



## **Statutory auditor's report to the general meeting of Kinepolis Group NV as of and for the year ended 31 December 2016**

### **FREE TRANSLATION OF UNQUALIFIED STATUTORY AUDITOR'S REPORT ORIGINALLY PREPARED IN DUTCH**

As required by law and the company's articles of association, we report to you in the context of our statutory auditor's mandate. This report includes our report on the annual accounts as of and for the year ended 31 December 2016, as defined below, as well as our report on other legal and regulatory requirements.

### **Report on the annual accounts - Unqualified opinion**

We have audited the annual accounts of Kinepolis Group NV ("the Company") as of and for the year ended 31 December 2016, prepared in accordance with the financial reporting framework applicable in Belgium. These annual accounts comprise the balance sheet as at 31 December 2016, the income statement for the year then ended and notes. The balance sheet total amounts to EUR 413.704.216,72 and the income statement shows a profit for the year of EUR 25.436.828,66.

#### *Board of directors' responsibility for the preparation of the annual accounts*

The board of directors is responsible for the preparation of these annual accounts that give a true and fair view in accordance with the financial reporting framework applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

#### *Statutory auditor's responsibility*

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs) as adopted in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Company's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the annual accounts.



We have obtained from the Company's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

*Unqualified opinion*

In our opinion, the annual accounts give a true and fair view of the Company's equity and financial position as at 31 December 2016 and of its financial performance for the year then ended in accordance with the financial reporting framework applicable in Belgium.

**Report on other legal and regulatory requirements**

The board of directors is responsible for the preparation and the content of the annual report, for maintaining the Company's accounting records in compliance with the applicable legal and regulatory requirements, as well as for the Company's compliance with the Companies' Code and the Company's articles of association.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statements which do not modify the scope of our opinion on the annual accounts:

- The annual report, which has been prepared in accordance with articles 95 and 96 of the Companies' Code and to be filed in accordance with article 100 of the Companies' Code, includes, with respect to form and content, the information required by law, is consistent with the annual accounts and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.
- The social balance sheet, which is to be filed in accordance with article 100 of the Companies' Code, includes, with respect to form and content, the information required by law and does not present any material inconsistencies with the information available in our audit file.
- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the legal and regulatory requirements applicable in Belgium.
- The appropriation of results proposed to the general meeting complies with the legal provisions and the provisions of the articles of association.
- There are no transactions undertaken or decisions taken in breach of the company's articles of association or the Companies' Code that we have to report to you.
- In accordance with Article 523 of the Companies' Code, we are also required to report to you on the following transactions which have taken place in 2016:
  - Prior to the deliberation and resolution by the Board of Directors' meeting held on March 23, 2016 with respect to the evaluation of the management



objectives 2015 for the allocation of the variable allowance for the Executive Management, the allocation of the remaining amount of the outperformance bonus 2014 for the Executive Management and the allocation of a discretionary bonus for the Executive Management, Joost Bert and Eddy Duquenne, both directors of the Company, informed the Board of Directors that they had a conflict of interest. They did not participate in the deliberation or the resolution of this matter.

- Prior to the deliberation and resolution by the Board of Directors' meeting held on March 23, 2016, with respect to the establishment of the proposed management objectives for 2016 for Executive Management, based on the proposal of the Nomination and Remuneration Committee, Joost Bert and Eddy Duquenne, both directors of the Company, informed the Board of Directors that they had a conflict of interest. They did not participate in the deliberation or the resolution of this matter.
- Prior to the deliberation and resolution by the Board of Directors' meeting held on March 23, 2016, with respect to the allocation of stock options under the Stock Option Plan 2016 for the Executive Management and the Chairman of the Board of Directors, based on the proposal of the Nomination and Remuneration Committee, Philip Ghekiere, Joost Bert and Eddy Duquenne, all directors of the Company, informed the Board of Directors that they had a conflict of interest. They did not participate in the deliberation or the resolution of this matter.
- The Board of directors has provided all required information in respect of the aforementioned transactions in the annual report, pursuant to the requirements of article 523 of the Companies' Code.

Kontich, 29 March 2017

KPMG Réviseurs d'Entreprises /  
Bedrijfsrevisoren  
Statutory Auditor  
represented by

S. Cosijns  
Réviseur d'Entreprises /  
Bedrijfsrevisor