

**Everyman Media Group plc**  
**Annual Report and Financial Statements**  
**31 December 2014**

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**Everyman Media Group plc**  
**Annual report and financial statements 2014**

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**Everyman Media Group plc**  
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**DIRECTORS, SECRETARY AND ADVISERS**

**Directors**

|                      |                                    |
|----------------------|------------------------------------|
| Paul Wise            | Executive Chairman                 |
| Crispin Lilly        | Chief Executive Officer            |
| Adam Kaye            | Executive Director                 |
| Charles Dorfman      | Non-Executive Director             |
| Philip Jacobson FCA  | Independent Non-Executive Director |
| Michael Rosehill FCA | Non-Executive Director             |

**Company Secretary**

Philip Jacobson FCA

**Registered Office of the Company**

Studio 4  
2 Downshire Hill  
London  
NW3 1NR

**Registered in England & Wales number**

08684079

**Nominated Adviser and Broker**

Cenkos Securities plc  
6.7.8 Tokenhouse Yard  
London  
EC2R 7AS

**Auditors to the Company**

BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Solicitors to the Company**

Howard Kennedy LLP  
No. 1 London Bridge  
London  
SE1 9BG

**Registrars to the Company**

Computershare Investor Services PLC  
The Pavilions  
Bridgwater Road  
Bristol  
BS13 8AE

## **Chairman's statement**

I am pleased to report the Group's results for the year ended 31 December 2014.

Overall, the financial performance of the Group after all expenses and taxation is in line with the Board's expectations.

### **Review of the business**

We are one of the leading independent cinema groups in the UK in terms of cinema venues, screens and admissions, with a portfolio of eleven venues and 22 screens operating under the 'Everyman' brand as of March 2015.

The Everyman proposition focuses on delivering a high-quality, intimate experience within smaller capacity venues that prioritise customer comfort and service. We believe this significantly enhances the cinema-going experience and is consistent with our ambitions to grow a strong leisure brand. The Board believes that there is significant growth for this model within the UK.

In addition to the Group's commitment to expand the estate, the Board is confident that the growth delivered in 2014 in average ticket price and retail spend per customer can be continued going forward as well as there being opportunities to increase other revenue streams from its existing venues through general marketing, advertising and promotion of the 'Everyman' brand.

Further to the appointment of Crispin Lilly as CEO on 1 December 2014, we are also pleased to announce that Jonathan Peters ACA will be joining Everyman as Group Finance Director as of 30 March 2015.

### **Results**

Revenue for the year was up 22% on last year to £14,096,000 (2013: £11,515,000).

The Group's underlying operating profit before pre-opening expenses, exceptional items and share-based payments was £557,000 (2013: £365,000). The Group achieved a profit for the year of £195,000 (2013: loss of £704,000).

The result for 2014 includes total share-based payment expenses of £50,000 (2013: £526,000). The Board does not recommend the payment of a dividend at this stage of the Group's development.

### **Openings**

In May 2014, the Group opened up a restaurant in London under the Spielburger brand. In July 2014, the Group also opened a new screen as part of the Leeds site.

The Group has opened a new site at the Mailbox in Birmingham (February 2015), and will open a further site in Canary Wharf in London (mid 2015). The Group has exchanged contracts on three further sites at Bristol, Harrogate and Cirencester and is in various stages of negotiation on a number of other opportunities

The Group also plans to invest in refurbishing some of its older cinemas during 2015, following the success of a similar project in Walton-On-Thames.

**Chairman's statement continued**

The Group commissioned a number of marketing projects in 2014 with the purpose of increasing brand awareness with new customers of both existing and planned locations. These included a pop-up venue at Battersea Power Station and a temporary venue at Selfridges, London.

**Cash flows**

Cash flows from operating activities were £2,187,000 (2013: £2,390,000). Net cash outflow for the year before financing was £2,389,000 (2013: £1,793,000). This is largely represented by capital expenditure on the expansion of the business through the opening and acquisition of the above sites.

Cash held at the end of the year was £6,363,000 (2013: £8,883,000). The cash held will be invested in the continuing development and expansion of the Group's business in 2015.

**Pre-opening costs**

Pre-opening costs, which have been expensed within administrative expenses, were £205,000 (2013: £125,000). These costs include expenses, net of the effect of rent free periods, which are necessarily incurred in the period prior to a new unit being opened, but which are specific to the opening of that unit.

**Staff**

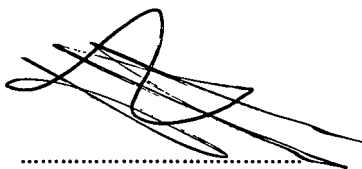
A key part of the Everyman model and our success is our people, from our teams at venue to our head office support. As always I would like to thank them for their enthusiasm, dedication and passion.

**Current Trading**

Since the year end trading has been in line with expectations, and the film release schedule for 2015 is encouraging.

**Future of the Company**

These are exciting times and we are continually looking at ways to enhance our offering and the potential return to shareholders.



**Paul Wise**

**Chairman**

**27 March 2015**



## **Strategic Report**

The Directors present their strategic report for the Group for the year ended 31 December 2014.

### **Principal activities and review of the business**

The Group is a leading independent cinema group in the UK. The principal activity of the Company is that of a holding company.

### **Results**

The Group made a profit after taxation of £195,000 (2013: loss of £704,000).

Further details are shown in the Chairman's statement and Consolidated statement of comprehensive income on page 17, together with the related notes to the financial statements.

### **Development of the Group's business**

In 2014 the UK cinema market generated £1.14 billion (2013: £1.2billion) of gross box office receipts (Source: Rentrak EDI). The Box Office contribution from the independent, non-multiplex chains (including the Group's venues) increased in the year by 6% delivering 19.9% growth in market contribution (2013: 18.3%), whilst Everyman's contribution increased more than 8% in the same period.

The Directors believe that the cinema market sector continues to be strong and will continue to grow in the years ahead, with takings from niche and/or independent operators being the highest growth segment of the market. The Group believes that customers who are over the age of 25 will remain the fastest-growing sector of this market.

Based on market information available to the Directors, the Group's portfolio of ten permanent sites (19 screens) in the United Kingdom at the end of 2014 represented approximately 0.48% of the total number of screens in the United Kingdom (2013: 10 sites (18 screens), 0.46% of screens). In 2014, the Group delivered 0.51% of all admissions (2013: 0.47%) (Source: CEA/CAA) and 0.90% of all gross box office revenue (2013: 0.74%) in the United Kingdom (Source: Rentrak EDI).

**Everyman Media Group plc**  
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**Strategic report continued**

**Development of the Group's business continued**

With the opening of Birmingham Mailbox in February 2015, the Group currently has venues in the following locations:

| <i>Location</i>          | <i>No. of screens</i> | <i>Number of seats</i> | <i>Private Rooms</i> |
|--------------------------|-----------------------|------------------------|----------------------|
| Birmingham - Mailbox     | 3                     | 328                    | -                    |
| Leeds – Trinity          | 4                     | 532                    | 1                    |
| London – Baker Street    | 2                     | 162                    | -                    |
| London – Belsize Park    | 1                     | 129                    | -                    |
| London - Hampstead       | 2                     | 209                    | 1                    |
| London - Islington       | 1                     | 125                    | -                    |
| London – Maida Vale      | 2                     | 150                    | -                    |
| Oxted, Surrey            | 1                     | 373                    | -                    |
| Reigate, Surrey          | 2                     | 282                    | -                    |
| Walton-On-Thames, Surrey | 2                     | 158                    | -                    |
| Winchester, Hampshire    | 2                     | 384                    | -                    |
| <b>Total</b>             | <b>22</b>             | <b>2,832</b>           | <b>2</b>             |

In addition:

- The Group has been operating a temporary one-screen venue as part of a joint venture in Selfridges, London. This venue came into operation in September 2014 and will cease, as planned, in April 2015.
- The Group opened a small burger restaurant adjacent to their venue in Hampstead in May 2014.

The Group has exchanged contracts on new leases for sites in Canary Wharf (opening May 2015), Bristol, Harrogate and Cirencester (all due to open by the end of 2016).

*The Everyman Offering*

The Everyman brand is positioned at the premium end of the UK cinema market. The Group proposition focuses on smaller capacity, intimate venues, usually in more central, high street locations, and which prioritise customer comfort and service.

The Group seeks to deliver an exceptional experience to each customer every time they watch a film at an Everyman venue. This is done by combining the strengths of our cinema design with a strong, credible food and drink offer, expansive programming and high levels of customer service.

Everyman shows a range of current and classic films alongside event cinema productions. Each venue is fitted with digital projectors, all with high-end digital sound systems and many screens with RealD 3D technology.

**Strategic report continued**

**Development of the Group's business continued**

*Growth Strategy*

The Directors believe the opportunities for more Everyman venues within the UK are significant. This will be through the delivery of new locations (either as part of new build developments or into spaces within existing buildings) or through the acquisition of existing cinemas.

Continuing expansion will be financed from current resources, retained earnings and, where appropriate, further financing.

The Group has a rolling programme of maintenance and refurbishment throughout its portfolio which the Board believes helps increase box office sales and retail spend per customer. In addition to the rolling maintenance programme the Board has, and will continue to undertake, major refurbishment of existing venues where attractive returns can be achieved.

As the Group continues to expand across the country, the Board believes that there is an increasing opportunity to grow admissions and advertising revenue through development of its marketing assets, its membership programme and through working more proactively with Distributor partners in driving awareness for both the venues and the films shown.

**Key Performance Indicators (KPIs)**

Revenue for the year was up 22% on last year to £14,096,000 (2013: £11,515,000). The growth in revenue in the current year reflects the effect of an increase in the number of admissions; an increase in box-office yield and an improved spend, by person, on food and beverages.

The Group uses the following key performance indicators, in addition to total revenues, to monitor the progress of the Group's activities:

|                                | <b>31 December<br/>2014<br/>Group</b> | <b>31 December<br/>2013<br/>Group</b> |
|--------------------------------|---------------------------------------|---------------------------------------|
| Admissions                     | 808,316                               | 771,323                               |
| Box-office-spend per head      | £10.44                                | £9.25                                 |
| Food & Beverage spend per head | £5.10                                 | £3.82                                 |
| Total spend per head           | £15.54                                | £13.07                                |

For each year shown above 'Admissions' represent the number of seats sold, one per person, at the Group's cinema venues. 'Box-office-spend' per head represents the average ticket price for each seat sold. 'Food and Beverage spend per head' represents the average-spend per person at the Group's cinema venues. These are the key financial and management statistics employed by management.



**Strategic report continued**

*Competition*

There are three major exhibitors in the UK cinema industry, Odeon UCI, Cineworld (including the Picturehouse brand) and Vue – together accounting for 70% of the UK/Ireland box office in 2014 (source: Rentrak). The remainder of the market consists of smaller circuits and independent cinema operators. The Board does not believe the Group competes with the multiplex offer on price, customer proposition or new site locations.

The Everyman offer is focused on the overall experience as opposed to relying exclusively on the film content. The film product will always be integral to this and the Board believes that the Group's customers are interested in seeing a wider range of programming at its venues as a result.

The cinema industry has seen a number of mergers and acquisitions in recent years. The Directors expect corporate activity to continue within the sector.

**Principal risks and uncertainties**

*Risk relating to the Group's business*

The Group's revenues are dependent on admissions: both box office and food and beverage revenues are dependent on this. As a result, the Group's financial position is largely dependent on the continued popularity and the overall quantity and quality of the films which it shows. The Group's venues, the Board believes, mitigates this risk somewhat as customers are more willing to try smaller, more diverse films that may not get the same exposure either in above-the-line advertising spend or through wider platform releases in the industry.

The Group's ability to license films on acceptable terms is also largely dependent on its relationships with film distributors. The growth of alternative media channels, including streaming, may introduce new competitive forces for the film-going audience. Film piracy (aided by technological advances) may also have long-term implications for the cinema industry generally.

The level of the Group's box office sales, and hence the Group's revenues, fluctuate throughout the course of any given year and are largely dependent on the timing of release of films produced, over which the Group has no control. As a result, the Group's revenues may vary significantly from month to month within any given financial year. The Board mitigates this risk by maintaining strong relations with its film distributors and the promotion of additional events.

The Group's business could suffer as a result of extreme or unseasonal weather conditions or other exceptional events, as well as the general economic outlook within the United Kingdom. Cinema admissions are affected by periods of abnormal, severe or unseasonal weather conditions, such as exceptionally hot weather or heavy snowfall. In addition, cinema admissions may occasionally be impacted by large events such as the football World Cup or similar major events.

Retail sales of confectionary items, food and drinks form an important part of the revenues of the Group. The Group's retail sales generally fluctuate in line with admissions. The Cinemas also sell freshly prepared food and drink items where stringent operational procedures exist to ensure compliance with all necessary regulations.

**Strategic report continued**

**Principal risks and uncertainties continued**

The Group also earns revenue from advertising. Revenue earned from advertising is also influenced by the level of admissions and the size of the Group's portfolio of properties, and as such may decrease in line with any reduction of admissions.

The Group's operating costs include rent and energy costs. These costs may be volatile, for example due to increased market fluctuations in the price of property rentals, gas and electricity. The Board mitigates this risk by regularly assessing site rentals and alternative energy suppliers.

The Group's expansion may also be affected by planning laws.

Where the Group has an existing cinema it could be subject to competition from the introduction of new and/or upgraded cinemas operated by other cinema chains.

The Group is dependent on certain key contracts and arrangements with partners and suppliers. The loss of some of these arrangements may cause temporary disruption to the operations and financial performance of the Group. The Board mitigates this risk by maintaining relationships with a number of alternative supplier alternatives as well as appropriate review of these contracts.

The reputation of the Everyman brand is a key requirement to ensure the successful future performance and growth which also serves to mitigate many of the risks identified above.

*Financial risks*

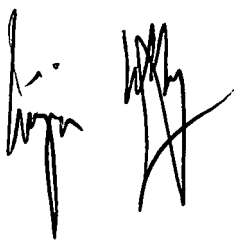
The Group does not have a significant exposure to foreign currency movements and does not contract any hedging arrangements in respect of currency positions. The Group has a long-term interest rate derivative designed to fix the interest rate of long-term borrowing commitments taken out in 2008 which was subsequently replaced by a five-year facility in 2013. No other similar derivative instruments have been contracted and it is not the Group's policy to do so.

The Company takes out suitable insurance against property and operational risks where considered material to the anticipated revenue of the Group.

**On behalf of the Board**

**C Lilly**  
**CEO**

**27 March 2015**



## **Directors' report**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2014.

### **Results and dividends**

The results of the Group are included in the Strategic report. Further details are shown in the consolidated statement of comprehensive income on page 17 and the related notes. As mentioned in the Chairman's Statement the Directors do not recommend the payment of a dividend (2013: £nil).

### **Principal activities and review of the business**

The Group is a leading independent cinema group in the UK. Further information is contained in the Strategic report on page 4. The principal activity of the Company is that of a holding company. The subsidiaries of the Group are set out in Note 18.

### **Financial risk management – objectives and policies**

The financial and other risks to which the Group is exposed together with the Group's objectives and policies in respect of these risks are set out in the Strategic report on page 4 and in note 4.

### **Capital structure**

No new shares were issued in the year. The number of ordinary shares in issue at 31 December 2014 is 36,291,024 (2013: 36,291,024).

The Company has also issued options over the share capital of the Company to members of the Board and to certain employees which amounted to 3,190,088 ordinary shares (2013: 3,296,441 ordinary shares) which if exercised would comprise 8% (2013: 8%) of the current issued share capital of the Company. See also Directors' interests below and note 26. Of these 1,392,864 (2013: 1,928,582) are represented by 'A' ordinary shares issued by EMHL which are convertible into ordinary shares of the Company subject to certain market conditions. The shares of the Company are quoted on the London AIM market.

### **Substantial shareholdings**

At the date of this report, other than in the Directors' interests set out below, the following hold 3% or more of the Company's share capital. No further disclosures of major shareholdings have been made to the Company under Disclosure and Transparency Rule 5 (Vote holder and Issuer Notification Rules).

|                                | <b>Number of<br/>Ordinary<br/>shares<br/>2014</b> | <b>Percentage<br/>of issued<br/>share capital<br/>2014</b> | <b>Number of<br/>Ordinary<br/>shares<br/>2013</b> | <b>Percentage<br/>of issued<br/>share capital<br/>2013</b> |
|--------------------------------|---------------------------------------------------|------------------------------------------------------------|---------------------------------------------------|------------------------------------------------------------|
| Blue Coast Private Equity L.P. | 7,135,634                                         | 19.66                                                      | 7,135,634                                         | 19.66                                                      |
| Scarlet Global Corporation     | 3,389,845                                         | 9.34                                                       | 3,389,845                                         | 9.34                                                       |
| Sam Kaye                       | 2,197,817                                         | 6.08                                                       | 2,002,817                                         | 5.52                                                       |
| Jonathan Kaye                  | 1,154,907                                         | 3.18                                                       | -                                                 | -                                                          |

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**Directors' report continued**

**Directors**

The Directors of the Company during the financial year were:

| <i>Name</i>                           | <i>Function</i>                    |                           |
|---------------------------------------|------------------------------------|---------------------------|
| Paul Louis Wise *1, *2, *3            | Executive Chairman                 |                           |
| Crispin Lilly                         | Chief Executive Officer            | Appointed 1 December 2014 |
| Andrew Leon Myers                     | Chief Executive Officer            | Resigned 1 December 2014  |
| Adam Kaye                             | Executive Director                 |                           |
| Charles Samuel Dorfman *1, *2         | Non-Executive Director             |                           |
| Philip Ronald Jacobson FCA *1, *2, *3 | Independent Non-Executive Director |                           |
| Michael Henry Rosehill FCA            | Non-Executive Director             |                           |

\*1 Member of the remuneration committee

\*2 Member of the nominations committee

\*3 Member of the audit committee

Biographical details of continuing directors are set out on the Company's website:  
<http://investors.everymancinema.com/>

**Directors' interests in the Company**

| Director         | Number of<br>Ordinary<br>shares<br>2014 | Percentage of<br>issued share<br>capital<br>2014 | Number of<br>Ordinary<br>shares<br>2013 | Percentage of<br>issued share<br>capital<br>2013 |
|------------------|-----------------------------------------|--------------------------------------------------|-----------------------------------------|--------------------------------------------------|
| Paul Wise        | 2,577,168                               | 7.10                                             | 2,527,168                               | 6.96                                             |
| Crispin Lilly    | -                                       | -                                                | -                                       | -                                                |
| Adam Kaye        | 3,037,750                               | 8.37                                             | 2,730,341                               | 7.52                                             |
| Charles Dorfman* | 4,847,360                               | 13.36                                            | 4,847,360                               | 13.36                                            |
| Philip Jacobson  | 30,120                                  | 0.01                                             | 30,120                                  | 0.01                                             |
| Michael Rosehill | 153,116                                 | 0.42                                             | 138,754                                 | 0.38                                             |

\* Of the 4,847,360 ordinary shares Mr Dorfman is interested in, 2,543,876 ordinary shares are held by the Lloyd Dorfman Children's Settlement. Mr Dorfman is one of the potential beneficiaries of the Lloyd Dorfman Children's Settlement.

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**Directors' report continued**

**Directors' interests in the Company continued**

As at the date of this document, the following options over ordinary shares were held by the Directors. The share options held by Crispin Lilly were granted on 1 December 2014. All of the other share options were granted in 2013.

| <i>Director</i>  | <i>Number of share options</i> | <i>Number of 'A' shares issued by EMHL<br/>(<i>'Performance shares'</i>)</i> |
|------------------|--------------------------------|------------------------------------------------------------------------------|
| Paul Wise        | -                              | 696,432                                                                      |
| Crispin Lilly    | 535,718                        | -                                                                            |
| Adam Kaye        | -                              | 696,432                                                                      |
| Charles Dorfman  | 50,000                         | -                                                                            |
| Philip Jacobson  | 100,000                        | -                                                                            |
| Michael Rosehill | 50,000                         | -                                                                            |

The benefit of holding 'A' ordinary shares in Everyman Media Holdings Limited is considered by the Board to be similar to the benefit of holding an EMI option. A Myers, who resigned on 1 December 2014, holds share options over 80,000 ordinary shares (2013: 300,000 options over ordinary shares).

**Directors' remuneration for the year to 31 December 2014**

| <b>Director</b>  | <b>Salary/fees</b> | <b>Pension contribution</b> | <b>Interest benefit</b> | <b>Release of amounts due to subsidiary</b> | <b>Total</b> |
|------------------|--------------------|-----------------------------|-------------------------|---------------------------------------------|--------------|
|                  | <b>£000</b>        | <b>£000</b>                 | <b>£000</b>             | <b>£000</b>                                 | <b>£000</b>  |
| Paul Wise        | 57                 | -                           | 3                       | -                                           | 60           |
| Crispin Lilly    | 69                 | 1                           | -                       | -                                           | 70           |
| Andrew Myers     | 120                | -                           | 2                       | 24                                          | 146          |
| Adam Kaye        | 27                 | -                           | 3                       | -                                           | 30           |
| Charles Dorfman  | -                  | -                           | -                       | -                                           | -            |
| Philip Jacobson  | 25                 | -                           | -                       | -                                           | 25           |
| Michael Rosehill | -                  | -                           | -                       | -                                           | -            |
|                  | <b>298</b>         | <b>1</b>                    | <b>8</b>                | <b>24</b>                                   | <b>331</b>   |

The 'interest benefit' relates to interest in respect of the amount of uncalled share capital potentially due in respect of the issue of 'performance' shares in Everyman Media Holdings Limited, a subsidiary of the Company to members of the Board. On resignation from the Board on 1 December 2014 an amount of £24,089 due in respect of this uncalled share capital from A Myers was forgiven. His 'Performance shares' were acquired by the Company.

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**Directors' report continued**

**Directors' remuneration for the year to 31 December 2013**

| Director         | Salary/fees | Bonus | Gains arising<br>from exercise<br>of share<br>options | Total |
|------------------|-------------|-------|-------------------------------------------------------|-------|
|                  | £000        | £000  | £000                                                  | £000  |
| Paul Wise        | -           | -     | 143                                                   | 143   |
| Andrew Myers     | 103         | 10    | 503                                                   | 616   |
| Adam Kaye        | -           | -     | 143                                                   | 143   |
| Charles Dorfman  | -           | -     | -                                                     | -     |
| Philip Jacobson  | 5           | -     | -                                                     | 5     |
| Michael Rosehill | -           | -     | -                                                     | -     |
|                  | 108         | 10    | 789                                                   | 907   |

**Policy and practice on the payment of creditors**

The policy of the Group is to settle supplier invoices within the terms and conditions of trade agreed with individual suppliers.

**Employees**

*Employee involvement*

Everyman Media Group plc places considerable emphasis on maintaining good relations with its employees. Employees are encouraged to participate in the Group's performance through the use of share option schemes and the Group seeks to achieve awareness on the part of employees of the financial and economic factors affecting the Group's business through meetings with employees and the dissemination of relevant information. Employees are also consulted, through their representatives, so that their views may be taken into account in making decisions which are likely to affect their interests.

*Employment of disabled persons*

Everyman Media Group plc is an equal opportunities employer and is committed to the employment of people with disabilities and guarantees an interview for those who meet the minimum selection criteria. The Group provides training and development for people with disabilities tailored, where appropriate, to ensure they have the opportunity to achieve their potential. If a Group employee becomes disabled while in our employment the Group will do its best to retain them, including consulting them about their requirements, making reasonable and appropriate adjustments and providing alternative suitable employment where possible.

**Political and charitable donations**

The Group made no charitable donations or political donations in the year (2013: £nil).

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**Directors' report continued**

**Post-balance sheet events**

The Group has no material post-balance sheet events.

**Auditor**

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware, there was no relevant available information of which the Company's auditor is unaware: and
- that Director has taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

A resolution to reappoint BDO LLP as auditor to the Company will be proposed at the forthcoming Annual General Meeting.

**Internal financial control**

The Group operates a system of internal financial controls commensurate with its current size and activities, which is designed to ensure that the possibility of misstatement or loss is kept to a minimum. There is a system in place for financial reporting and the Board receives regular reports to enable it to carry out these functions in the most efficient manner. These procedures include the preparation of management accounts, forecast variance analysis and other ad hoc reports. There are clearly defined authority limits throughout the Group, including those matters which are reserved specifically for the Board.

The Board has responsibility for the effectiveness of the internal financial control framework. Such a system can only provide reasonable and not absolute assurance against material misstatement. The Group does not currently have, nor considers there is currently a need for, an internal audit function. As the number of sites operated by the Group increases the Board intends to regularly assess the ongoing need for strengthening internal financial controls.

The Board's financial risk management, objectives and policies together with the Board's policies in respect of price risk, credit risk, liquidity risk and cash flow risk are set out in note 4.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the Annual report, the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the Group and Company financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for ensuring that the Annual Report and Financial Statements are made available on a website.

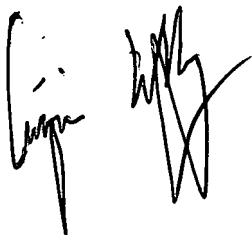
Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports which may differ from legislation in other jurisdictions. The Directors' responsibility also extends to ongoing integrity of the financial statements contained therein.

### **Annual General Meeting**

Notice of the Annual General Meeting of the Company is on page 54.

**On behalf of the Board**

**C Lilly**  
**Director**  
**27 March 2015**





## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVERYMAN MEDIA GROUP PLC**

We have audited the financial statements of Everyman Media Group plc for the year ended 31 December 2014 which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Company statement of financial position and the Company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of Directors and auditors**

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVERYMAN MEDIA GROUP PLC continued**

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the strategic report and Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



*Michael Goldstein (senior statutory auditor)*  
*For and on behalf of BDO LLP, statutory auditor*  
*London*  
*United Kingdom*  
*Date: 27 March 2015*

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Everyman Media Group plc**  
**Annual report and financial statements 2014**

**Consolidated statement of comprehensive income**

|                                                                                                                       |             | Year<br>ended<br>31 December<br>2014<br>£000 | Year<br>ended<br>31 December<br>2013<br>£000 |
|-----------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------|----------------------------------------------|
|                                                                                                                       | <b>Note</b> |                                              |                                              |
| <b>Revenue</b>                                                                                                        | <b>5</b>    | <b>14,096</b>                                | <b>11,515</b>                                |
| Cost of sales                                                                                                         |             | <b>(5,793)</b>                               | <b>(4,699)</b>                               |
| <b>Gross profit</b>                                                                                                   |             | <b>8,303</b>                                 | <b>6,816</b>                                 |
| Administrative expenses                                                                                               |             | <b>(8,001)</b>                               | <b>(7,102)</b>                               |
| <i>Exceptional items:</i>                                                                                             |             |                                              |                                              |
| Accelerated share-based payment on listing                                                                            | <b>11</b>   | -                                            | <b>(250)</b>                                 |
| IPO expenses                                                                                                          | <b>11</b>   | -                                            | <b>(282)</b>                                 |
| <b>Total administrative expenses</b>                                                                                  |             | <b>(8,001)</b>                               | <b>(7,634)</b>                               |
| <b>Profit/(loss) from operations</b>                                                                                  |             | <b>302</b>                                   | <b>(818)</b>                                 |
| Adjusted profit from operations (before exceptional items, pre-opening expenses, and share-based payment expense)     |             |                                              |                                              |
|                                                                                                                       |             | <b>557</b>                                   | <b>365</b>                                   |
| Exceptional items (as above)                                                                                          |             | -                                            | <b>(532)</b>                                 |
| Pre-opening expenses                                                                                                  |             | <b>(205)</b>                                 | <b>(125)</b>                                 |
| Share based payment expense                                                                                           |             | <b>(50)</b>                                  | <b>(526)</b>                                 |
| <b>Profit/(loss) from operations</b>                                                                                  |             | <b>302</b>                                   | <b>(818)</b>                                 |
| Financial income                                                                                                      | <b>12</b>   | <b>42</b>                                    | <b>120</b>                                   |
| Financial expenses                                                                                                    | <b>13</b>   | <b>(78)</b>                                  | <b>(83)</b>                                  |
| <b>Profit/(loss) before taxation</b>                                                                                  | <b>6</b>    | <b>266</b>                                   | <b>(781)</b>                                 |
| Income tax (expense)/credit                                                                                           | <b>14</b>   | <b>(71)</b>                                  | <b>77</b>                                    |
| <b>Profit/(loss) for the year and total comprehensive income attributable to equity holders of the parent company</b> |             | <b>195</b>                                   | <b>(704)</b>                                 |
| <b>Basic earnings/(loss) per share – pence</b>                                                                        | <b>15</b>   | <b>0.54</b>                                  | <b>(2.42)</b>                                |
| <b>Diluted earnings/(loss) per share – pence</b>                                                                      | <b>15</b>   | <b>0.53</b>                                  | <b>(2.42)</b>                                |

All amounts relate to continuing activities.  
There were no other recognised gains and losses in the year.  
The notes on pages 24 to 51 form part of these financial statements.

**Everyman Media Group plc**  
**Annual report and financial statements 2014**

**Consolidated statement of financial position**

|                                                     |             | <b>31 December<br/>2014<br/>£000</b> | <b>31 December<br/>2013<br/>£000</b> |
|-----------------------------------------------------|-------------|--------------------------------------|--------------------------------------|
|                                                     | <b>Note</b> |                                      |                                      |
| <b>Assets</b>                                       |             |                                      |                                      |
| <b>Non-current assets</b>                           |             |                                      |                                      |
| Property, plant and equipment                       | <b>16</b>   | <b>10,819</b>                        | 7,988                                |
| Goodwill                                            | <b>17</b>   | <b>782</b>                           | 782                                  |
|                                                     |             | <b>11,601</b>                        | 8,770                                |
| <b>Current assets</b>                               |             |                                      |                                      |
| Inventories                                         | <b>19</b>   | <b>91</b>                            | 98                                   |
| Trade and other receivables                         | <b>20</b>   | <b>2,020</b>                         | 510                                  |
| Cash and cash equivalents                           |             | <b>6,363</b>                         | 8,883                                |
|                                                     |             | <b>8,474</b>                         | 9,491                                |
| <b>Total assets</b>                                 |             | <b>20,075</b>                        | 18,261                               |
| <b>Current liabilities</b>                          |             |                                      |                                      |
| Trade and other payables                            | <b>21</b>   | <b>6,045</b>                         | 4,657                                |
| Loans and borrowings                                | <b>22</b>   | <b>76</b>                            | 76                                   |
| Current corporation tax liabilities                 |             | <b>52</b>                            | -                                    |
| <b>Total current liabilities</b>                    |             | <b>6,173</b>                         | 4,733                                |
| <b>Non-current liabilities</b>                      |             |                                      |                                      |
| Loans and borrowings                                | <b>22</b>   | <b>193</b>                           | 254                                  |
| Derivative financial instruments                    | <b>23</b>   | <b>203</b>                           | 195                                  |
| Deferred tax                                        | <b>24</b>   | <b>354</b>                           | 172                                  |
|                                                     |             | <b>750</b>                           | 621                                  |
| <b>Total liabilities</b>                            |             | <b>6,923</b>                         | 5,354                                |
| <b>Net assets</b>                                   |             | <b>13,152</b>                        | 12,907                               |
| <b>Equity</b>                                       |             |                                      |                                      |
| <b>Equity attributable to owners of the Company</b> |             |                                      |                                      |
| Ordinary shares                                     | <b>25</b>   | <b>3,629</b>                         | 3,629                                |
| Share premium                                       |             | <b>5,774</b>                         | 5,774                                |
| Merger reserve                                      |             | <b>11,152</b>                        | 11,152                               |
| Retained deficit                                    |             | <b>(7,403)</b>                       | (7,648)                              |
| <b>Total equity</b>                                 |             | <b>13,152</b>                        | 12,907                               |

The financial statements were approved by the Board of Directors and authorised for issue on 27 March 2015.

C Lilly  
Director

The notes on pages 24 to 51 form part of these financial statements.

**Everyman Media Group plc**  
**Annual report and financial statements 2014**

| <b>Consolidated statement of changes in equity</b> | <b>Note</b> | <b>Share capital<br/>£000</b> | <b>Share premium<br/>£000</b> | <b>Merger reserve<br/>£000</b> | <b>Retained deficit<br/>£000</b> | <b>Total equity<br/>£000</b> |
|----------------------------------------------------|-------------|-------------------------------|-------------------------------|--------------------------------|----------------------------------|------------------------------|
| <b>Balance at 1 January 2014</b>                   |             | 3,629                         | 5,774                         | 11,152                         | (7,648)                          | 12,907                       |
| Profit for the year                                |             | -                             | -                             | -                              | 195                              | 195                          |
| <b>Total comprehensive income for the year</b>     |             | -                             | -                             | -                              | 195                              | 195                          |
| Share-based payments                               | 26          | -                             | -                             | -                              | 50                               | 50                           |
| <b>Total contributions by owners of the parent</b> |             | -                             | -                             | -                              | 50                               | 50                           |
| <b>Balance at 31 December 2014</b>                 |             | <b>3,629</b>                  | <b>5,774</b>                  | <b>11,152</b>                  | <b>(7,403)</b>                   | <b>13,152</b>                |

The following describes the nature and purpose of each reserve within owners' equity:

|                  |                                                                                                        |
|------------------|--------------------------------------------------------------------------------------------------------|
| Share capital    | Amount subscribed for shares at nominal value.                                                         |
| Share premium    | Amount subscribed for share capital in excess of nominal value less attributable share-issue expenses. |
| Merger reserve   | Amounts attributable to equity in respect of merged subsidiary undertakings.                           |
| Retained deficit | Cumulative loss of the Group attributable to equity shareholders.                                      |

The notes on pages 24 to 51 form part of these financial statements.

Everyman Media Group plc  
Annual report and financial statements 2014

| Consolidated statement of changes in equity continued | Note | Share capital<br>£000 | Share premium<br>£000 | Merger reserve<br>£000 | Retained deficit<br>£000 | Total equity<br>£000 |
|-------------------------------------------------------|------|-----------------------|-----------------------|------------------------|--------------------------|----------------------|
| Balance at 1 January 2013                             |      | 2,786                 | -                     | 10,569                 | (7,720)                  | 5,635                |
| Loss for the year                                     |      | -                     | -                     | -                      | (704)                    | (704)                |
| <b>Total comprehensive income for the year</b>        |      | -                     | -                     | -                      | (704)                    | (704)                |
| Shares issued in the period                           |      | 843                   | 6,157                 | -                      | -                        | 7,000                |
| Share issue expenses                                  |      | -                     | (383)                 | -                      | -                        | (383)                |
| Shares issued by subsidiary undertaking in the period |      | -                     | -                     | 583                    | -                        | 583                  |
| Share-based payments                                  | 26   | -                     | -                     | -                      | 776                      | 776                  |
| <b>Total contributions by owners of the parent</b>    |      | 843                   | 5,774                 | 583                    | 776                      | 7,976                |
| <b>Balance at 31 December 2013</b>                    |      | <b>3,629</b>          | <b>5,774</b>          | <b>11,152</b>          | <b>(7,648)</b>           | <b>12,907</b>        |

The following describes the nature and purpose of each reserve within owners' equity:

|                  |                                                                                                        |
|------------------|--------------------------------------------------------------------------------------------------------|
| Share capital    | Amount subscribed for shares at nominal value.                                                         |
| Share premium    | Amount subscribed for share capital in excess of nominal value less attributable share-issue expenses. |
| Merger reserve   | Amounts attributable to equity in respect of merged subsidiary undertakings.                           |
| Retained deficit | Cumulative loss of the Group attributable to equity shareholders.                                      |

The notes on pages 24 to 51 form part of these financial statements.

**Everyman Media Group plc**  
**Annual report and financial statements 2014**

**Consolidated statement of cash flows**

|                                                            | <b>31 December<br/>2014<br/>£000</b> | <b>31 December<br/>2013<br/>£000</b> |
|------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities</b>                |                                      |                                      |
| Profit/(loss) from operations                              | 302                                  | (818)                                |
| Depreciation                                               | 813                                  | 671                                  |
| Share-based payment                                        | 50                                   | 776                                  |
|                                                            | <b>1,165</b>                         | <b>629</b>                           |
| Decrease/(increase) in inventories                         | 7                                    | (31)                                 |
| (Increase)/decrease in trade and other receivables         | (535)                                | 163                                  |
| Increase in trade and other payables                       | 1,550                                | 1,629                                |
| Net cash generated from operating activities               | <b>2,187</b>                         | <b>2,390</b>                         |
| <b>Cash flows from investing activities</b>                |                                      |                                      |
| Purchase of property, plant and equipment                  | (3,644)                              | (4,194)                              |
| Deposit on long-leasehold property                         | (975)                                | -                                    |
| Interest received                                          | 43                                   | 11                                   |
| Net cash used in investing activities                      | <b>(4,576)</b>                       | <b>(4,183)</b>                       |
| <b>Cash flows from financing activities</b>                |                                      |                                      |
| Proceeds from the issuance of ordinary shares              | -                                    | 7,000                                |
| Share issue expenses                                       | -                                    | (383)                                |
| Repayment of bank borrowings                               | (61)                                 | (401)                                |
| Receipt of bank loans                                      | -                                    | 330                                  |
| Proceeds from issuance of shares in subsidiary undertaking | -                                    | 583                                  |
| Interest paid                                              | (70)                                 | (83)                                 |
| Net cash used in financing activities                      | <b>(131)</b>                         | <b>7,046</b>                         |
| Net (decrease)/increase in cash and cash equivalents       | <b>(2,520)</b>                       | <b>5,253</b>                         |
| Cash and cash equivalents at the beginning of the year     | <b>8,883</b>                         | <b>3,630</b>                         |
| Cash and cash equivalents at the end of the year           | <b>6,363</b>                         | <b>8,883</b>                         |

All cash transactions relating to the Company were enacted through subsidiary undertakings and no statement of cash flows is presented for the Company.

The notes on pages 24 to 51 form part of these financial statements.

**Everyman Media Group plc**  
**Annual report and financial statements 2014**

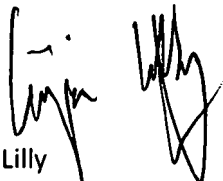
**Registered company number:**

**08684079**

**Company statement of financial position**

|                                                     |             | <b>31 December<br/>2014<br/>£000</b> | <b>31 December<br/>2013<br/>£000</b> |
|-----------------------------------------------------|-------------|--------------------------------------|--------------------------------------|
|                                                     | <b>Note</b> |                                      |                                      |
| <b>Assets</b>                                       |             |                                      |                                      |
| <b>Non-current assets</b>                           |             |                                      |                                      |
| Investments                                         | <b>18</b>   | <b>23,700</b>                        | 23,643                               |
| <b>Current assets</b>                               |             |                                      |                                      |
| Trade and other receivables                         | <b>20</b>   | <b>6,567</b>                         | 6,624                                |
| <b>Total assets</b>                                 |             | <b>30,267</b>                        | 30,267                               |
| <b>Current liabilities</b>                          |             |                                      |                                      |
| Trade and other payables                            | <b>21</b>   | <b>277</b>                           | 288                                  |
| <b>Total liabilities</b>                            |             | <b>277</b>                           | 288                                  |
| <b>Net assets</b>                                   |             | <b>29,990</b>                        | 29,979                               |
| <b>Equity</b>                                       |             |                                      |                                      |
| <b>Equity attributable to owners of the Company</b> |             |                                      |                                      |
| Ordinary shares                                     | <b>25</b>   | <b>3,629</b>                         | 3,629                                |
| Share premium                                       |             | <b>5,774</b>                         | 5,774                                |
| Merger reserve                                      |             | <b>20,336</b>                        | 20,336                               |
| Retained earnings                                   |             | <b>251</b>                           | 240                                  |
| <b>Total equity</b>                                 |             | <b>29,990</b>                        | 29,979                               |

The financial statements were approved by the Board of Directors and authorised for issue on 27 March 2015.

  
C Lilly  
Director

The notes on pages 24 to 51 form part of these financial statements.



**Everyman Media Group plc**  
**Annual report and financial statements 2014**

**Company statement of  
changes in equity**

|                                                        | Share<br>capital<br>£000 | Share<br>premium<br>£000 | Merger<br>reserve<br>£000 | Retained<br>earnings<br>£000 | Total<br>Equity<br>£000 |
|--------------------------------------------------------|--------------------------|--------------------------|---------------------------|------------------------------|-------------------------|
| <b>At 1 January 2014</b>                               | 3,629                    | 5,774                    | 20,336                    | 240                          | 29,979                  |
| Loss for the period                                    | -                        | -                        | -                         | (39)                         | (39)                    |
| <b>Total comprehensive income<br/>for the year</b>     | -                        | -                        | -                         | (39)                         | (39)                    |
| Share-based payments                                   | -                        | -                        | -                         | 50                           | 50                      |
| <b>Total contributions by owners<br/>of the parent</b> | -                        | -                        | -                         | 50                           | 50                      |
| <b>Balance at 31 December 2014</b>                     | <b>3,629</b>             | <b>5,774</b>             | <b>20,336</b>             | <b>251</b>                   | <b>29,990</b>           |

**Company statement of changes  
in equity**

|                                                            | Share<br>capital<br>£000 | Share<br>premium<br>£000 | Merger<br>Reserve<br>£000 | Retained<br>earnings<br>£000 | Total<br>Equity<br>£000 |
|------------------------------------------------------------|--------------------------|--------------------------|---------------------------|------------------------------|-------------------------|
| <b>At 10 September 2013</b>                                | -                        | -                        | -                         | -                            | -                       |
| Loss for the period                                        | -                        | -                        | -                         | (285)                        | (285)                   |
| <b>Total comprehensive income<br/>for the year</b>         | -                        | -                        | -                         | (285)                        | (285)                   |
| Shares issued in the period                                | 3,629                    | 6,157                    | -                         | -                            | 9,786                   |
| Share issue expenses                                       | -                        | (383)                    | -                         | -                            | (383)                   |
| Investment in Everyman Media<br>Holdings Limited (note 18) | -                        | -                        | 20,336                    | -                            | 20,336                  |
| Share-based payments                                       | -                        | -                        | -                         | 525                          | 525                     |
| <b>Total contributions by owners<br/>of the parent</b>     | <b>3,629</b>             | <b>5,774</b>             | <b>20,336</b>             | <b>525</b>                   | <b>30,264</b>           |
| <b>Balance at 31 December 2013</b>                         | <b>3,629</b>             | <b>5,774</b>             | <b>20,336</b>             | <b>240</b>                   | <b>29,979</b>           |

The following describes the nature and purpose of each reserve within owners' equity:

|                   |                                                                                                        |
|-------------------|--------------------------------------------------------------------------------------------------------|
| Share capital     | Amount subscribed for shares at nominal value.                                                         |
| Share premium     | Amount subscribed for share capital in excess of nominal value less attributable share-issue expenses. |
| Merger reserve    | Amounts attributable to equity in respect of merger relief received.                                   |
| Retained earnings | Cumulative profits of the Company attributable to equity shareholders.                                 |

The notes on pages 24 to 51 form part of these financial statements.

**Everyman Media Group plc**  
**Annual report and financial statements 2014**  
**Notes to the financial statements**

**1 General information**

Everyman Media Group plc and its subsidiaries (together 'the Group') are engaged in the ownership and management of cinemas in the United Kingdom. The Company is a public company domiciled and incorporated in England and Wales (registered number 08684079). The address of its registered office is Studio 4, 2 Downshire Hill, London NW3 1NR.

**2 Basis of preparation and accounting policies**

The consolidated financial information, which represents the results of the Company and its subsidiaries, has been prepared in accordance with International Financial Reporting Standards and IFRC Interpretations issued by the International Accounting Standards Board (together "IFRSs") as adopted by the European Union (EU). The Company financial statements have been prepared in accordance with IFRSs from the date of incorporation.

The principal accounting policies applied by the Group in the preparation of these consolidated financial statements for the years ended 31 December 2013 and 31 December 2014 are set out below. These policies have been consistently applied to all periods presented.

***Companies Act s408 exemption***

The Company has taken advantage of the exemptions allowed under section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements. The profit for the year included a loss on ordinary activities after tax of £39,000 in respect of the Company (2013: a loss of £285,000 for the period 10 September 2013 to 31 December 2013). The Company had no other items of comprehensive income in the year.

***Changes to accounting policies since the last period***

The following standards, interpretations and amendments, issued by the IASB or the International Financial Reporting Interpretations Committee (IFRIC), are both relevant and effective for the first time in the current financial year and have been adopted by the Group with no significant impact on its consolidated results or financial position for the current reporting period:

- Annual Improvements to IFRSs (2010-2012 Cycle) - Minor amendments to various accounting standards, effective for periods beginning on or after 1 January 2014 onwards.
- Annual Improvements to IFRSs (2011-2013 Cycle) - Minor amendments to various accounting standards, effective for periods beginning on or after 1 January 2014 onwards.
- IFRS 10 'Consolidated Financial Statements'.
- IFRS 12 'Disclosure of Interests in Other Entities'.
- Amendments to IFRS 10, IFRS 11 and IFRS 12 'Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance'.

**Basis of preparation and accounting policies continued**

***Changes to accounting policies since the last period continued***

Management are assessing the following standards, which are not a full list of those coming into effect, for the impact on the Group:

- IFRS 9 'Financial Instruments' (effective date for accounting periods from 1 January 2018). This standard has not yet been endorsed for use in the EU.
- IFRS 15 'Revenue from contracts with Customers' (effective date for accounting periods from 1 January 2017). This standard has not yet been endorsed for use in the EU.
- Amendments to IAS 1: Disclosure Initiative (effective date for accounting periods from 1 January 2016). This amendment has not yet been endorsed for use in the EU.
- Annual improvements to IFRSs 2012-2014 Cycle (effective date for accounting periods from 1 January 2016). This amendment has not yet been endorsed for use in the EU.
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective date for accounting periods from 1 January 2016). This amendment has not yet been endorsed for use in the EU.
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective date for accounting periods from 1 January 2016). This amendment has not yet been endorsed for use in the EU.
- Annual Improvements to IFRSs (2010-2012 Cycle) Minor amendments to various accounting standards, effective for periods beginning on or after 1 July 2014 onwards. These amendments have not yet been endorsed for use in the EU.
- Annual Improvements to IFRSs (2011-2013 Cycle) Minor amendments to various accounting standards, effective for periods beginning on or after 1 July 2014 onwards. These amendments have not yet been endorsed for use in the EU.

The other standards not yet in effect will have no material impact on the Group or Company.

***Basis of consolidation***

Where the Group has power, either directly or indirectly, to govern the financial and operating policies of an entity so as to have the ability to affect the amount of the investor returns, and has exposure or rights to variable returns from its involvement with the investee, it is classified as a subsidiary. The statement of financial position at 31 December 2014 incorporates the results of all subsidiaries of the Group for all years and periods, as set out in the basis of preparation.

**Basis of preparation and accounting policies continued**

***Merger reserve***

On 29 October 2013 the Company became the new holding company for the Group. This was put into effect through a share-for-share exchange of one ordinary share of 10 pence in EMG plc for one ordinary share of 10 pence in Everyman Media Holdings Limited (previously Everyman Media Group Limited) ("EMHL"), the previous holding company for the Group. The value of one share in the Company was equivalent to the value of one share in EMHL.

The accounting treatment for group reorganisations is scoped out of IFRS3. Accordingly, as required under IAS8 Accounting Policies, Changes in Accounting Estimates and Errors the Group has referred to current UK GAAP to assist its judgement in identifying a suitable accounting policy. The introduction of the new holding company has been accounted for as a capital reorganisation using the merger accounting principles prescribed under current UK GAAP. Therefore the consolidated financial statements EMG plc are presented as if EMG plc has always been the holding company for the Group. The Company was incorporated on 10 September 2013.

The use of merger accounting principles has resulted in a balance on Group capital and reserves which has been classified as a merger reserve and included in the Group's shareholders' funds.

The consolidated financial statements include the results of the Company and all its subsidiary undertakings made up to the same accounting date.

The Company has recognised the value of its investment in Everyman Media Holdings Limited at fair-value based upon the initial share placing price on admission to AIM. As permitted by S612 of the Companies Act 2006 the amount attributable to share premium has been transferred to the merger reserve. The investment in the Company is recorded at fair-value.

***Revenue Recognition***

Revenue for the Group is measured at the fair value of the consideration received or receivable. The Group recognises revenue for services provided when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity.

The Group's revenues from film and entertainment activities are recognised on completion of the showing of the relevant film. The Group's revenues for 'food and beverages' are recognised at the point-of-sale. The Group's other revenues, which include commissions, are recognised when all performance conditions have been satisfied.

All advanced booking fees and similar income which are received in advance of the related performance are classified as deferred revenue and shown as a liability until completion of the performance.

***Retirement Benefits: Defined contribution schemes***

Contributions to defined contribution schemes are charged to the consolidated statement of comprehensive income in the year to which they relate.

**Basis of preparation and accounting policies continued**

***Goodwill***

Goodwill represents the excess of the costs of a business combination over the total acquisition date fair values of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is capitalised as an intangible asset and is tested for impairment annually.

For business combinations completed prior to 1 January 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. There are no business combinations after this year.

When the carrying value of goodwill exceeds its recoverable amount, the carrying value of goodwill is written down accordingly in other comprehensive income. The carrying value of goodwill is tested at group level which is the single segment in which the Group operates. An impairment loss recognised for goodwill is not reversed. Any impairment in carrying value is charged to the consolidated statement of comprehensive income.

***Property, plant and equipment***

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs.

Depreciation on assets under construction does not commence until they are complete and available for use. These assets represent 'fit-outs'.

Depreciation is provided on all other leasehold improvements and all other items of property, plant and equipment so as to write off their carrying value over the expected useful economic lives. It is provided at the following annual rates:

|                       |   |                                                            |
|-----------------------|---|------------------------------------------------------------|
| Leasehold improvement | - | Straight line on cost over the remaining life of the lease |
| Plant and machinery   | - | 10% to 20% on cost on a straight-line basis                |
| Fixtures and fittings | - | 10% to 25% on cost on a straight-line basis                |

***Inventories***

Inventories are valued at the lower of cost and net realisable value. Cost incurred in bringing each product to its present location and condition is accounted for as follows:

Food and beverages - purchase cost on a first-in, first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business.

**Basis of preparation accounting policies continued**

***Loans and receivables***

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transactions costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

***Cash and cash equivalents***

Cash and cash equivalents comprise cash.

***Financial liabilities***

All financial liabilities are recognised initially at fair value and subsequently at amortised cost. The Group's interest-rate swap is classified as a financial liability.

***Derivative financial instruments***

Derivative financial instruments within the scope of IAS 39 are classified as financial assets or liabilities at fair-value through profit and loss. Changes to fair value are made through the income statement. All derivative financial instruments are recognised initially at fair value. The subsequent measurement of derivative financial instruments is also at fair-value. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with net changes in fair value recognised in finance costs in the income statement.

***Fair Value Hierarchy***

All financial instruments measured at fair value must be classified into one of the levels below:

- Level 1: Quoted prices, in active markets
- Level 2: Level 1 quoted prices are not allowable but fair value is based on observable market data.
- Level 3: Inputs that are not based on observable market data.

***Share Capital***

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

**Basis of preparation accounting policies continued**

***Leased Assets***

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an 'operating lease'), the total rentals payable under the lease are charged to the consolidated statement of comprehensive income on a straight line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are reflected in profit or loss.

***Deferred taxation***

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different company entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets and liabilities are expected to be settled or recovered.

**Basis of preparation accounting policies continued**

***Share-based payments***

Certain employees (including Directors and senior executives) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ('equity-settled transactions').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

***Operating Segments***

The Board considers that the Group's project activity constitutes one reporting segment, as defined under IFRS 8. Operationally cinemas and restaurants are managed separately. These are reported together as one unit.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the consolidated income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures used in the group financial information.

All of the revenues generated relate to cinema ticket receipts, sales of foods and beverages and ancillary income, an analysis of which appears in note 5 below. All revenues are wholly generated within the UK. Accordingly there are no additional disclosures provided to the financial information.

***Pre-opening expenses***

Property rentals and other related overhead expenses incurred prior to a new site opening are expensed to the income statement in the year that they are incurred. Similarly, the costs of training new staff during the pre-opening phase are expensed as incurred. These expenses are included within administrative expenses.

***Exceptional items of expense***

Exceptional items of expense are administrative costs which are large or unusual in nature and are not expected to recur on a regular basis.



**3 Critical accounting estimates and judgements**

The Group makes certain estimates and assumptions regarding the future. The significant estimates or judgements made by the Group include the value of its leasehold properties and the value of its goodwill and related impairment charges.

The value of the Group's leasehold properties may vary with market conditions arising from changes in both the UK economy and specific changes to the local economies where the Group operates. Judgement is required in assessing the effect on the carrying values of related expenditure. No reasonable change in assumptions would result in an impairment of these properties.

The value of the Group's goodwill and any related impairment charge requires judgement in respect of the expected future performance of the Group's cinemas. No reasonable change of assumptions would result in an impairment of goodwill.

Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

#### 4 Financial instruments – risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. The Group has a liability for an interest-rate swap (note 23). The Group has not issued or used any other financial instruments of a speculative nature and the Group no longer contracts new derivative financial instruments such as forward currency contracts, interest rate swaps or similar instruments.

*The Group is exposed to the following financial risks:*

Credit risk

Liquidity risk

Market interest rate risk

To the extent financial instruments are not carried at fair value in the consolidated statement of financial position, book value approximates to fair value at 31 December 2014 and 31 December 2013.

Trade and other receivables are measured at amortised cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Cash and cash equivalents are held in sterling and placed on deposit in UK banks.

Trade and other payables are measured at book value and amortised cost.

##### ***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 December 2014 the Group has trade receivables of £126,000 (2013: £101,000).

The Group is exposed to credit risk in respect of these balances such that, if one or more of the customers encounters financial difficulties, this could materially and adversely affect the Group's financial results. The Group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering into contracts with customers with agreed credit terms.

The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 December 2014 and consequently no further provisions have been made for bad and doubtful debts (2013 £nil).

##### ***Liquidity risk***

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet its expected cash requirements as determined by regular cash flow forecasts prepared by management.

**Financial instruments – risk management continued**

***Market interest rate risk***

Market interest rate risk arises from the Group's holding of an interest rate swap instrument contracted to fix the variable rate of interest in respect of the Group's previous interest-bearing borrowings. The Group is also exposed to market interest rate risk in respect of its cash balances held pending investment in the growth of the Group's operations. The effect of interest rate changes in the Group's interest-bearing assets and liabilities and the re-pricing of its interest-bearing liabilities are set out in note 22.

***Capital Management***

The Group's capital is made up of share capital, share premium, merger reserve and retained earnings totalling £13,152,000 (31 December 2013: £12,907,000).

*The Group's objectives when maintaining capital are:*

- To safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The capital structure of the Group consists of shareholders equity as set out in the consolidated statement of changes in equity. All funding required to set-up new cinema sites and for working capital purposes are financed from existing cash resources where possible. Management will also consider future fund-raising or bank finance where appropriate.

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|          |                                                  |                                                  |                                                  |
|----------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| <b>5</b> | <b>Revenue</b>                                   | <b>31 December<br/>2014<br/>Group<br/>£000</b>   | <b>31 December<br/>2013<br/>Group<br/>£000</b>   |
|          | Film and entertainment                           | 8,818                                            | 7,705                                            |
|          | Food and beverages                               | 4,126                                            | 3,359                                            |
|          | Other income                                     | 1,152                                            | 451                                              |
|          |                                                  | <b>14,096</b>                                    | <b>11,515</b>                                    |
| <b>6</b> | <b>Profit/(loss) before taxation</b>             | <b>31 December<br/>2014<br/>Group<br/>£000</b>   | <b>31 December<br/>2013<br/>Group<br/>£000</b>   |
|          | Profit/(loss) before taxation is after charging: |                                                  |                                                  |
|          | Depreciation                                     | 813                                              | 671                                              |
|          | Operating lease rentals                          | 1,314                                            | 913                                              |
|          | Share-based payment expense (note 26)            | 50                                               | 776                                              |
|          | Employee costs (note 7)                          | 3,631                                            | 2,957                                            |
|          | Fees payable to the Company's auditor (note 9)   | 139                                              | 205                                              |
| <b>7</b> | <b>Employee costs including Directors</b>        | <b>31 December<br/>2014<br/>Group<br/>£000</b>   | <b>31 December<br/>2013<br/>Group<br/>£000</b>   |
|          | Wages and salaries                               | 3,363                                            | 2,707                                            |
|          | Social Security costs                            | 255                                              | 248                                              |
|          | Pension costs                                    | 13                                               | 2                                                |
|          | Share-based payments                             | 50                                               | 776                                              |
|          |                                                  | <b>3,681</b>                                     | <b>3,733</b>                                     |
| <b>8</b> | <b>Average number of employees</b>               | <b>31 December<br/>2014<br/>Group<br/>Number</b> | <b>31 December<br/>2013<br/>Group<br/>Number</b> |
|          | Management                                       | 41                                               | 34                                               |
|          | Operations                                       | 219                                              | 202                                              |
|          |                                                  | <b>260</b>                                       | <b>236</b>                                       |

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| <b>9 Auditors' remuneration</b>                              | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
|--------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Fees payable to the Company's auditor for:                   |                                                |                                                |
| The audit of the Company's consolidated financial statements | 7                                              | 10                                             |
| The audit of subsidiary undertakings of the Company          | 25                                             | 20                                             |
| Taxation compliance services to the Group                    | 22                                             | 20                                             |
| Services related to the institutional placing offer          | -                                              | 120                                            |
| Other services                                               | 85                                             | 35                                             |
|                                                              | <b>139</b>                                     | <b>205</b>                                     |

Of the total auditors' remuneration for the year, £nil (2013: £27,600) has been charged directly to equity.

| <b>10 Directors' remuneration</b>                              | <b>31 December<br/>2014<br/>Group and<br/>Company<br/>£000</b> | <b>31 December<br/>2013<br/>Group and<br/>Company<br/>£000</b> |
|----------------------------------------------------------------|----------------------------------------------------------------|----------------------------------------------------------------|
| Salaries/fees                                                  | 330                                                            | 118                                                            |
| Other benefits (note 30)                                       | 24                                                             | -                                                              |
| Pension contributions                                          | 1                                                              | -                                                              |
| Social Security Costs                                          | 41                                                             | 16                                                             |
|                                                                | <b>396</b>                                                     | <b>134</b>                                                     |
| Share-based payments                                           | (10)                                                           | 76                                                             |
|                                                                | <b>386</b>                                                     | <b>210</b>                                                     |
| Information regarding the highest-paid Director is as follows: |                                                                |                                                                |
| Salary and benefits                                            | 146                                                            | 113                                                            |
| Pension contributions                                          | -                                                              | -                                                              |
|                                                                | <b>146</b>                                                     | <b>113</b>                                                     |

An analysis of directors' remuneration by director is disclosed in the Directors' Report on pages 11 and 12.

Three Directors made notional gains on the exercise of share options held in Everyman Media Holdings Limited, the previous parent undertaking of the Company:

| <b>Director</b>                    | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
|------------------------------------|------------------------------------------------|------------------------------------------------|
| A Myers (resigned 1 December 2014) | -                                              | 503                                            |
| A Kaye                             | -                                              | 143                                            |
| P Wise                             | -                                              | 143                                            |
|                                    | <b>-</b>                                       | <b>789</b>                                     |

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| <b>11 Exceptional items of expenditure</b> | <b>31 December<br/>2014<br/>Group<br/>£</b> | <b>31 December<br/>2013<br/>Group<br/>£</b> |
|--------------------------------------------|---------------------------------------------|---------------------------------------------|
| Accelerated share-based payment on listing | -                                           | 250                                         |
| IPO expenses                               | -                                           | 282                                         |
|                                            | <u>-</u>                                    | <u>532</u>                                  |

On 29 October 2013 the previous share option scheme within the Group, based upon ordinary shares within Everyman Media Holdings Limited was accelerated on listing and a new share-incentive scheme put in place. The options related to the previous scheme were exercised, the vesting periods and the associated share-based payments expense being advanced.

On 7 November 2013 the Company was admitted to the AIM market and an associated placing of shares was made. The total costs were £665,000 of which £383,000 were attributed to share premium.

| <b>12 Financial income</b>                           | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
|------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Interest receivable                                  | 42                                             | 11                                             |
| Fair-value gains on derivative financial instruments | -                                              | 109                                            |
|                                                      | <u>42</u>                                      | <u>120</u>                                     |

| <b>13 Financial expense</b>                           | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
|-------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Interest on bank loans and overdrafts                 | 70                                             | 83                                             |
| Fair-value losses on derivative financial instruments | 8                                              | -                                              |
|                                                       | <u>78</u>                                      | <u>83</u>                                      |

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| <b>14 Income tax</b>                              | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
|---------------------------------------------------|------------------------------------------------|------------------------------------------------|
| <i>Current tax expense/(credit):</i>              |                                                |                                                |
| Current tax                                       | <b>(111)</b>                                   | -                                              |
| Deferred tax:                                     |                                                |                                                |
| Origination and reversal of temporary differences | <b>182</b>                                     | <b>(77)</b>                                    |
| Total tax expense/(credit)                        | <b>71</b>                                      | <b>(77)</b>                                    |

The reasons for the difference between the actual tax charge/(credit) the year and the standard rate of corporation tax in the United Kingdom applied to profit/(loss) for the year as follows:

|                                                    | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
|----------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Profit/(loss) before tax                           | <b>266</b>                                     | <b>(781)</b>                                   |
| Applied corporation tax rates:                     | <b>21.50%</b>                                  | <b>23.25%</b>                                  |
| Tax at the UK corporation tax rate of 21.5%/23.25% | <b>57</b>                                      | <b>(182)</b>                                   |
| Expenses not deductible for tax purposes           | <b>26</b>                                      | <b>65</b>                                      |
| Net effect of share options exercised              | -                                              | <b>(65)</b>                                    |
| Effect of change in tax rates                      | -                                              | <b>9</b>                                       |
| Under provision in prior years                     | -                                              | <b>106</b>                                     |
| Effect of other differences                        | <b>(12)</b>                                    | <b>(10)</b>                                    |
| Total tax expense/(credit)                         | <b>71</b>                                      | <b>(77)</b>                                    |

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| <b>15 Earnings/(loss) per share</b>                                             | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
|---------------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Profit/(loss) used in calculating basic and diluted earnings/(loss) per Share   | <b>195</b>                                     | <b>(704)</b>                                   |
| <i>Number of shares</i>                                                         |                                                |                                                |
| Weighted average number of shares for the purpose of basic earnings per share   | <b>36,291,024</b>                              | <b>29,128,127</b>                              |
| Weighted average number of shares for the purpose of diluted earnings per share | <b>36,538,391</b>                              | <b>29,128,127</b>                              |
| Basic earnings/(loss) per share (pence per share)                               | <b>0.54</b>                                    | <b>(2.42)</b>                                  |
| Diluted earnings/(loss) per share (pence per share)                             | <b>0.53</b>                                    | <b>(2.42)</b>                                  |

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Where the Group has incurred a loss in a year or period the diluted earnings per share is the same as the basic earnings per share as the loss has an anti-dilutive effect. The diluted loss per share for 2013 is therefore the same as the basic loss per share for the period and the diluted weighted average number of shares is the same as the basic weighted average number of shares.

The Company has 3,190,088 potentially issuable shares (2013: 3,296,441) all of which relate to the potential dilution from the Group's 'A' shares (see note 26) and share-options issued to the Directors and certain employees (note 26).



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16 Property, plant and equipment

|                            | Group<br>Leasehold<br>improvements<br>£000 | Group<br>Plant &<br>Machinery<br>£000 | Group<br>Fixtures &<br>fittings<br>£000 | Group<br>Assets under<br>construction<br>£000 | Group<br>Total<br>£000 |
|----------------------------|--------------------------------------------|---------------------------------------|-----------------------------------------|-----------------------------------------------|------------------------|
| <b>Cost</b>                |                                            |                                       |                                         |                                               |                        |
| At 1 January 2013          | 3,859                                      | 619                                   | 2,511                                   | -                                             | 6,989                  |
| Acquired in the year       | 2,984                                      | 604                                   | 456                                     | 150                                           | 4,194                  |
| Disposals                  | -                                          | (5)                                   | -                                       | -                                             | (5)                    |
| At 31 December 2013        | 6,843                                      | 1,218                                 | 2,967                                   | 150                                           | 11,178                 |
| Acquired in the year       | 717                                        | 395                                   | 237                                     | 2,295                                         | 3,644                  |
| <b>At 31 December 2014</b> | <b>7,560</b>                               | <b>1,613</b>                          | <b>3,204</b>                            | <b>2,445</b>                                  | <b>14,822</b>          |
| <b>Depreciation</b>        |                                            |                                       |                                         |                                               |                        |
| At 1 January 2013          | 358                                        | 270                                   | 1,896                                   | -                                             | 2,524                  |
| Charge for the year        | 282                                        | 170                                   | 219                                     | -                                             | 671                    |
| Disposals                  | -                                          | (5)                                   | -                                       | -                                             | (5)                    |
| At 31 December 2013        | 640                                        | 435                                   | 2,115                                   | -                                             | 3,190                  |
| Charge for the year        | 351                                        | 276                                   | 186                                     | -                                             | 813                    |
| Disposals                  | -                                          | -                                     | -                                       | -                                             | -                      |
| <b>At 31 December 2014</b> | <b>991</b>                                 | <b>711</b>                            | <b>2,301</b>                            | <b>-</b>                                      | <b>4,003</b>           |
| <b>Net book value</b>      |                                            |                                       |                                         |                                               |                        |
| <b>At 31 December 2014</b> | <b>6,569</b>                               | <b>902</b>                            | <b>903</b>                              | <b>2,445</b>                                  | <b>10,819</b>          |
| At 31 December 2013        | 6,203                                      | 783                                   | 852                                     | 150                                           | 7,988                  |
| At 31 December 2012        | 3,501                                      | 349                                   | 615                                     | -                                             | 4,465                  |

Plant & machinery includes assets held under finance leases amounting to £nil (31 December 2013: £nil).

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**17 Intangible assets**

|                                                          | <b>Group<br/>Total<br/>£000</b> |
|----------------------------------------------------------|---------------------------------|
| <b>Goodwill</b>                                          |                                 |
| <b>Cost</b>                                              |                                 |
| At 1 January 2013, 31 December 2013 and 31 December 2014 | <u><b>4,113</b></u>             |
| <b>Impairment</b>                                        |                                 |
| At 1 January 2013, 31 December 2013 and 31 December 2014 | <u><b>3,331</b></u>             |
| <b>Net book value</b>                                    |                                 |
| <b>At 31 December 2014</b>                               | <u><b>782</b></u>               |
| At 31 December 2013                                      | <u><b>782</b></u>               |
| At 31 December 2012                                      | <u><b>782</b></u>               |

Value in use was calculated as the net present value of the projected risk-adjusted post tax cash flows plus a terminal value of the cash generating unit. A pre-tax discount rate was applied to calculate the net present value of pre-tax cash flows. Value-in-use calculations are performed annually and at each reporting date.

The key assumptions used in the value-in-use calculations were:

Sales and cost growth (over a 15-year period): 3%.  
Discount rate (the Group's weighted average cost of capital): 6.32%.  
Terminal growth rate: 3.00%.  
Number of years projected: 5.

There have been no impairments indicated in the year to 31 December 2014 (2013: £nil). The projected sales growth was based upon the Group's latest forecasts at the time of review and is in line with the average growth rate for the industry within the United Kingdom. There have been no significant changes made to the key assumptions used above for reviews conducted subsequently.

All of the goodwill has been allocated to certain of the Group's cinema sites in existence at 31 December 2010.

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| <b>18 Investments</b>                                                       | <b>31 December<br/>2014<br/>Company<br/>£000</b> |
|-----------------------------------------------------------------------------|--------------------------------------------------|
| At 10 September 2013                                                        | -                                                |
| Nominal value of shares issued                                              | 2,786                                            |
| Fair-value adjustment                                                       | 20,336                                           |
| Share-based payment acquired in respect of subsidiary undertaking           | 521                                              |
| At 31 December 2013                                                         | <u>23,643</u>                                    |
| Acquisition of director's performance linked shares in subsidiary (note 26) | 57                                               |
| <b>At 31 December 2014</b>                                                  | <u><b>23,700</b></u>                             |

The investment is in Everyman Media Holdings Limited and was valued at fair-value on 7 November 2013 based upon quoted prices as at the date of the Group reorganisation. This was a Level 2 valuation under the fair-value hierarchy.

The principal subsidiaries of the Company, all of which have been included in the consolidated financial information, are as follows:

| <b>Name</b>                     | <b>Principal activity</b>       | <b>Country of<br/>incorporation</b> | <b>Class of share<br/>held</b>  | <b>Proportion<br/>of shares<br/>held</b> |
|---------------------------------|---------------------------------|-------------------------------------|---------------------------------|------------------------------------------|
| Everyman Media Holdings Limited | Cinema management and ownership | UK                                  | Ordinary                        | 100%                                     |
|                                 |                                 |                                     | 'A' Ordinary, Series 1, 2 and 3 | 28%                                      |
| Everyman Media Limited *        | Cinema management and ownership | UK                                  | Ordinary "A" and "B"            | 100%                                     |
| Bloom Martin Limited **         | Dormant                         | UK                                  | Ordinary                        | 100%                                     |
| CISAC Limited                   | Dormant                         | UK                                  | Ordinary                        | 100%                                     |
| Bloom Theatres Limited ***      | Dormant                         | UK                                  | Ordinary                        | 100%                                     |
| Mainline Pictures Limited***    | Dormant                         | UK                                  | Ordinary                        | 100%                                     |

\* Shareholding is held by Everyman Media Holdings Limited

\*\* Shareholding is held by Everyman Media Limited

\*\*\* Shareholding is held by Bloom Martin Limited

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| <b>19 Inventories</b>                   | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
|-----------------------------------------|------------------------------------------------|------------------------------------------------|
| Food and beverages                      | <b>91</b>                                      | <b>98</b>                                      |
| Food and beverages expensed in the year | <b>1,222</b>                                   | <b>955</b>                                     |

| <b>20 Trade and other receivables</b> | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> | <b>31 December<br/>2014<br/>Company<br/>£000</b> | <b>31 December<br/>2013<br/>Company<br/>£000</b> |
|---------------------------------------|------------------------------------------------|------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Trade and other receivables           | <b>126</b>                                     | 101                                            | -                                                | -                                                |
| Amounts due from Group undertakings   | -                                              | -                                              | <b>6,567</b>                                     | 6,624                                            |
| Other debtors                         | <b>1,441</b>                                   | 43                                             | -                                                | -                                                |
| Prepayments and accrued income        | <b>453</b>                                     | 366                                            | -                                                | -                                                |
|                                       | <b>2,020</b>                                   | 510                                            | <b>6,567</b>                                     | 6,624                                            |

There were no receivables that were past due or considered to be impaired. There is no significant difference between the fair value of the other receivables and the values stated above. Other debtors include a deposits paid in respect of a long-term lease of £975,000 and a short-term lease of £60,000. The remainder of the other debtors balance is categorised as loans and receivables. All amounts shown under trade and other receivables, with the exception of the deposits for new leases, are due for payment within one year.

| <b>21 Trade and other payables</b> | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> | <b>31 December<br/>2014<br/>Company<br/>£000</b> | <b>31 December<br/>2013<br/>Company<br/>£000</b> |
|------------------------------------|------------------------------------------------|------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Trade creditors                    | <b>1,721</b>                                   | 563                                            | -                                                | -                                                |
| Amounts due to Group undertakings  | -                                              | -                                              | <b>277</b>                                       | 288                                              |
| Social security and other taxes    | <b>345</b>                                     | 359                                            | -                                                | -                                                |
| Accrued expenses                   | <b>862</b>                                     | 1,347                                          | -                                                | -                                                |
| Lease incentives                   | <b>2,395</b>                                   | 2,126                                          | -                                                | -                                                |
| Deferred income                    | <b>722</b>                                     | 262                                            | -                                                | -                                                |
|                                    | <b>6,045</b>                                   | 4,657                                          | <b>277</b>                                       | 288                                              |

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| <b>22 Loans and borrowings</b> | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
|--------------------------------|------------------------------------------------|------------------------------------------------|
| Bank borrowings                |                                                |                                                |
| Current                        | <b>76</b>                                      | 76                                             |
| Non-current                    | <b>193</b>                                     | 254                                            |
|                                | <b>269</b>                                     | 330                                            |

Principal terms and the debt repayment schedule of the Group's loan and borrowings as at 31 December 2014 are as follows:

|            | <b>Currency</b> | <b>Nominal<br/>Rate %</b> | <b>Year of<br/>Maturity</b> |
|------------|-----------------|---------------------------|-----------------------------|
| Bank loans | Sterling        | 4.5% over Base Rate       | 2018                        |

In respect of income-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at 31 December 2014 and the periods in which they mature or, if earlier, are re-priced. Amounts shown for debt include both capital repayments and related interest calculated at year-end rates.

|               | <b>Effective<br/>interest<br/>rate<br/>%</b> | <b>Maturing<br/>within 1 year<br/>£000</b> | <b>Maturing<br/>between 1 to<br/>2 years<br/>£000</b> | <b>Maturing<br/>between 2 to<br/>5 years<br/>£000</b> |
|---------------|----------------------------------------------|--------------------------------------------|-------------------------------------------------------|-------------------------------------------------------|
| Bank deposits | 1.0%                                         | 6,381                                      | -                                                     | -                                                     |
| Bank loans    | 5.0%                                         | (76)                                       | (76)                                                  | (145)                                                 |

## 22 Loans and borrowings continued

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit or loss before tax through the impact on floating rate borrowings and bank deposits and cash flows.

|               | Change<br>in rate | 2014<br>£000 | Change<br>in rate | 2013<br>£000 |
|---------------|-------------------|--------------|-------------------|--------------|
| Bank deposits |                   | <u>6,381</u> |                   | <u>8,883</u> |
|               | -0.5%             | (32)         | -0.5%             | (44)         |
|               | -1.0%             | (64)         | -1.0%             | (89)         |
|               | -1.5%             | (96)         | -1.5%             | (133)        |
|               | +0.5%             | 32           | +0.5%             | 44           |
|               | +1.0%             | 64           | +1.0%             | 89           |
|               | +1.5%             | 96           | +1.5%             | 133          |
| Bank loans    |                   | <u>269</u>   |                   | <u>330</u>   |
|               | -0.5%             | (1)          | -0.5%             | (2)          |
|               | -1.0%             | (3)          | -1.0%             | (3)          |
|               | -1.5%             | (4)          | -1.5%             | (5)          |
|               | +0.5%             | 1            | +0.5%             | 2            |
|               | +1.0%             | 3            | +1.0%             | 3            |
|               | +1.5%             | 4            | +1.5%             | 5            |

## 23 Derivative financial instruments

|                                     | 31 December<br>2014<br>Group<br>£000 | 31 December<br>2013<br>Group<br>£000 |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Included in non-current liabilities | <u>203</u>                           | <u>195</u>                           |

The derivative financial instruments comprise interest-rate swap contracts. The contracts have a target fixed rate of 5.39% which is compared to the 'base rate' of the provider of the instrument as at each reporting period. The principal contracted amounts outstanding were:

|                         | 31 December<br>2014<br>Group<br>£000 | 31 December<br>2013<br>Group<br>£000 |
|-------------------------|--------------------------------------|--------------------------------------|
| Notional contract value | <u>1,076</u>                         | <u>1,169</u>                         |

## 23 Derivative financial instruments continued

The contracts are for a 15-year period commencing 13 March 2008 and ending on 13 March 2023. Initially the contracts were entered into to protect mortgage payments against a property. The property was subsequently sold. The fair value of the derivatives is a level 2 valuation based on valuations received from the Company's bankers.

The following table demonstrates the estimated sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit or loss before tax through the impact on the swap liability:

|                    | Change in<br>rate | 2014<br>£000 | Change<br>in rate | 2013<br>£000 |
|--------------------|-------------------|--------------|-------------------|--------------|
| Interest rate swap |                   | <u>1,076</u> |                   | <u>1,169</u> |
|                    | -0.5%             | (5)          | -0.5%             | (6)          |
|                    | +0.5%             | 5            | +0.5%             | 6            |
|                    | +1.0%             | 11           | +1.0%             | 12           |
|                    | +1.5%             | 16           | +1.5%             | 18           |

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| <b>24 Deferred tax</b>                                 | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
|--------------------------------------------------------|------------------------------------------------|------------------------------------------------|
| Included in non-current liabilities                    | <b>354</b>                                     | <b>172</b>                                     |
| <i>Deferred tax gross movements</i>                    | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
| Opening balance                                        | <b>172</b>                                     | <b>249</b>                                     |
| Charge/(credit) to income statement                    | <b>182</b>                                     | <b>(77)</b>                                    |
| Closing balance                                        | <b>354</b>                                     | <b>172</b>                                     |
| <i>The deferred tax liability comprises:</i>           | <b>31 December<br/>2014<br/>Group<br/>£000</b> | <b>31 December<br/>2013<br/>Group<br/>£000</b> |
| Temporary differences on property, plant and equipment | <b>366</b>                                     | <b>295</b>                                     |
| Held-over gain                                         | <b>233</b>                                     | <b>268</b>                                     |
| Available losses                                       | <b>(204)</b>                                   | <b>(356)</b>                                   |
| Other temporary and deductible differences             | <b>(41)</b>                                    | <b>(35)</b>                                    |
| Closing balance                                        | <b>354</b>                                     | <b>172</b>                                     |

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates substantively enacted for future periods of 20%. The deferred tax has arisen due to the timing difference on property, plant and equipment, the deferral of capital gains tax arising from the sale of a property and other temporary and deductible differences. The Group has unutilised tax allowances of £204,000 at expected tax rates in future periods.



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| <b>25 Share capital</b>              | <b>31 December<br/>2014<br/>Group and<br/>Company<br/>£000</b>   | <b>31 December<br/>2013<br/>Group and<br/>Company<br/>£000</b>   |
|--------------------------------------|------------------------------------------------------------------|------------------------------------------------------------------|
| <i>Ordinary shares of £0.10 each</i> |                                                                  |                                                                  |
| At the beginning of the year         | <b>3,629</b>                                                     | 2,786                                                            |
| Issued in the year                   | -                                                                | 843                                                              |
| At the end of the year               | <b>3,629</b>                                                     | <b>3,629</b>                                                     |
| <b>Number of shares</b>              | <b>31 December<br/>2014<br/>Group and<br/>Company<br/>Number</b> | <b>31 December<br/>2013<br/>Group and<br/>Company<br/>Number</b> |
| Ordinary shares of £0.10 each        |                                                                  |                                                                  |
| At the beginning of the year         | <b>36,291,024</b>                                                | 27,857,290                                                       |
| Issued in the year                   | -                                                                | 8,433,734                                                        |
| At the end of the year               | <b>36,291,024</b>                                                | <b>36,291,024</b>                                                |

On 29 October 2013 a new holding company, Everyman Media Group plc (EMG plc), was formed for the Group. This was put into effect through a share-for-share exchange of one ordinary share of 10 pence in EMG plc for one ordinary share of 10 pence in Everyman Media Holdings Limited (EMHL), the previous holding company for the Group. The value of one share in EMG plc was equivalent to the value of one share in EMHL.

The introduction of the new holding company constituted a Group reconstruction and was accounted for using merger accounting principles. Therefore the consolidated financial statements EMG plc are presented as if EMG plc has always been the holding company for the Group and the share capital issued on this date treated as if issued in the earliest year presented.

Accordingly, the comparative results of the Group for the entire year ended 31 December 2013 and the results for earlier years were also prepared on this basis.

All shares shown above are authorised, issued and fully paid up. Ordinary shares carry the right to one vote per share at general meetings of the Company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

Share-issue costs of £nil (2013: £383,000) have been deducted from the share premium in the year. A further £nil (2013: £282,000) has been expensed (note 11).

## 26 Share-based payment arrangements

Everyman Media Group plc operates an equity-settled share based remuneration scheme for employees. The scheme combines a long term incentive scheme and an unapproved scheme for certain senior management and executive Directors. The scheme was put in place on 29 October 2013. In 2013 the previous scheme was accelerated, these options treated as fully vested and related shares issued. A subsidiary of the Company has also issued 'A' ordinary shares to certain Directors which contain terms equating to an share option over the company conditional upon future performance. During the year the Company acquired 535,718 'A' ordinary shares in Everyman Media Holdings Limited, a subsidiary of the Company, from A Myers, who was a director of the Company until 1 December 2014, following his resignation as a director (see note 18 and note 30). A Myers holds share options over 80,000 ordinary shares (2013: 300,000 options over ordinary shares).

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) as determined through use of the Black-Scholes technique, at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group and Company's estimate of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions.

The inputs into the Black-Scholes and Monte-Carlo models for the share option plans for the share options issued in the year are as follows:

Option Scheme conditions for options issued in the year ended 31 December 2014:

|                                                    | Performance<br>criteria based<br>upon the<br>Company's<br>share price | Other options<br>with no<br>performance<br>criteria |
|----------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------|
| Weighted average share price at grant date (pence) | 83                                                                    | 83                                                  |
| Weighted average option exercise prices (pence)    | 83                                                                    | 85                                                  |
| Expected volatility                                | 14%                                                                   | 14%                                                 |
| Expected option life                               | 5 years                                                               | 5 years                                             |
| Risk-free interest rate                            | 1.4%                                                                  | 1.4%                                                |
| Expected dividend yield                            | 0.0%                                                                  | 0.0%                                                |
| Fair-value of options granted in the year (pence)  | 14                                                                    | 15                                                  |

Option Scheme conditions for options issued in the year ended 31 December 2013:

|                                                    | Performance<br>criteria based<br>upon the<br>Company's<br>share price | Other<br>options with<br>no<br>performance<br>criteria |
|----------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------|
| Weighted average share price at grant date (pence) | 83                                                                    | 83                                                     |
| Weighted average option exercise prices (pence)    | 83                                                                    | 83                                                     |
| Expected volatility                                | 40%                                                                   | 40%                                                    |
| Expected option life                               | 5 years                                                               | 5 years                                                |
| Risk-free interest rate                            | 1.4%                                                                  | 1.4%                                                   |
| Expected dividend yield                            | 0.0%                                                                  | 0.0%                                                   |
| Fair-value of options granted in the year (pence)  | 25                                                                    | 31                                                     |

26 Share-based payment arrangements continued

|                                                  | Weighted<br>average<br>Exercise<br>price per<br>share<br>Pence<br>2014 | Weighted<br>average<br>Exercise<br>price per<br>share<br>Pence<br>2013 | 31 December<br>2014<br>Group<br>Number | 31 December<br>2013<br>Group<br>Number |
|--------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Number of options at the beginning of the period | 83.0                                                                   | -                                                                      | 3,296,441                              | -                                      |
| Number of options issued in the year             | 84.6                                                                   | 83.0                                                                   | 739,365                                | 3,296,441                              |
| Number of options forfeited in the year          | 83.0                                                                   | -                                                                      | (845,718)                              | -                                      |
| Number of options at the end of the year         | 83.2                                                                   | 83.0                                                                   | 3,190,088                              | 3,296,441                              |

*Share-based payments charged to profit and loss*

|                                                                         | 31 December<br>2014<br>Group<br>£000 | 31 December<br>2013<br>Group<br>£000 |
|-------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| <b>Administration costs:</b>                                            |                                      |                                      |
| Administrative costs (current arrangements)                             | 50                                   | 25                                   |
| Share based payment expense (subsidiary undertaking)                    | -                                    | 501                                  |
| Exceptional item (acceleration of previous EMHL option scheme, note 11) | -                                    | 250                                  |
| Total expense                                                           | 50                                   | 776                                  |

The charge in the Company for the year was £21,000 (2013: period 10 September 2013 to 31 December 2013 was £3,000) after recharging subsidiary undertakings with a charge of £29,000 (2013: £522,000). The relevant charges are included within administrative costs.

There are 239,333 options exercisable at 31 December 2014 in respect of the current arrangements (31 December 2013: nil).

None of the above options were exercised in the period.

Volatility for the options issued in 2014 and 2013 was determined by reference to movements in the share prices of listed comparable companies over five years prior to the grant date. The weighted average exercise price of the options and the 'option element' inherent in the 'A' shares is £0.83. The market value conditions, where applicable, have been incorporated into the fair-value calculation using a probability estimate of the potential achievement of the market values for the minimum periods and timescales required.

## 27 Obligations under operating leases

|                               | 31 December<br>2014<br>Group<br>£000 | 31 December<br>2013<br>Group<br>£000 |
|-------------------------------|--------------------------------------|--------------------------------------|
| <b>Land and buildings</b>     |                                      |                                      |
| Less than one year            | 992                                  | 881                                  |
| Between one and two years     | 1,257                                | 881                                  |
| Between three and five years  | 3,643                                | 3,726                                |
| Over five years               | 19,613                               | 13,568                               |
|                               | <b>25,505</b>                        | <b>19,056</b>                        |
| <b>Plant and equipment</b>    |                                      |                                      |
| Less than one year            | 73                                   | 74                                   |
| Between one and two years     | 34                                   | 73                                   |
| Between three and five years  | -                                    | 34                                   |
| Over five years               | -                                    | -                                    |
|                               | <b>107</b>                           | <b>181</b>                           |
| <b>Total operating leases</b> |                                      |                                      |
| Less than one year            | 1,065                                | 955                                  |
| Between one and two years     | 1,291                                | 954                                  |
| Between three and five years  | 3,643                                | 3,760                                |
| Over five years               | 19,613                               | 13,568                               |
|                               | <b>25,612</b>                        | <b>19,237</b>                        |

Two new operating leases were entered into in December 2014 where rentals payable will commence on completion of fit-outs commencing in 2015. Each lease is for a period of 25 years, one of which is will be for £115,000 per annum and one at £235,000 per annum. The total additional commitment will be £8,750,000 in addition to the commitments shown in the above table.

One of these leases (annual rental £235,000, total commitment £5,875,000), is a contractual commitment of the Company. The Company did not have any obligations under operating leases at 31 December 2013.

## 28 Commitments

There were no outstanding capital commitments at 31 December 2014 (31 December 2013: £nil).

## 29 Events after the balance sheet date

The Group has no material post-balance sheet events.

### **30 Related-party transactions**

In the year to 31 December 2014 the Group engaged services from entities related to the Directors and key management personnel of £62,774 (2013: £85,574) comprising consultancy services £4,138 (2013: £43,773) and office rental of £56,892 (2013: £44,801). There were no other related-party transactions. The principal trading of the Group is performed through one company. There are no key management personnel other than the Directors. See also note 10.

Three directors, A Myers, A Kaye and P Wise, were issued with 'A' ordinary shares in Everyman Media Holdings Limited (EMHL) (see note 26) as part of the Company's employee incentive plan. A Kaye and P Wise are each committed to pay for uncalled share capital amounting to £73,706 (2013: £73,706) in respect of the 'A' ordinary shares. An amount is included within 'other benefits' attributable to directors in note 10 for notional interest calculated at a rate of 4% per annum on the amounts of uncalled share capital due to EMHL due in respect of these shares. The amounts are attributable to A Myers £2,000, A Kaye £3,000 and P Wise £3,000.

On 1 December 2014 the 'A' ordinary shares in Everyman Media Holdings Limited issued to A Myers were acquired by the Company's parent undertaking for £57,000. An amount of £24,000 in respect of the uncalled capital was released by the company and is also disclosed as part of other benefits attributable to directors in note 10.

The Company charged an amount of £29,000 to Everyman Media Limited, in respect of the share option charge incurred by the Company (note 26). The Company was charged an amount of £18,101 by Everyman Media Limited in respect of expenses incurred on behalf of the Company.

### **31 Control**

The company has a diverse shareholding and is not under the control of any one person or entity.

**Explanatory Notes to the Notice of Annual General Meeting**

This year, eleven Resolutions are proposed at the Annual General Meeting and the purpose of each of the Resolutions is as follows:

**Ordinary Business**

**Resolution 1: The Accounts and Reports**

The directors will present their report and the audited financial statements to 31 December 2014, together with the auditors' report therein.

**Resolutions 2 to 7: Re-election of retiring directors**

The Articles of Association of the Company stipulate that any director shall only hold office until the conclusion of the next annual general meeting following the date of his appointment. Furthermore the articles require that one third of the directors retire at each Annual General Meeting. Corporate Governance guidance recommends that each of the directors retire and offer themselves for re-appointment. Biographical details relating to each of the directors can be found on the Group's website: <http://investors.everymancinema.com>.

**Resolution 8: Appointment of Auditors**

The Company is required to appoint auditors at each Annual General Meeting at which accounts are laid before shareholders, to hold office until the next such meeting. This Resolution proposes BDO be re-appointed as auditors for the current year.

**Resolution 9: Auditors' remuneration**

This Resolution authorises the directors to fix the auditor's remuneration.

**Special Business**

**Resolution 10: Directors' power to allot securities**

Section 549 of the Companies Act 2006 stipulates that directors cannot allot shares or rights to subscribe for shares in the Company (other than the shares allotted in accordance with an employee share scheme) unless they are authorised to do so by the shareholders in General Meeting. The directors' general authority to allot shares was granted on 24 April 2014 and is due to expire at the conclusion of the 2015 Annual General Meeting. Resolution 10 seeks a new general authority from shareholders (to the exclusion of the previous general authority granted) for the directors to allot Ordinary Shares up to an aggregate nominal value of £362,910.24, representing 10 per cent of the nominal value of the issued ordinary share capital of the Company as at the date of this notice. The directors consider it desirable that the specified amount of Ordinary Shares be available for issue so that they can more readily take advantage of possible opportunities. Unless renewed, revoked, varied or extended, this authority will expire on the earlier of fifteen months from the date of passing of the Resolution or the conclusion of the Annual General Meeting of the Company to be held in 2016 or, if earlier, the date which is fifteen months after the passing of the resolution.

**Explanatory Notes to the Notice of Annual General Meeting continued**

**Resolution 11: Disapplication of pre-emption rights**

If the directors wish to allot any shares for cash, the Companies Act 2006 requires that such shares must be offered first to shareholders in proportion to their existing holdings. These are the pre-emption rights of shareholders. In certain circumstances, it may be in the interests of the Company for the directors to be able to allot shares for cash without having to offer them first to existing shareholders.

In line with common practice, Resolution 11 therefore seeks approval to empower the directors to allot shares for cash other than in accordance with the statutory pre-emption rights, in connection with a rights issue and other pre-emptive offers and otherwise up to a maximum nominal amount of £362,910.24, representing approximately 10 per cent of the nominal value of the issued ordinary share capital of the Company. Unless renewed, revoked, varied or extended, this authority will expire on the earlier of fifteen months from the date of passing of the Resolution or the conclusion of the Annual General Meeting of the Company to be held in 2016 or, if earlier, the date which is fifteen months after the passing of the resolution.

**Recommendation**

The directors believe that the proposals in Resolutions 1 to 11 are in the best interests of the Group and its shareholders as a whole. Accordingly, the directors recommend that shareholders vote in favour of each Resolution as they intend to do in respect of their own beneficial shareholdings.

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**Notice of Annual General Meeting**

Notice is hereby given that the Annual General Meeting of the Everyman Media Group plc will be held at Everyman Cinema Hampstead, 5 Holly Bush Vale, London NW3 6TX on Thursday, 30 April 2015 at 10.30 am for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 10 will be proposed as Ordinary Resolutions and resolution 11 will be proposed as a Special Resolution:

**Ordinary Business**

**Ordinary Resolutions**

- 1 To receive the accounts and the reports of the directors and the auditors thereon for the period ended 31 December 2014.
- 2 To elect Mr Paul Louis Wise as a Director.
- 3 To elect Mr Crispin Lilly as a Director.
- 4 To elect Mr Adam Kaye as a Director.
- 5 To elect Mr Charles Samuel Dorfman as a Director.
- 6 To elect Mr Philip Ronald Jacobson as a Director.
- 7 To elect Mr Michael Henry Rosehill as a Director.
- 8 To reappoint BDO LLP as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company.
- 9 To authorise the Directors to determine the auditors' remuneration.

**Special Business**

To consider and if thought fit pass Resolution 10 as an Ordinary resolution and Resolution 11 as a Special resolution.

**As an Ordinary resolution:**

10 That the Directors of the Company be and they are hereby generally and unconditionally authorised in accordance with Section 551 of the Companies Act 2006 ('the Act'), to exercise all the powers of the Company to allot and issue shares in the Capital of the Company and to grant rights to subscribe for or to convert any security into shares in the Company [relevant securities (as defined in Section 551 of the Act) of the Company] up to an aggregate nominal amount of £362,910.24 (being a sum equal to 10% of the issued share capital at the date of the Notice of Meeting) provided that, the authority conferred by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company (unless renewed, varied or revoked by the Company in a general meeting) but so that this authority shall allow the Company to make before the expiry of this authority offers or agreements which would or might require shares to be allotted or rights to be granted after such expiry.



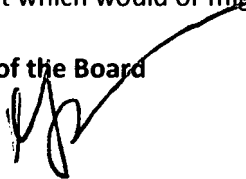
**Notice of Annual General Meeting continued**

**Special Business continued**

**As a Special resolution:**

11 That the Directors of the Company be and they are hereby empowered pursuant to Section 570 and 573 of the Act, to allot or make offers to or agreements to allot equity securities (which expression shall have the meaning ascribed to it in Section 560(1) of the Act) for cash pursuant to the authority given pursuant to the above resolution up to an aggregate nominal amount of £362,910.24 (representing 10% of the issued share capital) as if Section 561(1) of the Act did not apply to such allotment, provided that the power provided by this resolution shall expire on the conclusion of the next Annual General Meeting of the Company after the passing of this resolution [or, if earlier, the date which is fifteen months after the passing of this resolution] but so that the Company may, before such expiry, make any offer or agreement which would or might require shares to be allotted or rights granted after such expiry.

**By Order of the Board**



**Philip Jacobson**  
**Company Secretary**

**Registered Office:**

**Studio 4**  
**2 Downshire Hill**  
**London NW3 1NR**

**27 March 2015**

**Notes**

1. A Member entitled to attend, speak and vote may appoint a proxy or proxies to attend, speak and vote instead of him or her. A proxy need not be a member of the company. A form of proxy is enclosed which, if used, must be lodged at the Company's Registrars, Computershare Investor Service plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than forty-eight hours before the meeting. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. To appoint more than one proxy you may photocopy this form. You may appoint a person other than the Chairman as your proxy. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
2. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that to be entitled to attend and vote at the Meeting (and for the purpose of the determination by the Company of the number of votes they may cast), members must be entered on the Company's Register of Members at 6.00pm on the day occurring two working days before the date of the meeting. If the Meeting is adjourned then, to be so entitled, Members must be entered on the Company's Register of Members at 6.00pm on the day occurring two working days before the date of the adjourned Meeting or, if the Company gives notice of the adjourned Meeting, at the time specified in that notice. Changes to entries on that register after that time (or, in the event that the meeting is adjourned, on the register of members later than 6.00pm on the day occurring two working days before the date of any adjourned meeting) shall be disregarded in determining the rights of any member to attend and vote at the meeting referred to above.
3. Forms of proxy and the power of attorney or other authority, if any, under which they are signed or notarially certified copy of that power of attorney or authority, should be sent to the address noted on the form of proxy so as to arrive not less than 48 hours before the time fixed for the meeting. The return of a completed proxy form or other instrument of proxy will not prevent you attending the meeting and voting in person if you wish to do so. A member present in person or by proxy shall have one vote on a show of hands and on a poll every member present in person or by proxy shall have one vote for every Ordinary share of which they are a holder. As a member, you have the right to put questions at the meeting relating to the business being dealt with at the meeting.
4. As at 27 March 2015 the Company's issued share capital was 36,291,024 Ordinary shares of 10 pence and the total voting rights were 36,291,024. For reporting purposes under FSA's Disclosure and Transparency Rules the market should exclude any shares held in Treasury and should use the figure of 36,291,024 when determining the total voting rights.
5. The vote 'Withheld' is provided to enable you to abstain on any particular resolution. However, it should be noted that a 'Withheld' vote is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.
6. The completion and return of a proxy will not preclude a member from attending the meeting and voting in person.

**Notes continued**

7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Company's agent, Computershare Investor Services plc (whose CREST ID is 3RA50) by the specified latest time(s) for receipt of proxy appointments. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(A) of the Uncertificated Securities Regulations 2001.

8. Any person holding 3% of the total voting rights in the Company who appoints a person other than the Chairman as his proxy will need to ensure that both he and such third party complies with their respective disclosure obligations under the Disclosure and Transparency Rules.

9. Under Section 527 of the Act, shareholders meeting the threshold requirement set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's Accounts (including the auditors' report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstances connected with an auditor of the Company ceasing to hold office since the previous AGM at which the annual accounts and reports were laid in accordance with Section 437 of the Act. The Company may not require the shareholders requesting any such website publication to cover any costs incurred in complying with Section 527 or 528 and is required to forward any statement placed on a website to the Company's auditors not later than the time when it makes the statement on the website. The business which may be dealt with at the meeting includes any statements that the Company has been required under Section 527 of the Act to publish on a website.

10. Under section 319A of the Act, the Company must answer any question relating to the business being dealt with at the meeting put by a member attending the meeting unless:

- a. answering the question would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;
- b. the answer has already been given on a website in the form of an answer to a question; or
- c. it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

11. Shareholders are advised that, unless otherwise stated, any telephone number, website or email address which may be set out in this notice of Annual General Meeting or in any related documents (including the proxy form) is not to be used for the purposes of serving information or documents on, or otherwise communicating with, the Company for any purposes other than those expressly stated.

**Notes continued**

12. Except as provided above, members who have general queries about the meeting should contract the Company's Registrars Computershare by using the following means of communication: Tel. 0870 707 1577 (lines are open from 8.30am to 5.30pm Monday to Friday). Calls cost 10 pence per minute plus network charges, or visit their online Investor Centre at [www.investorcentre.co.uk](http://www.investorcentre.co.uk). For overseas shareholders please call: +44 (0)870 707 1577.

13. If you have disposed of your holding in the Company the report should be passed on to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

14. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

15. A copy of the Notices of Meeting and other information required by section 311A of the Companies Act 2006 can be found at [www.everymancinema.com/investors](http://www.everymancinema.com/investors).