Kinepolis Group Press Release

Ghent, 28 August 2009
Press release – regulated information
For immediate publication
Contact: Myriam Dassonville, Corporate Communication
Tel: +32 9 241 00 16 - E-mail: mdassonville@kinepolis.com

Half year financial report 2009

Kinepolis Group achieves € 6.3m net profit in first half

Kinepolis ended the first half of 2009 with revenue of € 100.7m, EBITDA[1] of € 21.5m and net profit of € 6.3m. Earnings per share (EPS) rose from € 0.68 to € 0.94.

Recurring EBITDA[2] of € 21.9m is up slightly on the first half of 2008. The effect of the 5.3% fall in admissions was offset by a combination of better product mix, various revenue-supporting measures and cost control.
With a much improved financial result thanks to lower net financial debt and lower interest costs, recurring net profit rose by € 1.3m from € 4.7m to € 6.0m.
Free cash flow improved considerably thanks to better working capital management and lower interest payments and taxes.

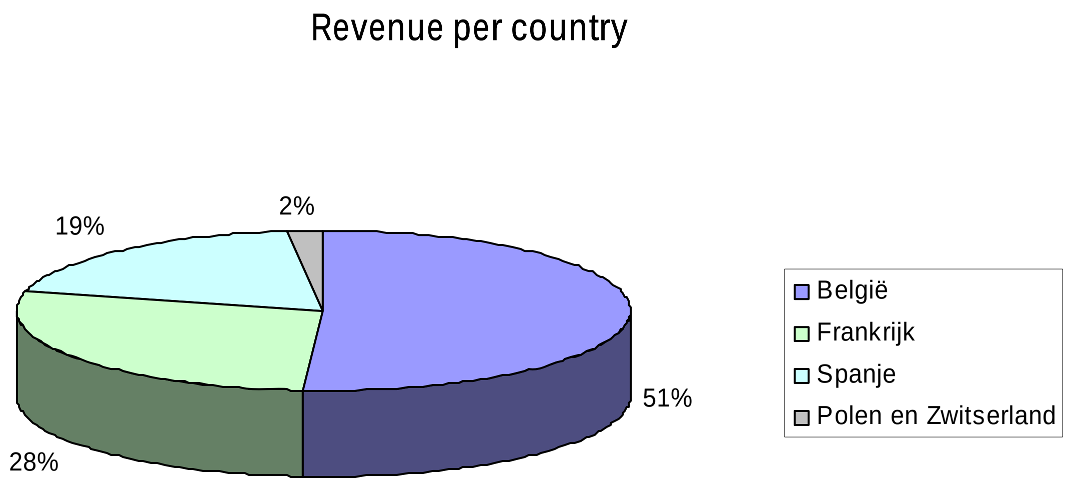
H1/2009 results were also affected by various non-current transactions: on the income side two-thirds of the capital gain on the sale of the minority participation in CinemaxX (+€2.0m), on the cost side a provision for doubtful debtors, an impairment, a restructuring cost and a tax recovery totalling € 1.6m. Last year the first half result consisted solely of recurrent items.

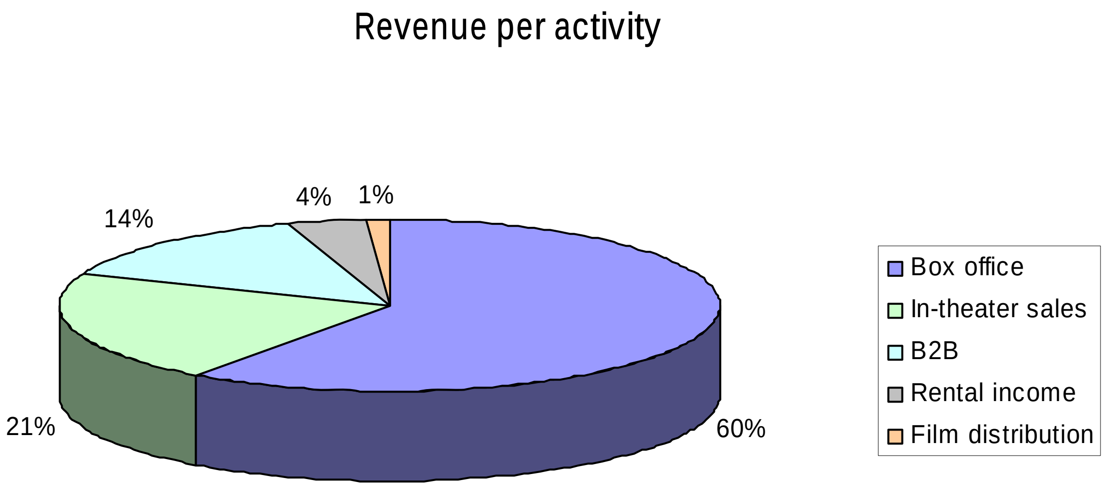
KEY FIGURES (in €'000)	H1/2009	1H 2008	% change
Admissions('000)	*9,843*	*10,393*	*-5.3%*
Revenue	100.7	101.1	-0.4%
EBITDA	21.5	21.6	-0.5%
Recurring EBITDA [2]	*21.9*	*21.6*	*1.3%*
Recurring EBITDA margin	*21.7%*	*21.4%*	*1.7%*
Net financing cost	0.6	4.0	83.8%
Tax	0.8	1.0	16.6%
Net profit	6.3	4.7	33.0%
Recurring net profit[2]	*6.0*	*4.7*	*25.5%*
EPS (in €)	0.94	0.68	38.2%
Free cash flow	15.0	-2.3	
Net Financial Debt (NFD)	119.2	147.5	19.2%

[1] EBITDA is not a recognized IFRS term. Kinepolis has defined the concept by adding back charges for depreciation, amortization, impairments and provisions to the operating profit, and subtracting any reversals or uses of the same items.
[2] after eliminating non-current transactions

1. Revenue

Revenue for the first half of 2009 of € 100.7m remained almost unchanged from 2008 (H1/2008: € 101.1m). Changes in the distribution of revenue by country and activity were minimal.





Between January and June this year, Kinepolis Group welcomed 9.8 million visitors to its cinema complexes, 5.3% fewer than in the first half of 2008.
Notwithstanding the difficult economic situation, all countries reported strong admission figures. Spain performed well here, thanks to the success of 3D, the revival of Spanish films, including the Spanish comedy "*Fuga de Cerebros*", and the success of the 'Mayores de Cine' initiative aimed at Madrid senior citizens. Top films during the second quarter were "Angels and Demons", "Fast and Furious 4", "X-men Origins: Wolverine", "Knowing" and "Night at the Museum 2".

	Belgium	France	Spain	Switzerland	Total
Cinemas	11	7	3	1	22
1st half 2009	4,108,124	3,337,675	2,317,704	79,532	9,843,035

1st half 2008	4,441,982	3,606,774	2,264,500	79,219	10,392,475
% growth	-7.5 %	-7.5 %	2.3%	0.4%	-5.3 %

Box office revenue (from ticket sales) increased by 0.5% compared with the first half of 2008. Falling admissions figures were offset in the first place by an improvement in the product mix (analogue, digital / 3D / alternative content) and also by an inflation-covering increase in sales prices.

In-Theatre Sales, which covers all income from the sale of beverages, snacks and retail in the cinema, fell by 2.7%. Falling income from lower visitor numbers was partly compensated by higher consumption expenditure, due to the success of the new 'Mega Candy' self-service shops.

The focus is all on the B2B activities. Kinepolis cinemas are being strongly promoted as B2B locations with digital projection, appropriate congress infrastructures and service, media campaigns and successful partnerships.
Screen advertising, on the other hand, is under pressure from the economic crisis. You will find further information on screen advertising on p. 6 of this report.

During the first half, Kinepolis Film Distribution (KFD), a specialist distributor of Flemish films, distributed among others '*Het geheim van Mega Mindy', 'SM-Rechter*' and '*Soeur Sourire'*. Non-Flemish films like 'Milk', 'Coco avant Chanel' and '17 again' were successes. Here KFD partners with independent distributors like RCV and A-Film.

By filling empty trading space, creating additional space and introducing new retailing concepts, occupancy levels were driven up in the first half. This increased occupancy is not yet visible in the first half figures, as lease payments from the new lessees begin only in autumn. Income was negatively impacted by a settlement with a major French lessee after a longstanding dispute, the replacement of a number of dubious lessees. Finally, Polish concession income was influenced by a negative currency impact.

2. EBITDA

Despite the lower revenue, EBITDA remains in line with last year. Eliminating one-off (non-recurring) transactions, recurring EBITDA is up 1.3% at € 21.9 million, while the EBITDA margin remains firm.
This is because falling admissions have been more than made good by the bigger digital film offering, growing business-to-business activities and well-targeted cost management.

Sales and marketing costs fell by € 0.8 million with the more careful allocation of advertising budgets.
Administrative expenses rose by € 0.5 million to € 7.6 million from the effect of one-off restructuring costs.
In terms of salary costs, efficiency improvements absorbed the effect of index adjustments and collective inflation increases.

3. Operating profit (EBIT)

KEY FIGURES (in €'000)	H1/2009	H1/2008	% change
Operating profit (EBIT)	7,8	9,7	-20,2%
Recurring EBIT (*)	9,9	9,7	1,1%

The operating profit for the first half of 2009 amounts to € 7.8 million compared with € 9.7 million for H1/2008.
After correcting for the negative impact of non-recurring transactions on the 2009 figures, the recurring operating profit for the first half of 2009 (€ 9.9m) is in line with H1/2008 (€ 9.7m). The non-recurring items consist of a restructuring cost, a provision for uncollectible invoices and an impairment on fixed assets.

4. Net financing cost and debt position

With the crisis in the financial markets, the conservative financial policy of further strengthening the balance sheet by reducing debt has been maintained in 2009.
As a result the Net Debt Position (NDP) has fallen by 19.2 % over the past 12 months from € 147.5m at 30.06.2008 to € 119.2m at 30.06.2009, bringing the the NDP / EBITDA ratio to the lowest-ever level of 2.17 (12 months moving ratio). Kinepolis is financed by a syndicated credit facility running to 2014, based on a fixed, confirmed long-term credit line with a limited annual repayment of € 14 million.

Under this conservative policy, Kinepolis has since 2008 used almost 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).
During H1/2009, equity has fallen by € 0.7 million, compared with a € 1.2 million increase during the same period in 2008.

Net financing costs in the first half of 2009 amounted to -€ 0.6m (H1/2008: € -4.0m).
The significant reduction in these costs is explained by the sale of financial fixed assets (CinemaxX) with a capital gain of € 2.0 million and by lower interest charges reflecting in part the significant debt reduction.

5. Profit before tax

Profit before tax is € 7.1 million (H1/2008: € 5.7m), an increase of 24.4%.

6. Net profit for the half-year

Net profit for the 6 months to 30 June 2009 is € 6.3m vs. € 4.7 million in 2008.
Eliminating non-recurring transactions, the net profit for the first six months of 2009 (€ 6.0m) is still significantly better than the recurring net profit of H1/2008. The main reason is a sharp fall in financial costs.

As the capital gain on the sale of the CinemaxX shares is income tax-exempt, the increase in pre-tax income did not produce a higher tax charge. This amounts to € 0.8m for H1/2009 and € 1.0m for 2008.

7. Balance sheet and cash flow analysis

No less than 90% (€ 300.6m) of the balance sheet at 30.06.2009 consisted of fixed assets (including those held for sale). These include land and buildings (including those held for sale and the real estate investments) with a carrying value of € 221.5m.

At 30.06.2009, equity amounted to € 116.4m or 34.7% of the balance sheet total, representing a 1.4% improvement in solvency compared with 31.12.2008.

In H1/2009 Kinepolis invested € 7.4m in new fixed assets, in line with the figure for last year (€ 7.6m). The sale of other financial fixed assets produced a positive cash flow of € 2.0 million.

€ 12.3m of loans were already repaid during the first six months of 2009, compared with a net repayment of € 2.0m during the first half of 2008.

8. Free cash flow

Free cash flow improved significantly, by € 17.3m, thanks to better working capital management and lower interest and tax payments.

The improvement in cash flow from working capital is largely due to the reduction in trade and other liabilities compared with the same period in 2008, reflecting timing changes in the planning of investments and other expenditures and a structural lowering of customer and other receivables (related among other things to a VAT receivable in Spain).

Significant events in the first half of 2009

May 2009: Henk Rogiers appointed CFO

Henk Rogiers succeeded Jan Staelens as CFO, who remained in this position at Kinepolis until 15 March. Henk Rogiers was previously a director at KPMG CFO Advisory, where he headed up the Corporate Performance Management (CPM) and Controlling department. In this capacity he advised various listed multinational companies on their improvement paths in controlling, financial management and CPM. Prior to this he was European financial director for the US listed company Graphic Packaging International and for the Canadian software group Numetrix.

April 2009: Kinepolis relinquishes its 50% option on Imagimons (Mons, Belgium)

To put an end to time-consuming and expensive legal procedures, Kinepolis unilaterally relinquished its contractual rights to the acquisition of 50% of the shares of Imagimons SA. Imagimons SA owns the Imagix Mons cinema complex in Mons (14 theatres, 3,822 seats).

In 2008 Kinepolis had instigated arbitration proceedings to obtain execution of the option agreement, the legality of which was disputed by the existing Imagimons SA shareholders.
The Belgian Competition Council initially approved the 50% acquisition in October 2008, but Imagimons SA appealed this decision.

May 2009: Competition Board (Belgium)

The Belgian Appeals Court informed Kinepolis on 4 May 2009 of its provisional judgement to reject the appeal by French cinema group UGC to suspend the 1 October 2008 decision of the Competition Board (Belgium). The latter decision had stated that the prior agreement of the Board was no longer necessary for the extension of an existing Kinepolis cinema or replacing an existing cinema, and that the building of a new cinema or the acquisition of a cinema still needed to be formally announced until 2011.
In concrete terms, the decision of 4 May means that the Board decision of 1 October 2008 remains in force until the time of final judgement on the appeal to quash it, instigated by UGC.

May 2009: General Shareholders' Meeting

The General Meeting of 15 May 2009 declared a dividend of € 0.66 gross per share.
Professor Marion Debruyne (Marion Debruyne BVBA), Associate Professor and Partner of the Marketing Competence Centre of the Vlerick Leuven Gent Management School, and Mr Rafaël Decaluwé (Gobes Comm.V.), former CEO of Bekaert, were appointed as independent directors.

June 2009: Eddy Duquenne joins the “Commission de Réflexion” of French cinema federation FNCF

As CEO of the Kinepolis Group, Eddy Duquenne was invited by the French cinema federation to join its “Commission de Réflexion”. By accepting this invitation, Kinepolis wishes to contribute to the development of the French cinema market, where the group has 7 cinema complexes.

Significant events after 30.06.2009

July 2009: Kinepolis out of CinemaxX AG

At the start of 2009, Kinepolis Group sold its 12.61% minority share (3 million shares) in German cinema group CinemaxX AG to the H+Z Beteiligungs GmbH group, at a price of € 1 per share. Shares have been transferred in three equal parts, in step with the payment of the purchase price. The first two instalments were paid on 30 January and 30 April, with the third instalment following on 31 July 2009.
For Kinepolis Group this transaction generates a capital gain in 2009 equal to the sales price (€ 3 million), given that the participating interest was fully written off in 2001. Two thirds of this gain (€ 2m) was realized in the first half, and one third (€1m) in the second half.

Médiacité (Liège) project put on hold

Given the constant competition law procedures, Kinepolis Group and project developer Wilhelm & Co have decided in mutual consultation to put on hold the cinema project in Médiacité (6 theatres, 1,070 seats). Médiacité is a media, shopping and leisure environment currently under construction at the Longdoz site in Liège.
Since the contractual preconditions relating to the cinema project were not fulfilled in good time, the two parties are no longer legally bound. As a precautionary measure, Kinepolis Group has therefore also decided to write off the capitalized study and project development costs (€ 0.5m) as a one-off impairment cost in the first half of 2009.

Screen advertising: Screenvision Belgium nv

The economic crisis has brought screen advertising income under pressure in the first half. For its Belgian cinemas, Kinepolis works with Screenvision Belgium nv, a member of the Thomson groups (France, currently being restructured) and IDTV (United Kingdom). Kinepolis had negotiated with Screenvision a minimum guarantee until 2009 inclusive. Pressure on the advertising market has, however, prevented Screenvision from honouring this minimum guarantee provision.

On 7 July 2009 a court administrator was appointed for Screenvision nv. In mid-July Kinepolis stated that it was ready to relinquish the minimum guarantee (for the remaining period until 31 December 2009) and to grant extended terms on the receivables outstanding at 30 June 2009.
This is in order to maintain the unity of the niche market for cinema advertising in Belgium and in the interest of the cinema sector as a whole. For the same reason Kinepolis is right now considering acquiring 100% of Screenvision Belgium nv. A due diligence is currently under way, and agreements carrying guaranteed minimum provisions are being renegotiated with third party cinema operators.

A € 1.2m provision has been charged in the first half on Kinepolis' outstanding claim on Screenvision Belgium NV.

Prospects

"Ice Age 3" (3D), "Harry Potter and the Half-Blood Prince", "Public Enemies", "Brüno" and "G-Force" have in the meanwhile met expectations for the third quarter. For the last quarter we are expecting a lot from "Up" (3D), "2012", "A Christmas Caroll" (3D), the Flemish "Dossier K", the French "MicMacs à Tire-Larigot", Spanish films "Agora" and "Rec 2", and the long-awaited "Avatar" (3D). Also the culture-loving public is looking forward to the continuation in Belgium of Theatre in the Cinema with "All's Well that Ends Well" (William Shakespeare) on 1 October, and the launch of the third "Opera in the Cinema" season (10/10/09) in Belgium and France.

Financial Diary

13 November 2009	Publication of business update for third quarter 2009
26 February 2010	Publication of 2010 annual results
18 May 2010	Publication of business update for first quarter 2010
21 May 2010	Annual Shareholders' Meeting

CONSOLIDATED INCOME STATEMENT in '000 €	**30/06/2009**	**30/06/2008**
Revenue	100.695	101.066
Cost of Sales	-79.334	-79.120
Gross Profit	**21.362**	**21.946**
Gross profit/revenue	*21,2%*	*21,7%*
Distribution expenses	-4.913	-5.741
Administrative Expenses	-7.616	-7.116
Other Operating income and expenses	-1.049	660
Operating profit before financing costs	**7.784**	**9.749**
Operating profit from Operations/Revenue	*7,7%*	*9,6%*
Finance Income	2.925	1.283
Finance Costs	-3.574	-5.295
Profit before Tax	**7.135**	**5.737**
Income Tax Expense	-831	-996
Profit for the period	**6.305**	**4.741**
Profit for the period/Revenue	*6,3%*	*4,7%*
Profit for the period attributable to equity holders of the company	6.271	4.707
Profit for the period attributable to minority interests	34	34
Earning per share		
- Basic	0,94	0,68
- Diluted	0,94	0,68

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME in '000 €	30/06/2009	30/06/2008
Profit for the period	**6.305**	**4.741**
Other comprehensive income		
Foreign currency translation differences	130	-77
Net change in fair value of derivative financial instruments	-743	1.177
Net change in fair value of available for sale financial assets	-70	300
Net change in fair value of available for sale financial assets transferred to profit & l	-1.380	
Total other comprehensive income for the period	**-2.064**	**1.401**
Total comprehensive income	**4.241**	**6.142**
Total comprehensive income attributable to:		
Equity holders of the company	4.208	6.107
Minority interests	34	34

CONSOLIDATED BALANCE SHEET/ASSETS in '000 €	30/06/2009	31/12/2008
Other Intangible Assets	2.764	2.540
Goodwill	18.761	18.761
Property, plant and equipment	237.675	242.218
Investment property	13.510	14.413
Deferred tax assets	2.048	1.969
Derivate Financial instruments	184	0
Non-current trade and other receivables	16.732	17.350
Other financial assets	648	2.098
Total non-current assets	**292.322**	**299.349**
		0
Inventories	2.826	2.272
Trade and other current receivables	17.821	24.945
Current tax asset	550	221
Cash and cash equivalents	12.931	17.288
Derivate Financial instruments	0	0
Total current assets	**34.128**	**44.726**
Assets classified as held for sale	**8.309**	**8.309**
Total Assets	**334.758**	**352.383**

CONSOLIDATED BALANCE SHEET/EQUITY AND LIABILITIES in '000 €	30/06/2009	31/12/2008
Issued capital	48.963	48.963
Share Premium	1.154	1.154
Consolidated reserves	66.328	67.394
Translation differences	-1.265	-1.394
Total equity attributable to equity holders of the company	**115.179**	**116.116**
Minority interests	**1.224**	**1.190**
Total Equity	**116.403**	**117.306**
Interest bearing loans and borrowings	118.000	130.000
Provisions	1.861	1.839
Deferred tax liabilities	14.291	13.869
Derivative financial instruments	2.625	4.217
Trade and other payables	11.626	12.060
Total non-current liabilities	**148.404**	**161.985**
Bank overdraft	143	2.280
Interest bearing loans and borrowings	14.003	14.256
Trade and other payables	51.531	52.834
Provisions	1.722	1.564
Derivative financial instruments	1.220	61
Current tax liabilities	1.333	2.097
Total current liabilities	**69.952**	**73.093**
Total equity and liabilities	**334.758**	**352.383**

CONSOLIDATED CASH FLOW STATEMENT (in '000€)	30/06/2009	30/06/2008
Cash flows from operating activities		
Profit before tax	7.135	5.737
Adjustments for:		
Depreciation and amortization	12.294	11.734
Provisions and impairment	1.415	-24
Government grants	-569	-614
(Gains) losses on sale of property, plant and equipment	66	0
(Gains) losses on sale of other financial assets	-2.000	0
Realized foreign exchange (gains)/losses	-1	0
Change in fair value of Derivate financial Instruments and unrealized foreign excha	-122	76
Unwinding of long term receivables	436	495
Share based payments	250	235
Interest expense	2.692	3.740
Cash generated from operations	**21.596**	**21.378**
Movement trade and other receivables	6.044	1.910
Movement in inventories	-554	-494
Movement in trade and other payables	-2.065	-9.548
Cash from operations before interests and taxes	25.020	13.246
Interests paid	-2.729	-4.189
Interests received	70	449
Income taxes (paid)/received	-1.243	-3.714
Net cash from operating activities	**21.119**	**5.792**
Cash from investing activities		
Acquisition of other intangible assets	-759	-557
Acquisition of property, plant and equipment	-7.411	-7.597
Proceeds from Sale of other intangible assets	-2	0
Proceeds from Sales of property, plant and equipment	32	79
Proceeds from Sales of other financial assets	2.000	0
Net cash used in investing activities	**-6.139**	**-8.075**
Cash flows from financing activities		
Proceeds from the issue of share capital	0	0
New loans	0	2.455
Repayment of borrowings	-12.302	-4.545
repurchase of own shares	-998	-2.014
Dividends paid	-3.854	-4.485
Net cash used in financing	**-17.153**	**-8.589**
Net cash flow	**-2.174**	**-10.872**
Cash and cash equivalents		
Cash and cash equivalents at beginning of the period	15.057	16.240
Cash and cash equivalents at end the period	12.787	5.508
Effect of exchange rate fluctuations on cash held	-96	140
Net cash flow	**-2.174**	**-10.872**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Issued capital	Issued premium	Translation reserve	Hedging reserves	Fair value reserve	Retained earnings	Reserve for own shares	Share based payment reserve	Equity attributable to equity holders of the company	Minority Interests	Total Equity
Situation 31/12/2008	**48.963**	**1.154**	**-1.394**	**-2.866**	**2070**	**73.577**	**-5.976**	**589**	**116.116**	**1.190**	**117.306**
Total comprehensive income											
Profit for the period						6.271			6.271	34	6.305
Other comprehensive income											
Translation differences			130						130		130
Net change in fair value of financial derivative instruments				-743					-743		-743
Net change in fair value of available for sale financial assets					-70				-70		-70
Net change in fair value of available for sale financial assets transferred to profit & loss					-1.380				-1.380		-1.380
Total other comprehensive income			130	-743	-1.450				-2.064		-2.064
Total comprehensive income			130	-743	-1.450	6.271			4.208	34	4.241
Transactions with owners, recorded directly in equity											
Dividends paid						-4.397			-4397		-4.397
Share based payments transactions								250	250		250
Purchase/Sale equity shares							-998		-998		-998
Total transactions with owners recorded directly in equity						-4.397	-998	250	-5.144		-5.144
Situation 30 juni 2009	**48.963**	**1.154**	**-1.265**	**-3.609**	**620**	**75.451**	**-6.973**	**839**	**115.179**	**1.224**	**116.403**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Issued capital	Issued premium	Translation reserve	Hedging reserves	Fair value reserve	Retained earnings	Reserve for own shares	Share based payment reserve	Equity attributable to equity holders of the company	Minority Interests	Total Equity
Situation 31/12/2007	**48.963**	**1.154**	**-1.394**	**-2.866**	**2070**	**73.577**	**-5.976**	**589**	**116.116**	**1.190**	**117.306**
Total comprehensive income											
Profit for the period						6.271			6.271	34	6.305
Other comprehensive income											
Translation differences			130						130		130
Net change in fair value of financial derivative instruments				-743					-743		-743
Net change in fair value of available for sale financial assets					-70				-70		-70
Net change in fair value of available for sale financial assets transferred to profit & loss					-1.380				-1.380		-1.380
Total other comprehensive income			130	-743	-1.450				-2.064		-2.064
Total comprehensive income			130	-743	-1.450	6.271			4.208	34	4.241
Transactions with owners, recorded directly in equity											
Dividends paid						-4.397			-4397		-4.397
Share based payments transactions								250	250		250
Purchase/Sale equity shares							-998		-998		-998
Total transactions with owners recorded directly in equity						-4.397	-998	250	-5.144		-5.144
Situation 30 June 2008	**48.963**	**1.154**	**-1.265**	**-3.609**	**620**	**75.451**	**-6.973**	**839**	**115.179**	**1.224**	**116.403**

Operational Segments	Belgium		France		Spain		Others (PL+ZWI)		Not allocated		TOTAL	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008	30/06/2009	30/06/2008	30/06/2009	30/06/2008	30/06/2009	30/06/2008	30/06/2009	30/06/2008
Total Segment Revenue	56.466	54.058	27.905	29.050	19.228	18.851	2.066	2.160	0	0	105.664	104.119
Inter-segment revenue	-4.969	-3.053	0	0	0	0	0	0	0	0	-4.969	-3.053
Revenue	51.497	51.005	27.905	29.050	19.228	18.851	2.066	2.160	0	0	100.695	101.066
Reportable segment profit	**908**	**3.064**	**4.732**	**4.487**	**1.787**	**1.859**	**357**	**339**	**0**	**0**	**7.784**	**9.749**
Finance Income									-3.574	-5.295	-3.574	-5.295
Finance Costs									2.925	1.283	2.925	1.283
Profit before tax											**7.135**	**5.737**
Income tax expense									-831	-996	-831	-996
Profit for the period											**6.305**	**4.741**
Reportable Segment Assets	**124.128**	**126.894**	**101.890**	**105.532**	**53.829**	**55.256**	**27.193**	**28.667**	**27.718**	**36.034**	**334.758**	**352.383**
Reportable Segment Capex	**5.438**	**3.982**	**1.389**	**2.983**	**1.258**	**1.174**	**85**	**15**	**0**	**0**	**8.170**	**8.154**

Consolidated interim financial statements

- Consolidated income statement
- Consolidated statement of comprehensive income
- Consolidated balance sheet
- Consolidated cash flow statement
- Consolidated statement of changes in capital and reserves
- Notes to the 2009 condensed consolidated interim financial statements

Notes to the 2009 condensed consolidated interim financial statements

1. Information about the company

Kinepolis Group NV (the 'Company') is a company established in Belgium. Kinepolis offers leisure and contemporary entertainment to all generations via its cinema network.
Since being founded in 1997 and listed on the stock exchange in 1998, Kinepolis has grown into the market leader in Belgium and a leading player in Europe. Kinepolis has 23 cinema complexes in Belgium, France, Spain, Poland and Switzerland. The group employs around 1400 people and welcomed 9.8 million visitors in the first half of 2009.

The consolidated financial statements of the company for the half-year ending on 30 June 2009 include the company and its subsidiaries (together the "Group") and the Group's interest in affiliated enterprises.

These consolidated half year financial statements were approved by the Board of Directors for publication on 28 August 2009.

2. Statement of compliance

The consolidated half-year financial statements for the six months ending on 30 June 2009 have been prepared in accordance with International Financial Reporting Standard (IFRS) IAS34 'Interim Financial Reporting' as published by the International Accounting Standards Board (IASB) and approved by the European Community. These statements do not contain all the information required for the complete annual report, and should be read together with the consolidated annual report of the group for the financial year ending on 31 December 2008.

The consolidated financial statements of the Group for 2008 can be consulted on the website www.kinepolis.com and are also available free-of-charge on request from Investor Relations.

3. Summary of the main accounting principles

Unless otherwise mentioned below, the financial accounting principles applied in these condensed consolidated financial statements are the same as those applied by the Group in the consolidated financial statements for the 2008 financial year.

The new standards or amendments to existing standards or interpretations listed below have come into effect since 31 December 2008 and impact the presentation of the condensed half-yearly financial statements in 2009. Other changes coming into effect after 31 December 2008 have not affected the condensed half-yearly statements.

a) IAS 1 'Presentation of financial statements'

The Group applies the revised standard IAS 1 'Presentation of financial statements' (2007), which came into force on 1 January 2009. As a result the Group presents all changes in equity relating to shareholders in their capacity as shareholders in the consolidated statement of changes in equity, while all changes in equity that are unconnected with shareholders in their capacity as shareholders are processed in the consolidated statement of comprehensive income. In this condensed interim report this presentation has been applied to the first half of the 2009 financial year.

The comparative information has been adapted to bring it into line with the revised standard. This change in system affects solely aspects of presentation and the notes, and as such does not impact the profit per share.

b) IFRS 8 'Operating segments'

IFRS 8 replaces IAS 14 'Segment Reporting'. The application of IFRS 8 does not affect the segment presentation of the Group nor the comparable figures from 2008. Kinepolis is organized on a geographic basis. The various countries form the operating segments.

The operating segments are reported in such a way as to be compatible with the internal reporting to the CEO, who is the highest placed officer of the Group and who takes the main operating decisions.

Segmented results reported to the CEO consist of items that can be directly, or on a reasonable basis, attributed to the segments. Financial and tax results are not allocated to the operating segments.

The main geographic markets are Belgium, France and Spain. The Polish and Swiss activities are combined in the 'Other' geographic sector.

The investment expenditure (capex) for a particular segment consists of all the costs incurred during the reporting period for acquiring tangible fixed assets and intangible assets, with the exception of goodwill.

4. Segment information

see separate table

5. Financial fixed assets: CinemaxX

On 26 January 2009, Kinepolis Group sold its 12.61% minority share (3 million shares) in German cinema group CinemaxX ag to the H+Z Beteiligungs GmbH group for € 1 per share. Shares were transferred in three equal parts, upon payment of the purchasing price. The first two instalments were paid on 30 January and 30 June, with the third instalment following on 31 July 2009. For Kinepolis Group nv this transaction generates a capital gain in 2009 equal to the sales price (€ 3 million), given that the participating interest was written off in 2001.

The already realized capital gain of € 2.0 million has already been included in the financial results.

6. Non-recurrent income statement items

a) Provision for doubtful debtors

Other operating income and expenses contains a provision of € 1.2 million in respect of uncollectible invoices for advertising services.
The economic crisis has brought advertising income under pressure. Kinepolis management is following this evolution very carefully.

b) Impairments of assets

In the first half of 2009 an impairments of € 0.5 million was recorded on the cinema activities in Liège.
Further examination showed that no other impairments needed to be recorded on the Group's fixed assets.

c) Restructuring cost

In connection with a restructuring at management level.

7. Buy-in of own shares and dividends

On 31 December 2008 the Group owned 211,118 of its own shares. During H1 2009 an additional 66,113 shares were purchased, giving a total of 277,231 own shares at 30 June 2009.

The General Meeting of 15 May 2009 approved a gross dividend of € 0.66 per share for the 2008 financial year, payable from 25 May 2009).

8. Risks and uncertainties

There are no major changes in the risks and uncertainties facing the Group as set out in the Management Report included in the 2008 annual report (Chapter 02 – Management Report).

REPORT OF THE STATUTORY AUDITOR ON THE LIMITED REVIEW OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION AS PER JUNE 30, 2009 OF KINEPOLIS GROUP NV

Introduction

We have reviewed the accompanying consolidated condensed balance sheet of Kinepolis Group NV ("the Company") as at June 30, 2009 and the related consolidated condensed statements of income, changes in equity and cash flows for the 6 month period then ended (the interim financial information). Management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this 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 consolidated condensed interim financial information as at June 30, 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Kontich, August 28 2009

KPMG Réviseurs d'Entreprises
represented by

Sophie Brabants

STATEMENT OF RESPONSIBILITY BY MANAGEMENT

Joost Bert and Eddy Duquenne, CEOs of Kinepolis Group, and Henk Rogiers, CFO of Kinepolis Group, declare that, to the best of their knowledge, the interim condensed financial statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), provide a true and fair view of the net assets, the financial condition and the profit of Kinepolis Group.
The interim financial report gives a true and fair view of the information required.