fair view of the Company's development and profit and loss, as well as the main risks and uncertainties it has to deal with.

The Board of Directors, Brussels, 23 March 2015

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Joost Bert

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Eddy Duquenne