HALF-YEARLY FINANCIAL REPORT 2019

Kinepolis Group
Half-yearly Financial Report 30 June 2019
Regulatory release – 22 August 2019

Consistent implementation of business and expansion strategy results in 7.3% higher revenue and 10.6% higher EBITDA for Kinepolis in the first half-year

Kinepolis achieved a 7.3% higher turnover[1] in the first half of 2019, with 3.7% more visitors. The EBITDA[2], before the impact of IFRS 16[3], increased in the same period by 10.6%, to € 56.4 million. Including the impact of IFRS 16, EBITDA amounted to € 69.2 million.

The integration of Landmark Cinemas Canada and the recently acquired Spanish El Punt cinemas is progressing successfully. The Kinepolis concepts that have been introduced to the Canadian market in recent months are being well received, which gives confidence in the potential of a further roll-out.

The further implementation and development of the business strategy, and product innovation in particular, led to a further increase in sales and EBITDA per visitor at Group level. The high visitor figures in the second quarter, which were due to a strong film offer and the absence of a football World Cup, more than compensated for a more difficult first quarter.

Important realisations

- Acquisition and integration of the El Punt cinemas in Barcelona and Alzira (Spain).
- Further investment in the ultimate movie experience through an accelerated roll-out of laser projection, the opening of various Laser ULTRA and 4DX theatres and the roll-out of RealD 3D.
- Introduction of Laser ULTRA in Canada (Shawnessy) and opening of the second Kinepolis self-service shop in Whitby, following the successful test in Kanata.
- Agreement regarding the opening, in the second half of the year, of six ScreenX theatres, for a unique, 270 degree panoramic viewing experience.

Key figures for the first half of 2019[4] [5]:

- **Total revenue** increased by 7.3%, to € 238.1 million, thanks to the expansion of the Group and a strong second quarter, increased sales per visitor and increased revenue in almost all business lines.
- **EBITDA**, excluding IFRS 16 adjustment, increased by 10.6%, to € 56.4 million. Including IFRS 16 adjustment, EBITDA amounted to € 69.2 million.
- **Adjusted profit** increased by 0.9%, to € 18.9 million.
- **Free cash flow[6]** increased by € 9.5 million, to € 25.0 million.

[1] At constant exchange rates, turnover increased by 6.6%.
[2] Under IFRS, EBITDA is not a recognised figure. Kinepolis Group defined the concept by adding to the operating result the depreciations, write-downs and provisions booked and deducting any reversals or practices from the same headings.
[3] New IFRS standard with regard to the processing of lease contracts.
[4] All comparisons are with respect to the first half of 2018.
[5] Press release based on unaudited figures.
[6] The Kinepolis Group defines free cash flow as cash flow from operating activities less maintenance investments in intangible and tangible fixed assets and investment properties, and interest paid.

- The **net financial debt**, excluding lease liabilities as a result of the IFRS 16 implementation, increased by 12.3%,[7] to € 310.8 million, mainly due to the acquisition of El Punt, the dividend payment and various investments, including those on the construction of new complexes.

Eddy Duquenne, CEO Kinepolis Group, on the first half-year:

"The further implementation of our business strategy, which is driven by a continuous culture of improvement and innovation, made it possible to perfect the customer experience even more in the first half of the year, resulting in further growth of revenue and profitability per visitor.

This approach helps us in the execution of our expansion strategy, as it allows us to deliver on our investments. Various Kinepolis concepts have been introduced onto the Canadian market and are being well received. This proves that we can leverage our know-how in new markets as well.

Compared to the second quarter of last year, visitor numbers were significantly higher, thanks to, among other things, the absence of the football World Cup and a strong line-up, with 'Avengers: Endgame' as the absolute blockbuster. Belgium suffered from a difficult comparison with the first semester of 2018, due to the exceptionally strong local content in the spring of last year. In the meantime, thanks to a good summer holiday and the success of 'The Lion King', Belgium has closed the gap completely.

The successful placement of bonds, for a total amount of € 225 million, not only allows us to refinance our investments in the long term, but also provides us with the necessary resources for the further financing of our expansion strategy."

[7] Compared with 31 December 2018.

Key figures

in million €	H1 2019	Impact IFRS 16	H1 2019 excl. IFRS 16	H1 2018	% difference excl. IFRS 16
Revenue	**238,1**		**238,1**	**221,8**	**7,3%**
Visitors ('000)	*17 713*		*17 713*	*17 088*	*3,7%*
EBITDA	**69,2**	**12,8**	**56,4**	**51,0**	**10,6%**
Adjusted EBITDA (*)	**70,1**	**12,8**	**57,3**	**51,9**	**10,3%**
Adjusted EBITDA margin	*29,4%*		*24,1%*	*23,4%*	*65 bps*
Adjusted EBITDA / visitor	*3,96*		*3,23*	*3,04*	*6,4%*
EBIT	**36,2**	**1,7**	**34,5**	**33,3**	**8,7%**
Adjusted EBIT (*)	**37,0**	**1,7**	**35,3**	**33,6**	**10,1%**
Adjusted EBIT margin	*15,6%*		*14,8%*	*15,2%*	*39 bps*
Profit	**18,8**	**-1,8**	**20,6**	**18,9**	**-0,5%**
Adjusted Profit (*)	**18,9**	**-1,8**	**20,6**	**18,7**	**0,9%**
Earnings per share (in €)	*0,70*	*-0,07*	*0,77*	*0,70*	*0,0%*
Free Cash Flow (*)	**25,0**		**25,0**	**15,6**	**60,8%**

(*) For further information, we refer to the annex and glossary

in million €	30/06/2019	31/12/2018	% difference
Total assets	986,3	680,9	44,9%
Equity	176,8	177,6	-0,5%
Net Financial Debt excl. lease liabilities (NFD) (*)	**310,8**	**276,8**	**12,3%**

Notes

Visitors

Kinepolis received 17.7 million visitors (+ 3.7%) in the first half of 2019, mainly thanks to the acquisition of El Punt, the opening of new complexes together with the further growth of recently opened cinemas, and a strong second quarter driven by the success of 'Avengers: Endgame', among others. Only Canada saw a slight fall in the number of visitors in the second quarter, which was due to particularly successful content in North America the year before (e.g. 'Black Panther').

The top 5 for the first half of 2019 were 'Avengers: Endgame', 'Captain Marvel', 'Aladdin', 'How to Train Your Dragon: The Hidden World' and 'Dumbo'. The most successful local films were 'Qu'est-ce qu'on a encore fait au bon Dieu' in France and Belgium, 'The Queen's Corgi' in Belgium, 'Campeones' in Spain and 'Verliefd op Cuba' in the Netherlands.

Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	12	44	8	17	3	1	96
H1 2019	**3,47**	**3,58**	**5,48**	**2,69**	**2,00**	**0,45**	**0,05**	**17,71**
H1 2018	**3,88**	**3,28**	**5,64**	**2,03**	**1,75**	**0,45**	**0,05**	**17,09**
H1 2019 vs H1 2018	**-10,7%**	**8,9%**	**-2,8%**	**32,4%**	**14,0%**	**0,7%**	**-3,8%**	**3,7%**

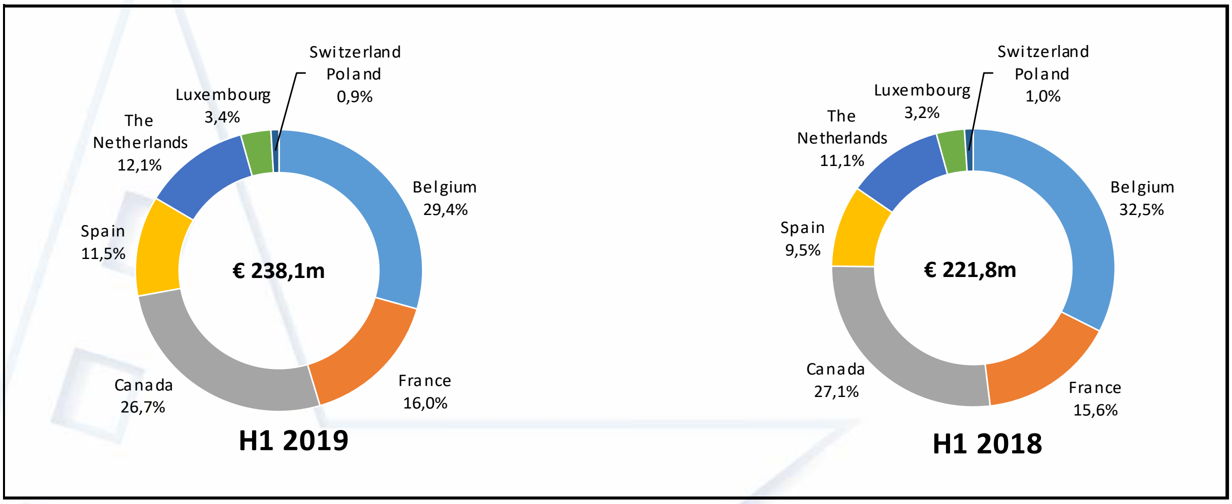
Visitors (in millions)	Belgium	France	Canada	Spain	Netherlands	Luxembourg	Switzerland	Total
Number of cinemas*	11	12	44	8	17	3	1	96
Q2 2019	**1,62**	**1,59**	**2,93**	**1,60**	**0,91**	**0,22**	**0,03**	**8,89**
Q2 2018	**1,48**	**1,35**	**2,97**	**0,97**	**0,72**	**0,20**	**0,02**	**7,71**
Q2 2019 vs Q2 2018	**10,1%**	**17,6%**	**-1,6%**	**64,6%**	**27,4%**	**9,7%**	**25,0%**	**15,4%**

* Operated by Kinepolis. In addition, one cinema (in Poland) is leased to third parties.
Number of cinemas at the date of publication.

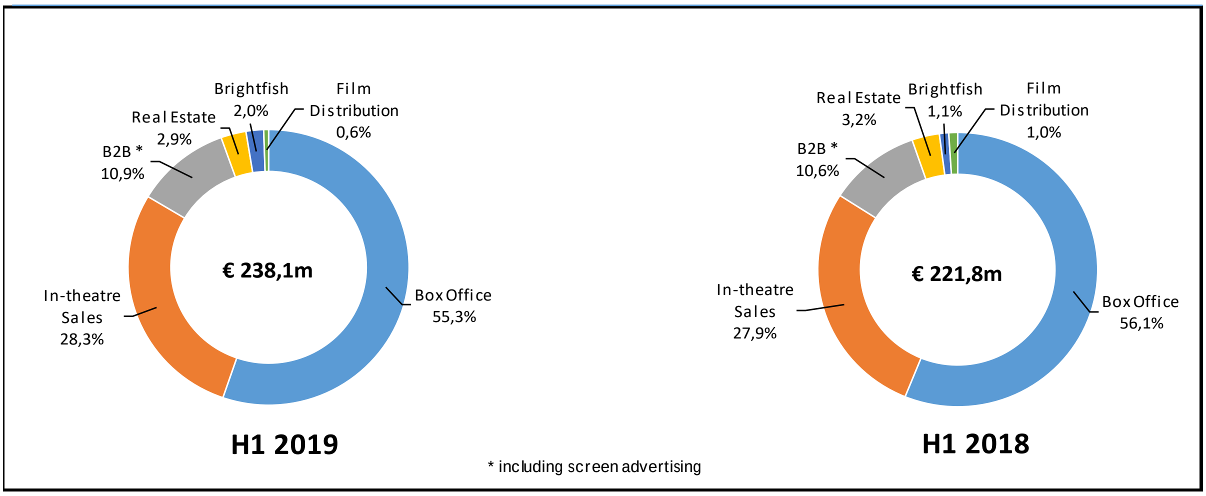
Revenue

Total revenue in the first half of 2019 amounted to € 238.1 million, an increase of 7.3% compared with the same period last year. **Visitor-related revenue** (from the sale of tickets, drinks and snacks) rose by 6.7%, which is more than the increase in visitor numbers (+3.7%). Revenue from B2B increased by 10.4%, and Brightfish (the Belgian screen advertising activity) saw its revenue increase by no less than 98.6%. Real estate income decreased by 2.2% and Kinepolis Film Distribution (KFD) saw its revenue decrease by 39.9% due to fewer releases in the first semester and a particularly successful first half of last year with 'Patser' and 'De Buurtpolitie'.

Revenue by country



Revenue by activity



Ticket sales revenue (Box Office, BO) increased by 5.7%, to € 131.6 million. BO revenue per visitor increased by 1.9%, partly due to inflation-compensating measures, as well as the further roll-out and success of premium products such as Cosy Seats, 4DX and Laser ULTRA, despite the negative effect of the changed country mix with a lower share of Belgium. The only decrease in BO revenue per visitor occurred in Spain, due to the addition of the recently acquired El Punt cinemas.

Revenue from the sale of drinks and snacks (In-theatre sales, ITS) increased by 8.8%, to € 67.4 million. ITS revenue per visitor increased by 4.9%, due to more visitors to the shop and an increase in the number of items sold per visitor.

B2B revenue increased by 10.4%, thanks to more events, more revenue from the sale of vouchers, an increase in screen advertising and more partner deals.

Real estate income decreased by 2.2% due to less income from commercial spaces in own operation and a decrease in parking income.

Revenue coming from **Brightfish** increased by 98.6%, thanks to both an increase in the number of events and in revenue from screen advertising.

Finally, **Kinepolis Film Distribution (KFD)** saw its revenue decrease by 39.9%, due to fewer releases in the first semester and a particularly strong first half last year with the success of ‘Patser’ and ‘De Buurtpolitie’.

Adjusted EBITDA

Excluding the impact of IFRS 16, adjusted EBITDA increased by 10.3%, to € 57.3 million. Including the IFRS 16 adjustment with regard to the processing of lease contracts, the adjusted EBITDA amounted to € 70.1 million. The adjusted EBITDA margin, excluding the IFRS 16 impact, amounted to 24.1%, and the adjusted EBITDA per visitor, also excluding the IFRS 16 impact, rose from € 3.04 to € 3.23, despite a changed country mix with a lower share of Belgium in the results at Group level.

Profit for the financial year

Adjusted profit for the first half-year increased by 0.9% to € 18.9 million, thanks to a higher adjusted EBITDA and lower taxes, despite higher depreciations and higher financing costs, both through the impact of IFRS 16 and the growth of the Group.

Total profit amounted to € 18.8 million compared with € 18.9 million in the first half of 2018, a decrease of 0.5%.

The major one-off costs and revenue (adjustments) in the first half of 2018 were transformation and expansion costs (€ -0.9 million), the impact of the change in corporate income tax legislation (€ +0.5 million) and a number of other items (€ +0.5 million). The positive tax effect on these adjustments amounted to € 0.1 million.

The most important one-off costs and revenue (adjustments) in the first half of 2019 were transformation and expansion costs (€ -1.1 million), the impact of the change in corporate income tax legislation (€ +0.6 million) and a number of other items (€ +0.3 million). The positive tax effect on these adjustments amounted to € 0.2 million.

Net financial charges increased by € 3.5 million to € 10.0 million. This increase was entirely due to the impact of IFRS 16. Through the application of IFRS 16, the lease cost is removed from EBITDA and split into the depreciation and interest cost. Excluding the impact of IFRS 16, financial costs decreased by € 0.8 million due to the fall in interest expenses as a result of the repayment of the bond issue of € 59.1 million at the beginning of March.

The effective tax rate was 28.1% compared with 29.2% in the same period of the previous year.

Earnings per share amounted to €0.70. This is at the same level as it was in the first half of 2018.

Free cash flow and net financial debt

Free cash flow amounted to € 25.0 million, compared with € 15.6 million in the first half of 2018.

The higher free cash flow was the result of the higher operating result, a higher working capital and lower taxes paid, and this despite the increase in maintenance investments.

€ 30.8 million was invested in external expansion in the first half of 2019, including the acquisition of El Punt and the construction of new complexes in Europe and Canada. Maintenance investments increased by 7.1 million to 12.4 million due, among other things, to the switch from the projector park to laser projection and the replacement of all 3D systems by RealD 3D. Finally, 12.1 million was invested in product innovation and the roll-out of Kinepolis concepts in new cinemas, such as the conversion to recliner seats in Canada, the roll-out of the self-service shops in Whitby and Kanata, the opening of 4DX theatres and the conversion of acquired cinemas.

Net financial debt, excluding lease liabilities, amounted to € 310.8 million on 30 June 2019, an increase of € 34.0 million compared to 31 December 2018 (€ 276.8 million), which can be explained by, among other things, the acquisition of El Punt, dividend payment and investments in the construction of new cinemas. The NFD excl. lease liabilities/ adjusted EBITDA ratio increased from 2.33 on 31 December 2018 to 2.50 on 30 June 2019.

Total gross financial debt increased by € 329.3 million to € 671.8 million at 30 June 2019, compared to 31 December 2018 (€ 342.5 million). This is mainly due to the impact of the new lease standard IFRS 16 (€ 328.6 million).

Balance sheet

Fixed assets (€ 908.5 million) represented 92.1% of the balance sheet total (€ 986.3 million) at 30 June 2019. This includes land and buildings (including investment property) with a carrying amount of € 340.5 million.

Equity was € 176.8 million on 30 June 2019. The solvency ratio was 17.9% compared with 26.1% at the end of 2018. This decrease is entirely attributable to the sharp increase in the balance sheet total as a result of the change in accounting rules due to the implementation of IFRS 16.

Major events since 1 January 2019

Acquisition of Spanish cinema group El Punt
Following approval by the Spanish competition authority, Kinepolis Group has, on 28 February 2019, completed the acquisition of the 'Full' cinema complex in Barcelona and 'El Punt Ribera' in Alzira. Both cinemas were part of the El Punt cinema group, which is owned by the Sallent family.

The 'Full' megaplex in Barcelona has 28 screens with in total 2,689 seats and welcomes more than 1.3 million cinema-goers every year. The complex is rented and situated in the commercial centre 'Splau' in Cornellá de Llobregat, close to the airport and 14 km south of Barcelona.
The 'El Punt Ribera' cinema is located in a commercial district in Alzira, 44 km south of Valencia. The complex, of which the property is in ownership, has 10 screens and 2,528 seats, and attracts more than 300,000 visitors annually. Both cinemas were successfully integrated into Kinepolis Group in the second quarter.

New, long-term partnership with RealD for 3D equipment
Kinepolis and RealD have announced a new partnership for RealD 3D equipment and 3D glasses in France, Belgium, the Netherlands, Switzerland, Spain and Luxembourg. Kinepolis will use RealD 3D equipment in all its cinemas to provide all its customers with the best 3D cinema experience. The agreement is part of a larger deal that also includes the Canadian Landmark Cinemas. RealD 3D offers maximum depth and clarity for an ultra-realistic cinema experience. RealD 3D glasses are designed to comfortably watch a movie in 3D while reducing ghosting and image blur. In the meantime, most of the 3D systems in European Kinepolis cinemas have been replaced. By the end of the year, all planned re-placements in Europe will have taken place and the roll-out in Canada is expected to be completed in the middle of next year.

Introduction Laser ULTRA in the Landmark cinema at Shawnessy
In the first quarter, Landmark Cinemas Canada renovated its cinema at Shawnessy, Calgary. Alongside the conversion of the theatres to the recliner seat concept, Canadian visitors can now for the first time also experience Kinepolis' well-known Laser ULTRA concept in one of the theatres. Laser ULTRA combines Barco's state-of-the-art laser projection with Dolby Atmos sound for a unique, immersive film experience with the best picture and sound quality. Based on the feedback from visitors and the occupancy rate, the Laser ULTRA concept is being extremely well received.

Kinepolis to open new cinema in Servon

At the end of September 2019, Kinepolis will be opening a new cinema in the 'Eden' commercial zone in Servon (France). The cinema is leased and will have 9 screens with 1,208 seats. At this moment, the building is being outfitted and finished by Kinepolis. The new complex is part of a leisure centre with facilities for bowling, karting, fitness and numerous food establishments. Kinepolis expects to receive 400,000 visitors per year in Servon.

Landmark Cinemas working on new cinema in Regina

This Fall, a new Landmark cinema in Regina, in the province of Saskatchewan (Canada), will open its doors. The cinema, which will have 8 screens and a total of 887 recliner seats, will be part of the 'Aurora' retail park, a new commercial centre offering a wide variety of entertainment, catering and shopping facilities.

Landmark Cinemas to open new cinema in South East Edmonton

Landmark Cinemas Canada and Forster Harvard Development Corp. announced that Landmark Cinemas will bring its premium recliner seating movie-going experience to the 'Grove on 17', in the southeast Edmonton neighbourhood of Tamarack. Construction is scheduled to begin soon, with completion in early summer 2020.
All eight of the theatre's auditoriums feature Landmark's luxury recliner seating in a full-stadium configuration. This premium movie-going experience features a motorised, fully reclining seat with extended footrest to provide each guest with a significant increase in personal space and a relaxing, disruption-free movie experience. The new eight-screen cinema will also include Barco laser projection from Cinionic. Laser projection provides rich dynamic colours, superior contrast ratios and sharper images, to create an unsurpassed presentation experience.

Start construction of Landmark cinema at Calgary Market Mall

Construction of Landmarks new, premium movie theatre at CF Market Mall in Calgary has commenced on Tuesday, April 23rd. The grand opening of this new cinema complex is scheduled for December 2019. Located on the southwest corner of the centre, in the space formerly occupied by Staples, the new five-screen cinema will feature the dynamic combination of Landmark's signature recliner seating experience and Barco laser projection from Cinionic.

Sale of Kamloops

In the course of 2018, the building in Kamloops, Canada, (with 2 theatres and 792 seats) was put up for sale. The sale was finalised on 18 April 2019 at a price of $1.0 million (CAD).

Opening of various 4DX theatres

Kinepolis again opened a number of 4DX theatres in the first half of 2019, notably Kinepolis Rocourt and Ghent (Belgium), Kinepolis Kirchberg (Luxembourg) and Kinepolis Nîmes (France). 4DX takes the cinema experience to a four-dimensional level: visitors are not simply watching a film, they actually become part of the action. Moving seats and environmental effects such as wind, water, odours and light, perfectly synchronised with the action on the screen, ensure an unrivalled, immersive 4D film experience that stimulates all the senses.

Laser strategy progress

As part of an agreement with Barco's cinema joint venture Cinionic, concluded in June 2018, Kinepolis will install an estimated number of 300 Barco laser projectors by 2021. This number includes both installations in new cinemas to be built and replacements of older models at existing sites. Laser projectors deliver crystal-clear image quality and also consume less energy than Xenon lamp projectors. To date, 175 Kinepolis screens have been equipped with Barco laser projection, including 26 Laser ULTRA theatres.

New Laser ULTRA theatres were opened in Dordrecht, Almere and Enschede (the Netherlands), Braine-l'Alleud, Kortrijk and Rocourt (Belgium), Metz and Nancy (France) and Shawnessy (Canada) in 2019. Since May, Kinepolis Braine-l'Alleud and Kinepolis Antwerp are the first Belgian cinemas in which all theatres are equipped with laser projectors.

Kinepolis and CJ 4DPLEX close international ScreenX deal
In early April 2019, Kinepolis closed a deal with CJ 4DPLEX, a leading global player in cinema technology, to open six ScreenX theatres, starting in 2019. ScreenX is the world's first multi-projection cinema technology, designed to take the cinema experience to the next level. Using its own, exclusive system, ScreenX allows the audience to go beyond the frame of the traditional movie screen. ScreenX fits in with the continued diversification of the Kinepolis range in order to optimally meet the expectations of different target groups. Both Kinepolis Madrid (Ciudad de la Imagen; Spain) and Kinepolis Jaarbeurs Utrecht (the Netherlands) will open a ScreenX theatre within the next few weeks. A ScreenX theatre will also open in Antwerp (Belgium), Lomme and Saint-Julien-lès-Metz (France) before the end of the year.

Further developments regarding the relaxation of the behavioural conditions imposed on Kinepolis Group
After the annulment, for procedural reasons, by the Court of Appeal in Brussels on 21 November 2018 of the decision by the Belgian Competition Authority (BCA) of 26 April 2018, which eased the behavioural conditions imposed on Kinepolis Group as of 26 April 2020, the aforementioned Authority has issued a new decision on 25 March 2019.

Although the Court of Appeal in Brussels had ordered the BCA to review its decision purely on procedural grounds, the BCA has decided to tighten its decision previously taken, as only the opening of new cinema complexes with seven or fewer screens and with a maximum of 1,125 seats will be no longer subject to its prior approval. An additional condition stipulates that new cinema complexes may not be located within a 10 km radius of another Kinepolis complex, whether existing or to be build. The revised conditions took effect from 25 March 2019. Kinepolis has lodged an appeal against the ruling of the BCA.

Private placement of bonds
Kinepolis Group successfully concluded a private placement of bonds amounting to €225 million with a term of 7.5 years. Any qualified investor or non-professional investor could sign in to this placement via a private banking network or via an intermediary person. The placement fits in with Kinepolis' strategy to finance its investments on the long term and, as such, ensure cash flow matching.

Line-up for the second half of 2019

The most successful films at the moment include 'The Lion King', 'Toy Story 4', 'The Secret Life of Pets 2', 'Spider-Man: Far From Home', 'Fast and Furious presents: Hobbs & Shaw' and 'Once Upon a Time … in Hollywood'. In the autumn, the film programme will include: 'It Chapter Two', 'The Angry Birds Movie 2', 'Frozen II', 'Downton Abbey', 'Joker', 'Gemini Man' and 'Star Wars; The Rise of Skywalker'. The local films on offer are also promising and include 'FC De Kampioenen 4: Viva Boma!' and 'De Buurtpolitie 3' in Flanders and 'Hors norme' in France. Live opera and ballet will be complemented by art ('Exhibition on Screen') and concerts.

Financial calendar

Thursday, 14 November 2019	Business update third quarter 2019
Thursday, 20 February 2020	Annual results 2019
Wednesday, 6 May 2020	General Meeting
Wednesday, 6 May 2020	Business update first quarter 2020

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About Kinepolis

Kinepolis Group NV was formed in 1997 as a result of the merger of two family-run cinema groups and was listed on the stock exchange in 1998. Kinepolis offers an innovative cinema concept which serves as a pioneering model within the industry. In addition to its cinema business, the Group is also active in film distribution, event organization, screen publicity and property management.

In Europe, Kinepolis Group NV has 53 cinemas spread across Belgium, the Netherlands, France, Spain, Luxembourg, Switzerland and Poland. Since the acquisition of the Canadian movie theatre group 'Landmark Cinemas' in December 2017, Kinepolis also operates 44 cinemas in Canada.

In total, Kinepolis Group currently operates 97 cinemas (45 of which it owns) worldwide, with a total of 884 screens and more than 175,000 seats. Kinepolis employs 3,800 people, all committed to giving millions of visitors an unforgettable movie experience. More information on www.kinepolis.com/corporate.

CONDENSED CONSOLIDATED INCOME STATEMENT IN '000 €	30/06/2019	30/06/2018
Revenue	238 080	221 783
Cost of sales	-176 620	-165 421
Gross profit	**61 460**	**56 362**
Marketing and selling expenses	-11 710	-11 022
Administrative expenses	-14 223	-12 687
Other operating income	986	732
Other operating expenses	- 352	- 133
Operating profit	**36 161**	**33 252**
Finance income	337	458
Finance expenses	-10 339	-7 007
Profit before tax	**26 159**	**26 703**
Income tax expenses	-7 351	-7 800
PROFIT OF THE PERIOD	**18 808**	**18 903**
Attributable to:		
Owners of the Company	18 796	18 903
Non-controlling interests	12	
PROFIT OF THE PERIOD	**18 808**	**18 903**
Basic earnings per share (€)	**0,70**	**0,70**
Diluted earnings per share (€)	**0,70**	**0,70**

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Comparative information is not restated. The initial application of IFRS 16 has had no impact on the opening equity.

The notes on pages 1 to 11 are an integral part of the condensed consolidated interim financial statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME IN '000 €	30/06/2019	30/06/2018
Profit for the period	**18 808**	**18 903**
Items that are or may be reclassified to profit or loss:		
Translation differences of long term borrowings in foreign currencies	2 185	-1 552
Translation differences of annual accounts in foreign currencies	2 609	-1 173
Cash flow hedges - effective portion of changes in fair value	- 13	18
Taxes on other comprehensive income	- 39	- 6
Other comprehensive income for the period, net of tax	**4 742**	**-2 713**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**23 550**	**16 190**
Attributable to:		
Owners of the Company	23 506	16 190
Non-controlling interests	44	
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**23 550**	**16 190**

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Comparative information is not restated. The initial application of IFRS 16 has had no impact on the opening equity.

The notes on pages 1 to 11 are an integral part of the condensed consolidated interim financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION / ASSETS IN '000 €	Note	30/06/2019	31/12/2018
Intangible assets		10 292	9 663
Goodwill	8	115 417	94 863
Property, plant and equipment		436 679	424 339
Right-of-use assets	3	316 530	
Investment property		17 050	17 045
Deferred tax assets		1 359	1 427
Other receivables		11 157	10 786
Other financial assets		27	27
Non-current assets		**908 511**	**558 150**
Inventories		5 476	4 918
Trade and other receivables		38 923	42 998
Current tax assets		1 583	2 416
Cash and cash equivalents		24 970	65 381
Assets classified as held for sale	9	6 856	6 991
Current assets		**77 808**	**122 704**
TOTAL ASSETS		**986 319**	**680 854**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION / EQUITY AND LIABILITIES IN '000 €	Note	30/06/2019	31/12/2018
Share capital		18 952	18 952
Share premium		1 154	1 154
Consolidated reserves		155 839	161 461
Translation reserve		597	-4 164
Total equity attributable to owners of the Company		**176 542**	**177 403**
Non-controlling interests		**258**	**214**
Equity		**176 800**	**177 617**
Other loans and borrowings	6 + 7	266 018	272 677
Lease liabilities	3	306 698	
Provision for employee benefits		554	557
Provisions		2 086	14 565
Deferred tax liabilities		20 143	20 518
Derivative financial instruments		224	211
Other payables		7 373	10 977
Non-current liabilities		**603 096**	**319 505**
Bank overdrafts		6	36
Other loans and borrowings	6 + 7	70 099	69 790
Lease liabilities	3	29 020	
Trade and other payables		99 743	106 328
Provisions		833	2 241
Current tax liabilities		6 722	5 337
Current liabilities		**206 423**	**183 732**
TOTAL EQUITY AND LIABILITIES		**986 319**	**680 854**

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Comparative information is not restated. The initial application of IFRS 16 has had no impact on the opening equity.

The notes on pages 1 to 11 are an integral part of the condensed consolidated interim financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS IN '000 €	Note	30/06/2019	30/06/2018
Profit before tax		26 159	26 703
Adjustments for:			
Depreciations and amortisation		32 473	18 443
Provisions and impairments		600	-1 851
Government grants		- 403	- 484
(Gains) Losses on sale of fixed assets		- 309	- 81
Change in fair value of derivative financial instruments and unrealised foreign exchange results		43	- 96
Unwinding of non-current receivables and provisions		- 160	- 181
Share-based payments		356	544
Amortisation of refinancing transaction costs		171	182
Interest expenses and income		8 589	5 297
Change in inventory		- 328	-1 669
Change in trade and other receivables		866	7 448
Change in trade and other payables		-4 285	-19 221
Cash from operating activities		**63 772**	**35 034**
Income taxes paid		-6 443	-7 426
Net cash from operating activities		**57 329**	**27 608**
Acquisition of intangible assets		-1 254	- 945
Acquisition of property, plant and equipment and investment property		-27 568	-25 122
Acquisition of subsidiaries, net of acquired cash	8	-26 024	-30 998
Proceeds from sale of investment property and intangible and tangible assets		723	831
Net cash used in investing activities		**-54 123**	**-56 234**
Repayment of lease liabilities	3	-9 151	
New loans and borrowings	6	59 990	
Repayment of loans and borrowings	6	-59 395	-29 412
Interest paid		-6 627	-6 764
Interest received		59	8
Paid interest related to lease liabilities	3	-4 202	
Share Buyback			-20 303
Dividends paid		-24 723	-24 533
Net cash - used in / + from financing activities		**-44 049**	**-81 004**
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS		**-40 843**	**-109 630**
Cash and cash equivalents at beginning of the period		65 345	157 365
Cash and cash equivalents at end of the period		24 964	47 455
Effect of movement in exchange rate fluctuations on cash and cash equivalents		462	- 280
+ INCREASE / - DECREASE IN CASH AND CASH EQUIVALENTS		**-40 843**	**-109 630**

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Comparative information is not restated. The initial application of IFRS 16 has had no impact on the opening equity.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	ATTRIBUTABLE TO OWNERS OP THE COMPANY						NON-CONTROLLING INTERESTS	2019 EQUITY
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS		
At 31 December 2018	**20 106**	**-4 164**	**54**	**-22 830**	**2 365**	**181 872**	**214**	**177 617**
Profit of the period						**18 796**	**12**	**18 808**
Items that are or may be reclassified to profit or loss:								
Translation differences		4 761					32	4 793
Cash flow hedges - effective portion of changes in fair value			- 13					- 13
Taxes on other comprehensive income			- 39					- 39
Other comprehensive income for the period, net of tax		**4 761**	**- 52**				**32**	**4 742**
Total comprehensive income		**4 761**	**- 52**			**18 796**	**44**	**23 550**
Dividends						-24 723		-24 723
Share-based payment transactions					356			356
Total transactions with owners, recorded directly in equity					**356**	**-24 723**		**-24 367**
At 30 June 2019	**20 106**	**597**	**2**	**-22 830**	**2 721**	**175 945**	**258**	**176 800**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN '000 €	ATTRIBUTABLE TO OWNERS OP THE COMPANY						NON-CONTROLLING INTERESTS	2018 EQUITY
	SHARE CAPITAL AND SHARE PREMIUM	TRANSLATION RESERVE	HEDGING RESERVE	TREASURY SHARES RESERVE	SHARE-BASED PAYMENTS RESERVE	RETAINED EARNINGS		
At 31 December 2017	**20 106**	**-1 281**	**54**	**-2 527**	**1 290**	**158 752**		**176 394**
Profit of the period						**18 903**		**18 903**
Items that are or may be reclassified to profit or loss:								
Translation differences		-2 725						-2 725
Cash flow hedges - effective portion of changes in fair value			18					18
Taxes on other comprehensive income			- 6					- 6
Other comprehensive income for the period, net of tax		**-2 725**	**12**					**-2 713**
Total comprehensive income		**-2 725**	**12**			**18 903**		**16 190**
Capital decrease								
Dividends						-24 533		-24 533
Own shares acquired / sold				-20 303				-20 303
Share-based payment transactions					544			544
Total transactions with owners, recorded directly in equity				**-20 303**	**544**	**-24 533**		**-44 292**
At 30 June 2018	**20 106**	**-4 006**	**66**	**-22 830**	**1 834**	**153 122**		**148 292**

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Comparative information is not restated. The initial application of IFRS 16 has had no impact on the opening equity.

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									30 June 2019
CONDENSED SEGMENT INFORMATION IN '000€	**BELGIUM**	**FRANCE**	**CANADA**	**SPAIN**	**NETHERLANDS**	**LUXEMBOURG**	**OTHERS* (POLAND AND SWITZERLAND)**	**NOT ALLOCATED**	**TOTAL**
Segment revenue	85 753	38 215	63 390	27 461	28 720	8 100	2 241		253 880
Intersegment revenue	-15 760	- 21					- 19		-15 800
Revenue	**69 993**	**38 194**	**63 390**	**27 461**	**28 720**	**8 100**	**2 222**		**238 080**
Segment profit	**8 145**	**9 437**	**5 338**	**5 509**	**5 060**	**1 984**	**688**		**36 161**
Finance income								337	337
Finance expenses								-10 339	-10 339
Profit before tax									**26 159**
Income tax expense								-7 351	-7 351
PROFIT OF THE PERIOD									**18 808**
Capital expenditure	**7 643**	**6 560**	**7 811**	**1 931**	**3 079**	**1 484**	**314**		**28 822**

									30 June 2019
CONDENSED SEGMENT INFORMATION IN '000€	**BELGIUM**	**FRANCE**	**CANADA**	**SPAIN**	**NETHERLANDS**	**LUXEMBOURG**	**OTHERS* (POLAND AND SWITZERLAND)**	**NOT ALLOCATED**	**TOTAL**
Segment assets	**115 024**	**135 732**	**339 894**	**150 736**	**171 916**	**21 002**	**24 076**	**27 939**	**986 319**
Segment equity and liabilities	**52 279**	**51 404**	**239 769**	**69 978**	**28 015**	**4 168**	**694**	**540 012**	**986 319**

									30 June 2018
CONDENSED SEGMENT INFORMATION IN '000€	**BELGIUM**	**FRANCE**	**CANADA**	**SPAIN**	**NETHERLANDS**	**LUXEMBOURG**	**OTHERS* (POLAND AND SWITZERLAND)**	**NOT ALLOCATED**	**TOTAL**
Segment revenue	83 883	34 681	60 214	21 234	24 695	7 160	2 184		234 051
Intersegment revenue	-12 118	- 50		- 79			- 21		-12 268
Revenue	**71 765**	**34 631**	**60 214**	**21 155**	**24 695**	**7 160**	**2 163**		**221 783**
Segment profit	**10 237**	**8 632**	**4 672**	**4 128**	**3 389**	**1 412**	**782**		**33 252**
Finance income								458	458
Finance expenses								-7 007	-7 007
Profit before tax									**26 703**
Income tax expense								-7 800	-7 800
PROFIT OF THE PERIOD									**18 903**
Capital expenditure	**4 904**	**6 303**	**6 511**	**1 396**	**6 801**	**137**	**16**		**26 067**

									31 December 2018
CONDENSED SEGMENT INFORMATION IN '000€	**BELGIUM**	**FRANCE**	**CANADA**	**SPAIN**	**NETHERLANDS**	**LUXEMBOURG**	**OTHERS* (PL + SWI)**	**NOT ALLOCATED**	**TOTAL**
Segment assets	**105 285**	**110 512**	**125 852**	**62 007**	**165 535**	**18 646**	**23 766**	**69 251**	**680 854**
Segment equity and liabilities	**46 711**	**28 837**	**33 423**	**6 437**	**15 941**	**2 811**	**507**	**546 187**	**680 854**

* The other operating segment includes Poland and Switzerland. None of these segments met the quantitative thresholds for reportable segments in 2018 and 2019.

** The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Comparative information is not restated. The initial application of IFRS 16 has had no impact on the opening equity.

The notes on pages 1 to 11 are an integral part of the condensed consolidated interim financial statements

ADJUSTMENTS IN '000€	30 June 2019	30 June 2018
Dismissal fees	- 384	- 360
Legal fees	- 524	- 136
Expansion costs	- 192	- 419
Gain / Loss on disposal PPE	165	26
Other	100	
EBITDA	- 835	- 889
Depreciations and Impairment losses		23
Provisions	-38	479
Income tax expense	824	607
Net impact of adjustments	-49	220

RECONCILIATION OF ADJUSTED PROFIT IN '000€	30 June 2019	30 June 2018
Operating profit	36 161	33 252
Financial result	-10 002	-6 549
Profit before tax	26 159	26 703
Income tax expenses	-7 351	-7 800
Profit of the period	18 808	18 903
Net impact of adjustments	49	- 220
Adjusted profit of the period	18 857	18 683

RECONCILIATION OF ADJUSTED PROFIT EXCL. IFRS 16 IN '000€	30 June 2019	30 June 2018
Operating profit excl. IFRS 16	34 456	33 252
Financial result excl. IFRS 16	-5 806	-6 549
Profit before tax excl. IFRS 16	28 650	26 703
Income tax expenses excl. IFRS 16	-8 051	-7 800
Profit of the period excl. IFRS 16	20 599	18 903
Net impact of adjustments	49	- 220
Adjusted profit of the period excl. IFRS 16	20 648	18 683

RECONCILIATION ADJUSTED EBTIDA VS EBITDA IN '000€	30 June 2019	30 June 2018
Operating profit	36 161	33 252
Depreciations and amortisation	32 473	18 443
Provisions and impairments	600	- 686
EBITDA	69 234	51 009
Impact of adjustments on EBITDA	835	889
Adjusted EBITDA	70 069	51 898

RECONCILIATION ADJUSTED EBITDA VS EBITDA EXCL. IFRS 16 IN '000€	30 June 2019	30 June 2018
Operating profit excl. IFRS 16	34 456	33 252
Depreciations and amortisation excl. IFRS 16	21 373	18 443
Provisions and impairments	600	- 686
EBITDA excl. IFRS 16	56 429	51 009
Impact of adjustments on EBITDA	835	889
Adjusted EBITDA excl. IFRS 16	57 264	51 898

RECONCILIATION OF NET FINANCIAL DEBT IN '000€	30 June 2019	31 December 2018
Financial debt	671 841	342 503
Cash and cash equivalents	-24 970	-65 381
Tax shelter investments	- 304	- 304
Net financial debt	646 567	276 818

RECONCILIATION OF NET FINANCIAL DEBT EXCL. LEASE LIABILITIES IN '000€	30 June 2019	31 December 2018
Financial debt excl. lease liabilities	336 123	342 503
Cash and cash equivalents	-24 970	-65 381
Tax shelter investments	- 304	- 304
Net financial debt excl. lease liabilities	310 849	276 818

RECONCILIATION FREE CASH FLOW IN '000€	30 June 2019	30 June 2018
Cash flow from operating activities	63 772	35 034
Income taxes paid	-6 443	-7 426
Maintenance capital expenditures for intangible assets, property, plant and equipment and investment property	-12 372	-5 279
Interest paid	-6 568	-6 756
Payment of lease liabilities	-13 353	
Free cash flow	25 036	15 573

RECONCILIATION ROCE IN '000€ (last 4 quarters)	30 June 2019	31 December 2018
Operating profit	82 041	79 131
Impact of adjustments on EBIT	2 250	1 764
Adjusted EBIT	84 291	80 895
Average non-current assets	729 080	536 334
Average deferred tax assets	-1 213	-1 305
Average assets held for sale	4 728	4 830
Average inventories	6 008	4 834
Average trade receivable	26 877	34 118
Average trade paybles	-69 801	-83 189
Capital employed	695 679	495 623
RETURN ON CAPITAL EMPLOYED (ROCE)	12,1%	16,3%

RECONCILIATION ROCE EXCL. IFRS 16 IN '000€ (last 4 quarters)	30 June 2019	31 December 2018
Operating profit excl. IFRS 16	80 336	79 131
Impact of adjustments on EBIT	2 250	1 764
Adjusted EBIT excl. IFRS 16	82 586	80 895
Average non-current assets excl. IFRS 16	570 815	536 334
Average deferred tax assets	-1 213	-1 305
Average assets held for sale	4 728	4 830
Average trade receivable	6 008	4 834
Average inventories	26 877	34 118
Average trade paybles	-69 801	-83 189
Capital employed excl. IFRS 16	537 414	495 623
RETURN ON CAPITAL EMPLOYED (ROCE) excl. IFRS 16	15,4%	16,3%

RECONCILIATION CURRENT RATIO IN '000€	30 June 2019	31 December 2018
Current assets	77 808	122 704
Current liabilities	206 423	183 732
CURRENT RATIO	0,38	0,67

RECONCILIATION CURRENT RATIO EXCL IFRS 16 IN '000€	30 June 2019	31 December 2018
Current assets	77 808	122 704
Current liabilities excl. IFRS 16	177 403	183 732
CURRENT RATIO excl. IFRS 16	0,44	0,67

RECONCILIATION CAPITAL EXPENDITURE ACCORDING TO THE CASHFLOW STATEMENT IN '000€	30 June 2019	30 June 2018
Acquisition of intangible assets	1 254	945
Acquisition of property, plant and equipment and investment property	27 568	25 122
Acquisition of subsidiaries, net of cash acquired	26 024	30 998
Proceeds from sale of investment property and intangible and tangible assets	- 723	- 831
Total capital expenditure according to the consolidated statement of cash flow	54 123	56 234

RECONCILIATION GEARING RATIO IN '000€	30 June 2019	31 December 2018
Net financial debt	646 567	276 818
Equity	176 800	177 617
GEARING RATIO	3,66	1,56

RECONCILIATION GEARING RATIO EXCL. IFRS 16 IN '000€	30 June 2019	31 December 2018
Net financial debt excl. lease liabilities	310 849	276 818
Equity	176 800	177 617
GEARING RATIO	1,76	1,56

* The Group has initially applied IFRS 16 at 1 January 2019, using the modified retrospective approach. Comparative information is not restated. The initial application of IFRS 16 has had no impact on the opening equity.

The notes on pages 1 to 11 are an integral part of the condensed consolidated interim financial statements

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 2019

1. Information about the Company

Kinepolis Group NV (the 'Company') is a company established in Belgium. The condensed consolidated interim financial statements of Kinepolis Group NV for the period ending 30 June 2019 include the Company and its subsidiaries (jointly referred to as the 'Group').

The unaudited condensed consolidated interim financial statements were approved for publication by the Board of Directors on 20 August 2019.

2. Statement of compliance

The condensed consolidated interim financial statements for the six months ending 30 June 2019 have been prepared in accordance with the International Financial Reporting Standard (IFRS) IAS 34 "Interim financial reporting", as published by the International Accounting Standards Board (IASB) and approved by the European Union. The statements do not include all the information required for the financial report and need to be read in conjunction with the consolidated annual financial report of the Group for the financial year ending on 31 December 2018.

The consolidated annual financial statements of the Group for the financial year 2018 can be consulted on the website corporate.kinepolis.com and can be obtained from the Investor Relations department free of charge.

3. Summary of significant accounting policies

The financial reporting principles that the Group has applied in these condensed consolidated interim financial statements are, except the ones set out below, the same as the ones applied in the Group's consolidated annual accounts for the financial year 2018.

IFRS 16, the standard that deals with leases, is applicable as of 1 January 2019. This standard does have a material impact on the condensed consolidated interim financial statements for the six months ending on 30 June 2019.

IFRS 16 Leases, published on 13 January 2016, makes a distinction between a service contract and a lease based on whether the contract conveys the right to control the use of an identified asset and introduces a new, on-balance sheet lease accounting model for lessees. At the start of the lease term, a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The new standard provides optional exemptions in the case of leases with a leasing period of 12 months or less, and for leases for which the underlying asset has a limited value. The standard retains approximately all provisions from IAS 17 lease agreements with regard to the processing of lease agreements by the lessor. This means that lessors must classify the lease agreements as operational or financial lease agreements based on their nature. For lessors, there is little change in comparison with the existing accounting in IAS 17 – Leases.

The standard replaces IAS 17 - Leases, IFRIC 4 - Determining whether an Arrangement contains a Lease, SIC-15 - Operating Leases – incentives and SIC-27 - Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard is effective for annual periods beginning on or after 1 January 2019. This new standard has been endorsed by the EU.

When applying the standard, the Group, as lessee, can choose between a fully retrospective approach or a modified retrospective approach with optional practical expedients. The choice must be applied consistently to all of its lease agreements. The Group applies IFRS 16 as of 1 January 2019, and has chosen to apply the modified retrospective approach with optional practical expedients on the transition date.

The new requirement to recognise a right-of-use asset and a related lease liability has a significant impact on the Group's condensed consolidated interim financial statements. The most significant impact identified is that the Group has created a new category under assets and liabilities for its operating leases of primarily land, buildings and cars. In the balance sheet, the assets are included on the separate line "right-of-use assets" and the liabilities on the separate line "lease liabilities". For leases that are recognised as finance lease under IAS 17, the book value of the concerned asset and liability has been retained. However as of 1 January 2019 these finance leases are recognised under right-of-use assets and lease liabilities.

The lease period considered in the calculation of the lease liability on the transition date is determined based on the underlying lease contracts, taking into account extension options that will be exercised with reasonable certainty.

In addition, the new standard has changed the nature of the costs linked to these lease agreements, as IFRS 16 replaces the recognition of an operational lease cost by a depreciation cost linked to the new 'right-of-use' asset and an interest cost linked to the lease liability. The Group has decided to make use of the following exemptions on the transition date and future closing periods:

- leases with a lease period of 12 months or less;
- leases for which the underlying asset has a limited value.

When determining the lease liability, the Group has discounted the lease payments at a discount rate of 2.64%. This discount rate will be applied for all leases and has been determined based on the average interest rate obtained by the Group for external financing.

Impact on opening balance per 1 January 2019

The Group has chosen to apply the modified retrospective approach with exemptions and practical expedients on transition date, which means that the 'right-of-use' assets will be equal to the lease liabilities on the transition date.

By considering balance sheet items per 31 December 2018 with respect to 2019 (for example advance payments) and by applying the practical expedient in the transition to IFRS 16 to the analysis of onerous contracts following IAS 37, the 'right-of-use' assets will be lower than the lease liabilities.

In particular, by applying IFRS 16, the Group has recognised a lease liability of € 311.1 million and 'right-of-use' assets amounting to € 294.5 million on 1 January 2019. The 'right-of-use' asset consists of the lease liability and the following reclassifications:

- Prepaid lease payments, previously included in Other receivables, increased the 'right-of-use' assets by € 1.9 million;
- Provisions for onerous contracts, previously included in Provisions, reduced the 'right-of-use' assets by € 14.2 million;
- Deferred leasehold inducements, previously included in Other liabilities, reduced the 'right-of-use' assets by € 3.6 million.
- Finance lease, previously included in Tangible fixed assets, increased the 'right-of-use' assets by € 6.8 million.

The lease liabilities increased because of the reclassification of the finance lease liability by € 7.4 million, previously included in Other loans and borrowings.

Opening balance per 01/01/2019	IN '000 €
Gross right-of-use assets	303 720
Reclassifications	
+ Finance lease - Assets	6 752
+ Prepaid lease payments	1 941
- Provisions for onerous contracts	-14 236
- Deferred leasehold inducements	-3 635
Net right-of-use assets	294 541
Gross Lease liabilities	303 720
Reclassifications	
+ Finance lease - Liabilities	7 389
Net Lease liabilities	311 109

The table above shows the opening balance per 1 January 2019.

Impact per 30 June 2019

Per 30 June 2019 the Group has recognised, by applying IFRS 16, a lease liability of € 335.7 million and 'right-of-use' assets amounting to € 316.5 million.

IN '000 €	Land	Buildings	Cars	ITS	Total
Acquisition value	2 096	282 251	2 610	833	287 790
Transfer from Property, plant and equipment (finance lease)		6 752			6 752
NET CARRYING AMOUNT AT 01/01/2019	**2 096**	**289 002**	**2 610**	**833**	**294 541**
Acquisitions		4 739	977		5 716
Sales and disposals			-26		-26
Acquisitions through business combinations		18 072			18 072
Remeasurement		-101	3	20	-78
Depreciation	-101	-10 676	-566	-108	-11 452
Effect of exchange rate fluctuations		9 719		39	9 757
NET CARRYING AMOUNT AT 30/06/2019	**1 996**	**310 754**	**2 997**	**784**	**316 530**

IN '000 €	Total
Opening balance at 01/01/2019	303 720
Transfer from Loans and borrowings (finance lease)	7 389
NET CARRYING AMOUNT AT 01/01/2019	311 109
New Loans	5 716
Interest expenses	4 202
Repayments	-13 626
Remeasurement	-87
Transfer between captions	-8
Acquisition of a subsidiary	18 072
Effect of exchange rate fluctuations	10 340
NET CARRYING AMOUNT AT 30/06/2019	**335 718**

In addition, per 30 June 2019 the Group records an increase in EBITDA of € 12.8 million and an increase in depreciation and interest cost of € 11.1 million and € 4.2 million respectively. Consequently, there is a negative impact of € 2.5 million on net result. This is always before tax effects. The impact on taxes amounts to € 0.7 million.

The application of IFRS 16 does not have a significant impact on leases where the Group acts as the lessor.

The application of IFRS 16 does not have an impact on the Group's ability to comply with its financial covenants.

4. Segment information

We refer to the separate table in the annexes.

5. Revenue

The table below shows the breakdown of revenue by activity, product or service offered by the Group:

IN '000 €	30/06/2019	30/06/2018
Box office	131 571	124 517
In-theatre sales	67 412	61 974
Business-to-business	26 005	23 561
Brightfish	4 813	2 423
Film distribution	1 351	2 249
Technical department	27	6
TOTAL IFRS 15	**231 179**	**214 730**
Real estate	6 901	7 053
TOTAL	**238 080**	**221 783**

6. Financial liabilities - future cash flows

The following table provides an overview of contractual maturities for the undiscounted financial liabilities per 30 June 2019, including the estimated interest payments:

IN '000 €	< 1 YEAR	1-5 YEARS	> 5 YEARS	30/06/2019 TOTAL
Private placement of bonds	6 069	82 359	171 106	259 533
Bond	635	17 783		18 418
Trade payables	77 653			77 653
Loans and borrowings with credit institutions	70 398	31 118		101 516
Lease liabilities	29 448	108 825	297 554	435 827
Bank overdrafts	6			6
Non-derivative financial liabilities	**184 209**	**240 085**	**468 660**	**892 953**
Interest rate swaps		224		224
Derivative financial instruments		**224**		**224**
TOTAL	**184 209**	**240 309**	**468 660**	**893 177**

The following table provides an overview of contractual maturities for the undiscounted financial liabilities per 31 December 2018, including the estimated interest payments:

IN '000 €	< 1 YEAR	1-5 YEARS	> 5 YEARS	31/12/2018 TOTAL
Private placement of bonds	6 069	84 016	172 191	262 276
Bond	62 565	18 418		80 984
Trade payables	83 461			83 461
Loans and borrowings with credit institutions	10 600	31 106		41 706
Lease liabilities	821	2 962	5 483	9 266
Bank overdrafts	36			36
Non-derivative financial liabilities	**163 552**	**136 502**	**177 674**	**477 729**
Interest rate swaps		211		211
Derivative financial instruments		**211**		**211**
TOTAL	**163 552**	**136 713**	**177 674**	**477 940**

The public bond of € 59.1 million with fixed interest rate of 4,75% and a term of 7 years has been repaid per 6 March 2019. Per 30 June 2019 there was a € 60,0 million draw from an existing credit facility of the Group with a variable interest rate of 0,80%. This has been repaid using the funds acquired through the private placement per 5 July 2019 (see note 12). Per 22 August 2019 the Group does not have open draws on this credit facility.

7. Fair value

The fair value is the amount at which an asset can be traded or a liability settled in an orderly transaction between well-informed, willing parties, following the *arm's length* principle.

The following table discloses the clean fair value and the carrying amount of the main interest-bearing financial loans and borrowings (measured at amortised cost).

IN '000 €	30/06/2019		31/12/2018	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Private placement of bonds - fixed interest rate	221 000	227 362	221 000	224 008
Public bond - fixed interest rate	15 878	17 157	75 000	78 943
Interest-bearing loans - variable interest rate	100 454	100 454	40 454	40 454
Lease liabilities - fixed interest rate*			7 390	7 648
Bank overdrafts	6	6	36	36
Transaction costs refinancing	-1 215	-1 215	-1 376	-1 376
TOTAL	**336 123**	**343 764**	**342 504**	**349 713**

* In line with IFRS 7 the fair value of the lease liabilities is no longer disclosed.

The fair value of the public bond with fixed interest rate (Level 2) and with a maturity date in 2023 was measured by discounting future cash flows based on an interest rate of 1.89% (2018: 2.19%).

The fair value of the private bond with fixed interest rate (Level 2) was defined by discounting future cash flows based on an interest rate of 1.61% (2018: 1.77%) for the bond with a term of 7 years, and 2.58% (2018: 2.48%) for the part of the bond with a term of 10 years. The fair value of the private bond with fixed interest rate (Level 2) was defined by discounting future cash flows based on an interest rate of 1.89% (2018: 2.50%) for the bond with a term of 8 years, and 2.63% (2018: 2.96%) for the part of the bond with a term of 10 years.

The fair value of the other non-derivative financial assets (loans and receivables) and liabilities (measured at amortised cost) is equal to the carrying amount. The fair value of financial instruments related to the interest rate is defined by discounting expected future cash flows, taking account of the current market interest rates and the interest rate curve for the remaining term of the investment.

At 30 June 2019, the fair value of the contingent considerations was € 1.7 million (2018: € 1.7 million). The amount relates to the acquisition of NH Bioscopen. In December 2017, Kinepolis Group reached an agreement on the acquisition of 2 cinemas of NH Bioscopen cinemas in Schagen and Hoofddorp (NL), with control transferred on 1 January 2018. The transaction had an enterprise value of € 27.5 million, of which € 1.7 million was conditional. The conditional payment relates to whether or not a building permit is obtained for the Haarlem project. The unobservable significant input relates to the acquisition of the building permit. The contingent consideration of € 1.7 million related to the acquisition of NH Bioscopen has already been paid. Consequently it is no longer included in the balance sheet but remains subject to the condition of obtaining the building permit.

8. Business combinations – acquisitions in 2019

Acquisition 'El Punt'

In December 2018 Kinepolis Group has reached an agreement for the acquisition of two Spanish cinemas, namely 'Full Cinemas' in Barcelona and 'El Punt Ribera' in Alzira. Following approval by the Spanish competition authority, Kinepolis Group has completed the acquisition on 28 February 2019. Transfer of control took place on 1 March 2019. Both cinemas are part of the El Punt cinema group, which was owned by the Sallent family. The cinema 'El Punt Vallès', also located in Barcelona, is not part of the deal. All shares have been bought.

The 'Full' megaplex in Barcelona has 28 screens with in total 2,689 seats and welcomes more than 1.3 million cinema-goers every year. The complex is rented and situated in the commercial centre 'Splau' in Cornellá de Llobregat, close to the airport and 14 km south of Barcelona. The 'Full' cinema complex is the flagship of the El Punt group: all screens boast high-quality 4K projectors and 19 screens have Dolby Atmos sound. The 'El Punt Ribera' cinema is located in a commercial district in Alzira, 44 km south of Valencia. The complex, of which the property is in ownership, has 10 screens - each featuring Dolby 7.1 sound - and 2,528 seats, and attracts more than 300,000 visitors annually.

The fair value of the acquired assets and liabilities was provisionally determined to calculate the goodwill ensuing from this acquisition. The final value of the acquired assets and liabilities will be determined within 12 months of the date of acquisition and, if required, any appropriate additional adjustments will be made to the fair value.

The transaction has an enterprise value of € 25.8 million. The inclusion of cinema group El Punt in the consolidation scope of the Group on 1 March 2019, the date on which effective control was acquired, resulted in goodwill of € 19.2 million. The goodwill results from the strengthening of Kinepolis' position on the Spanish market, synergies and the fact that Kinepolis is able to offer its film experience to even more visitors.

Per 30 June 2019, the cinema group El Punt contributed € 4.5 million in revenue, € 1.2 million in EBITDA and € 0.3 million net result to the consolidated results of the Group. If transfer of control had taken place on 1 January 2019, El Punt would have contributed € 6.4 million in revenue, € 1.7 million in EBITDA and € 0.5 million net result. The transaction expenses linked to this acquisition were € 0.1 million at 30 June 2019, and were recognised in the result as part of the administrative expenses.

in '000 €	2019
Tangible fixed and intangible assets	8 130
Non-current other receivables	176
Right-of-use assets	18 072
Inventories	152
Current trade and other receivables	255
Current tax receivables	22
Cash and cash equivalents	414
Lease liabilities	-18 072
Bank overdrafts	-591
Deferred tax liabilities	-613
Current trade and other payables	-1 110
Current tax paybles	-145
TOTAL	**6 690**

The tangible fixed and non-tangible assets of El Punt amount to € 8.1 million, and are recognised at fair value. € 4.9 million concerns land and buildings related to the cinema complex of El Punt in Alzira. The remaining € 3.2 million is allocated to facilities, seats, screens and projectors. The cinema complex 'Full' in Barcelona is leased. When applying IFRS 16, a 'right-of-use' asset and a lease liability of € 18.1 million is recognised on the balance sheet. Current trade and other payables were mainly related to trade payables of € 0.8 million, € 0.2 million remuneration, social security and other taxes and € 0.2 million debt to previous shareholders. The deferred tax liability was recognised based on the revaluation to fair value of the building in Alzira. The revaluation of the building is based on a valuation report carried out by an external party. The other elements of the net identifiable assets and liabilities have not been adjusted, as they have already been included at fair value.

in '000 €	2019
NET IDENTIFIABLE ASSETS AND LIABILITIES	6 690
Cash	26 003
Debt to previous shareholders	-156
REMUNERATION [1]	25 847
GOODWILL	19 157
Net acquired cash [2]	-177
ACQUISITION OF SUBSIDIARIES, NET OF ACQUIRED CASH, IN THE STATEMENT OF CASH FLOWS (1) - (2)	26 024

The cash, that has been adjusted in the table above, takes into account the repayment of a debt, paid by the previous shareholders acting in the name and on behalf of 'Full'. This debt is not included in the acquisition. Kinepolis will always carry out an acquisition without external debts. The goodwill generated is tax deductible.

9. Assets held for sale

The assets held for sale amount to € 6.9 million. They include the offices in the complex in 's-Hertogenbosch in The Netherlands (€ 4.2 million), in addition to the complexes of Fort McMurray (€ 2.3 million) and Weyburn (€ 0.4 million) in Canada. Per 31 December 2018 the building in Kamloops (CA) was transferred to assets held for sale for an amount of € 0.3 million. In April 2019 the building was sold for a total value of $ 1 million CAD.

10. Risks and uncertainties

There are no fundamental changes in the risks and uncertainties for the Group as set out in the 2018 Management Report included in the 2018 Annual Report (Section 04 – Management Report).

11. Related party transactions

There are no additional related party transactions apart from those transactions disclosed in the 2018 Annual Report (Section 06 – Financial Report – Note 29).

12. Subsequent events after 30 June 2019

Kinepolis Group successfully concluded a private placement of bonds amounting to € 225 million with a term of 7.5 years and a fixed interest rate of 2.75%. Any qualified investor or non-professional investor could sign in to this placement via a private banking network or via an intermediary person. Except for the private placement, no other subsequent events have taken place after 30 June 2019 per 22 August 2019.

13. Other notes

For additional information, we refer to the first part of the press release.

DECLARATION WITH REGARD TO MANAGEMENT RESPONSIBILITY

Eddy Duquenne, CEO of Kinepolis Group, and Nicolas De Clercq, CFO of Kinepolis Group, declare that, to the best of their knowledge, the condensed consolidated interim financial statements, which have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), provide a true and fair view of the net assets, the financial position and the results of Kinepolis Group. The interim financial report gives a true and fair view of the development and results of the Company and the position of the Group.

GLOSSARY AND APM'S

The glossary below also contains Alternative Performance Measures (APM's) that are aimed to improve the transparency of financial Information.

- Gross profit
  Revenue – Cost of sales

- Operating profit (EBIT)
  Gross profit – marketing and selling expenses - administrative expenses + other operating income - other operating expenses

- Adjusted operating profit
  Operating profit after eliminating adjustments; is used to reflect the operating profit from normal operating activities

- EBITDA
  Operating profit + depreciations + amortizations + impairments + movements in provisions

- Adjusted EBITDA
  EBITDA after eliminating adjustments; is used to reflect the EBITDA from normal operating activities

- Adjustments
  This category includes primarily results from the disposal of fixed assets, impairment losses on assets, provisions, costs from restructuring and takeovers and other exceptional income and expenses.

- Financial result
  Finance income - finance expenses

- Effective tax rate
  Income tax expense / profit before tax

- Adjusted profit
  Profit for the period after eliminating adjustments; is used to reflect the profit from normal operating activities

- Profit for the period, share of the Group
  Profit attributable to equity holders of the Company

- Basic earnings per share
  Profit for the period, share of the Group / (average number of outstanding shares – average number of treasury shares)

- Diluted earnings per share
  Profit for the period, share of the Group / (average of number of outstanding shares – average number of treasury shares + number of possible new shares that must be issued under the existing share option plans x dilution effect of the share option plans)

- Dividend
  Payment of the profit of a company to its shareholders

- Capital expenditure
  Capitalized investments in intangible assets, property, plant and equipment and investment property

- Gross financial debt
  Financial liabilities on the long and short term

- Net financial debt
  Financial debt after deduction of cash and cash equivalents and tax shelter investments

- Net financial debt excl. lease liabilities
  Financial debt exclusive lease liabilities after deduction of cash and cash equivalents and tax shelter investments

- ROCE (Return on capital employed)
  Adjusted EBIT / (average non-current assets – average deferred tax assets + average assets held for sale + average trade receivables + average inventory – average trade payables)

- Current Ratio
  Current assets / current liabilities

- Free cash flow
  Cash flow from operating activities – maintenance capital expenditures for intangible assets, property, plant and equipment and investment property – interest paid

- Excluding IFRS 16
  The figures in the current period, applying the new lease standard IFRS 16, have been recalculated according to the former lease standard IAS 17 to make the comparability between the figures of both reporting periods more transparent.