
CinemaxX Danmark A/S

Kalvebod Brygge 57, DK-1560 København V

Annual Report for 1 December 2015 - 30 November 2016

CVR No 21 25 24 92

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
20/01 2017

Torben Schön
Chairman



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report on the Financial Statements	2
Management's Review	
Company Information	4
Financial Highlights	5
Management's Review	6
Financial Statements	
Income Statement 1 December - 30 November	7
Balance Sheet 30 November	8
Statement of Changes in Equity	10
Notes to the Financial Statements	11
Accounting Policies	15

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CinemaxX Danmark A/S for the financial year 1 December 2015 - 30 November 2016.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 November 2016 of the Company and of the results of the Company operations for the period 1 January to 30 November.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 20 January 2017

Executive Board

Kim Brochdorf

Board of directors

Carsten Andreas Horn
Chairman

Hanna Verena Jesse

Torben Schøn

Independent Auditor's Report on the Financial Statements

To the Shareholder of CinemaxX Danmark A/S

Report on the Financial Statements

We have audited the Financial Statements of CinemaxX Danmark A/S for the financial year 1 December 2015 - 30 November 2016, which comprise income statement, balance sheet, statement of changes in equity, notes and summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Financial Statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of Financial Statements that give a true and fair view 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 Management, as well as evaluating the overall presentation of the Financial Statements.

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

Our audit has not resulted in any qualification.

Independent Auditor's Report on the Financial Statements

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 November 2016 and of the results of the Company operations for the financial year 1 December 2015 - 30 November 2016 in accordance with the Danish Financial Statements Act.

Statement on Management's Review

We have read Management's Review in accordance with the Danish Financial Statements Act. We have not performed any procedures additional to the audit of the Financial Statements. On this basis, in our opinion, the information provided in Management's Review is in accordance with the Financial Statements.

Hellerup, 20 January 2017

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Flemming Eghoff

State Authorised Public Accountant

Company Information

The Company

CinemaxX Danmark A/S
Kalvebod Brygge 57
DK-1560 København V

Telephone: + 45 70 26 01 99
E-mail: Cinemaxx@cinemaxx.dk
Website: www.Cinemaxx.dk

CVR No: 21 25 24 92
Financial period: 1 December - 30 November
Incorporated: 1 October 1998
Municipality of reg. office: Copenhagen

Supervisory Board

Carsten Andreas Horn, Chairman
Hanna Verena Jesse
Torben Schön

Executive Board

Kim Brochdorf

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

	2015/16 Mio. DKK	2014/15 Mio. DKK	2014 Mio. DKK 11 months	2013 Mio. DKK	2012 Mio. DKK
Key figures					
Profit/loss					
Profit/loss before financial income and expenses	35	33	19	25	22
Net financials	1	1	2	0	0
Net profit/loss for the year	29	26	17	19	17
Balance sheet					
Balance sheet total	84	81	66	84	81
Equity	36	30	17	19	18
Investment in property, plant and equipment	15	22	11	5	16
Number of employees	98	106	100	90	96
Ratios					
Return on assets	41,7 %	40,7 %	28,8 %	29,8 %	27,2 %
Solvency ratio	42,9 %	37,0 %	25,8 %	22,6 %	22,2 %
Return on equity	87,9 %	110,6 %	94,4 %	102,7 %	109,7 %

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Development in the year

The income statement of the Company for 2015/16 shows a profit of TDKK 28,725, and at 30 November 2016 the balance sheet of the Company shows equity of TDKK 36,324.

The past year and follow-up on development expectations from last year

The Company experienced a slight growth in profits, primarily due to a small increase in gross profits and a decrease in operational costs.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 30 November 2016 of the Company and the results of the activities of the Company for the financial year for 2015/16 have not been affected by any unusual events.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement 1 December - 30 November

	Note	2015/16 TDKK	2014/15 TDKK
Gross profit/loss		72.146	71.285
Staff expenses	1	(30.141)	(31.697)
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		(6.742)	(6.216)
Profit/loss before financial income and expenses		35.263	33.372
Income from investments in associates		1.300	956
Financial income		67	77
Financial expenses		(215)	(215)
Profit/loss before tax		36.415	34.190
Tax on profit/loss for the year	2	(7.690)	(7.866)
Net profit/loss for the year		28.725	26.324

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	22.171	22.000
Retained earnings	6.554	4.324
	28.725	26.324

Balance Sheet 30 November

Assets

	Note	2016 TDKK	2015 TDKK
Other fixtures and fittings, tools and equipment		43.640	44.746
Property, plant and equipment in progress		9.938	0
Property, plant and equipment	3	53.578	44.746
Investments in associates	4	655	655
Fixed asset investments		655	655
Fixed assets		54.233	45.401
Inventories		1.592	1.453
Trade receivables		3.254	4.392
Other receivables		4.448	3.760
Prepayments	5	2.776	2.715
Receivables		10.478	10.867
Cash at bank and in hand		17.539	23.658
Currents assets		29.609	35.978
Assets		83.842	81.379

Balance Sheet 30 November

Liabilities and equity

	Note	2016 TDKK	2015 TDKK
Share capital		562	562
Retained earnings		13.591	7.035
Proposed dividend for the year		22.171	22.000
Equity	6	36.324	29.597
Provision for deferred tax	7	3.127	2.429
Provisions		3.127	2.429
Other payables		374	490
Long-term debt	8	374	490
Trade payables		9.391	11.289
Payables to group enterprises		0	72
Corporation tax		2.368	1.178
Other payables		9.762	10.499
Deferred income		22.496	25.825
Short-term debt		44.017	48.863
Debt		44.391	49.353
Liabilities and equity		83.842	81.379
Contingent assets, liabilities and other financial obligations	9		
Related parties and ownership	10		

Statement of Changes in Equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 December	562	7.037	22.000	29.599
Ordinary dividend paid	0	0	-22.000	-22.000
Net profit/loss for the year	0	6.554	22.171	28.725
Equity at 30 November	562	13.591	22.171	36.324

Notes to the Financial Statements

	<u>2015/16</u>	<u>2014/15</u>
	TDKK	TDKK
1 Staff expenses		
Wages and salaries	29.125	30.485
Pensions	211	338
Other staff expenses	805	874
	<u>30.141</u>	<u>31.697</u>
Average number of employees	<u>98</u>	<u>106</u>
Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.		
2 Tax on profit/loss for the year		
Current tax for the year	6.992	6.522
Deferred tax for the year	698	1.344
	<u>7.690</u>	<u>7.866</u>

Notes to the Financial Statements

3 Property, plant and equipment

	Other fixtures and fittings, tools and equipment TDKK	Property, plant and equipment in progress TDKK
Cost at 1 December	70.701	0
Additions for the year	5.638	9.938
Disposals for the year	(203)	0
Cost at 30 November	<u>76.136</u>	<u>9.938</u>
Impairment losses and depreciation at 1 December	25.957	0
Depreciation for the year	6.742	0
Impairment and depreciation of sold assets for the year	(203)	0
Impairment losses and depreciation at 30 November	<u>32.496</u>	<u>0</u>
Carrying amount at 30 November	<u>43.640</u>	<u>9.938</u>
Including assets under finance leases amounting to	<u>2.443</u>	<u>0</u>

4 Investments in associates

	2016 TDKK	2015 TDKK
Cost at 1 December	<u>655</u>	<u>655</u>
Carrying amount at 30 November	<u>655</u>	<u>655</u>

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Kino.dk A/S	Copenhagen	540,000	26 %	7.179	5.183

5 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums etc.

Notes to the Financial Statements

6 Equity

The share capital consists of 561.797 shares of a nominal value of TDKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

	2016 TDKK	2015 TDKK
7 Provision for deferred tax		
Property, plant and equipment	3.156	2.461
Trade receivables	(29)	(32)
	3.127	2.429

8 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	374	490
Long-term part	374	490
Within 1 year	229	229
Other short-term payables	9.533	10.270
Short-term part	9.762	10.499
	10.136	10.989

Notes to the Financial Statements

	2016 TDKK	2015 TDKK
9 Contingent assets, liabilities and other financial obligations		
Rental agreements and leases		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	36.736	35.065
Between 1 and 5 years	186.811	184.252
After 5 years	26.277	67.525
	249.824	286.842

10 Related parties and ownership

Basis

Controlling interest

CinemaxX Entertainment GmbH & Co.KG Principle Shareholder

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding more than 5% of the votes or more than 5% of the share capital:

CinemaxX Entertainment GmbH & Co.KG

Consolidated Financial Statements

The Company is included in the consolidated Annual Report for CinemaxX Holdings GmbH.

Accounting Policies

Basis of Preparation

The Annual Report of CinemaxX Danmark A/S for 2015/16 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2015/16 are presented in TDKK.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Annual Report for CinemaxX Holdings GmbH, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Accounting Policies

Income Statement

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

Revenue from sales of tickets and concession is recognised in the income statement if the sales to this years movie performances.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Movierental, charges and consumables

Movie rental, charges and consumables include expenses to this years movie performances, charges for movies to be performed in public and consumables in the financial year.

Other external expenses

Other external expenses comprise rental of cinema equipment, commercials, rent and other related expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in associates

Dividends from associates are recognised as income in the income statement when adopted at the General Meeting of the associate. However, dividends relating to earnings in the associate before it was acquired by the Parent Company are set off against the cost of the associate.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Accounting Policies

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures, tools and equipment 3- 20 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in associates

Investments in associates are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

Accounting Policies

Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, etc.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Accounting Policies

Financial Highlights

Explanation of financial ratios

Return on assets

$$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$$

Solvency ratio

$$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$$

Return on equity

$$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$$