

Everyman Media Group plc
Annual Report and Financial Statements
31 December 2015



Everyman Media Group plc
Annual report and financial statements 2015

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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
Jonathan Peters FCA	Finance Director
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
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 2015.

2015 marked an important year for the business with new site openings, the strengthening of our new site pipeline and an equity raise to fund the acquisition of four Odeon sites. At the same time, the 2014 committed investment in central overheads was realised. The Board believes this increased central resource (including the appointment of our new CEO, FD and other key roles) will ensure the successful delivery of growth for the business in the coming years.

The Group now operates 16 cinemas, up from 10 cinemas at the beginning of the year. The financial results include the full cost, but limited contribution, from our new sites in Birmingham and Canary Wharf, which were opened in the first half of the financial year. Further, the acquisition of the four Odeon sites had a limited impact on the second half of the financial year.

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 16 venues and 39 screens operating under the 'Everyman' brand as of March 2016.

The Everyman brand focuses on delivering high quality, whether it be service, environment, food, drink or film. This overall experience is central to our business model and our continued ambition to grow a strong leisure brand. The Board continues to believe 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 2015 in average ticket price (£10.60 vs. £10.44) and retail spend per customer (£5.35 vs. £5.10) 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.

Results

Revenue for the year was up 44% on last year to £20,316,000 (2014: £14,096,000).

The Group's underlying operating profit before pre-opening expenses, exceptional items and share-based payments was £318,000 (2014: £557,000). The Group incurred a loss for the year of £556,000 (2014: profit of £195,000). The primary difference between underlying operating profit and reported loss relates to pre-opening costs of £775,000, which have been expensed within administrative expenses.

The Board does not recommend the payment of a dividend at this stage of the Group's development.

Openings

The Group has opened new sites at the Mailbox in Birmingham (February 2015), and in Canary Wharf in London (May 2015).

The Group completed an acquisition of four sites from Odeon during the year. The sites in Gerrards Cross and Esher were completely refurbished and relaunched as fully operating Everyman venues in the second half of the year. The sites in Muswell Hill and Barnet were partially refurbished in 2015, with these investments expected to be completed in 2016. The total consideration for the four Odeon venues was £7.1 million, with an additional £4.0 million having been invested in their refurbishment.

The Group conditionally exchanged contracts on four further sites at Chelmsford, Stratford-upon-Avon, Cirencester and Kings Cross in 2015. These sites are on top of contracts exchanged more than one year ago, namely Bristol and Harrogate, both of which are now unconditional. The Group is also in various stages of negotiation on a number of other opportunities.

The Group also invested in refurbishing two of its older cinemas during 2015, in Reigate and Winchester, following the success of a similar project in Walton-On-Thames in 2012.

The Group continues to invest in marketing activity that supports and credibly grows our brand. Our temporary “pop-up” venue at Selfridges, London, continued trading through the first quarter of 2015 and delivered tremendous awareness and positive feedback. In the summer we launched the first Annual Everyman Music Film Festival and we delivered launch event packages around key titles such as ‘Fifty Shades of Grey’ and ‘Spectre’.

Staff

Over the course of the year, our employee numbers have increased significantly with our expansion from 274 to 490. Our employees’ hard work and passion remains an integral part of our offer and subsequent success. Once again, I thank them all for their continued dedication and support.

Cash flows

Cash inflows from operating activities were £2,959,000 (2014: £2,187,000). Net cash outflow for the year before financing was £16,169,000 (2014: £2,389,000). This is largely represented by capital expenditure on the expansion of the business through the acquisition and refurbishment of the above sites.

Cash held at the end of the year was £9,173,000 (2014: £6,363,000). The cash held will be invested in the continuing development and expansion of the Group’s business in 2016.

Pre-opening costs

Pre-opening costs, which have been expensed within administrative expenses, were £775,000 (2014: £205,000). 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.

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Board Changes

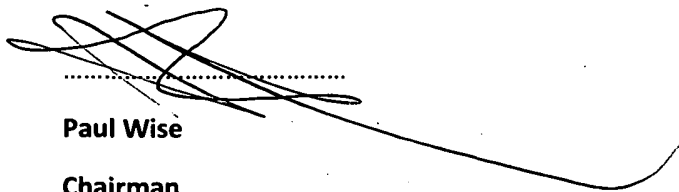
On 30 March 2015 the Group appointed Jonathan Peters as Group Finance Director.

Current Trading

Since the year end, trading has been in line with expectations and the film release schedule for 2016 is encouraging.

Future of the Company

We continue to challenge ourselves internally to develop, improve and build upon the existing strengths of our underlying business, as well as delivering our expansion plans. It is an exciting time and we believe we will continue to deliver good returns to our Shareholders.

A handwritten signature in black ink, appearing to read 'Paul Wise', is written over a horizontal dotted line. The signature is stylized with loops and a long horizontal stroke extending to the right.

Paul Wise

Chairman

4 April 2016

Strategic Report

The Directors present their strategic report for the Group for the year ended 31 December 2015.

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 loss after taxation of £556,000 (2014: profit of £195,000).

Further details are shown in the Chairman's statement and Consolidated statement of comprehensive income on page 20, together with the related notes to the financial statements.

Development of the Group's business

In 2015 the UK & Irish cinema market generated £1.32 billion (2014: £1.14billion) of gross box office receipts (Source: Rentrak EDI), an increase of 15.1%. The box office contribution from the independent, non-multiplex chains (including the Group's venues) showed a similar increase (14.6%) sustaining its market share in 2015 (20.7%), a particularly impressive achievement in a period dominated by large blockbuster releases. Everyman's contribution increased from 0.84% in 2014 to 1.12% in 2015.

This market share growth reflects revenue contribution from new sites that opened during the period, the improved performance from some continuing locations but also takes into account the negative impact of our Reigate and Winchester sites being closed for six weeks each for refurbishment.

The Board is pleased with the increased performance of the two refurbished sites. This investment in refurbishment, as well as new cinemas, reflects the Board's continued confidence in the full Everyman concept and its ability to drive a better customer experience resulting in higher ticket prices and retail spends, whilst also growing audiences. The Everyman brand continues in its position as a premium UK leisure brand, and we consider that it consequently is attracting increased interest from developers looking for a cinema/leisure operator that appeals to a more discerning customer within a more intimate environment. The Directors believe that the cinema market sector continues to be strong (alongside restaurants, gyms and other leisure offers) 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, and are confident that a large proportion of admissions generated by Everyman are incremental to the overall market.

The number of films receiving a theatrical release in the UK and Ireland continues to grow with 2015 setting a new record at 849, this includes an ever increasing volume of Event Cinema content such as theatre, opera and music productions. The box office was disproportionately dominated by blockbusters reflected in the contribution from the top ten titles being a significant 38% up from 26% in 2014. The sheer scale of this dominance is reflected in the fact that the top three films in 2015 are all now in the top 10 films of all time: Star Wars The Force Awakens (1/£124m), Spectre (2/£94m) and Jurassic World (9/£64m).

Strategic report continued

Development of the Group's business continued

This is not a pattern we expect to see repeated in 2016 but this will actually give more breathing space to the smaller, often more interesting titles that play well to our audiences, and which were notably squeezed in terms of potential by the blockbusters in 2015.

Based on market information available to the Directors, the Group's portfolio of 16 permanent sites (39 screens) in the United Kingdom at the end of 2015 represented approximately 0.99% of the total number of screens in the United Kingdom and Ireland (2014: 10 sites (19 screens), 0.48% of screens). In 2015, the Group delivered 0.70% of all admissions (2014: 0.51%) (Source: CAA) and 1.12% of all gross box office revenue (2014: 0.84%) in the United Kingdom and Ireland (Source: Rentrak EDI).

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	-
Esher, Surrey	4	335	-
Gerrards Cross, Buckinghamshire	2	202	-
Leeds – Trinity	4	611	1
London – Baker Street	2	162	-
London – Barnet	5	421	-
London – Belsize Park	1	129	-
London – Canary Wharf	3	266	-
London – Hampstead	2	209	1
London – Islington	1	125	-
London – Maida Vale	2	148	-
London – Muswell Hill	3	539	-
Oxted, Surrey	1	373	-
Reigate, Surrey	2	170	-
Walton-On-Thames, Surrey	2	158	-
Winchester, Hampshire	2	236	-
Total	39	4,412	2

In May 2015 the Company raised £19.3 million after expenses from the placing of new ordinary shares to provide additional funding for the Group's expansion programme.

In addition the Group has exchanged contracts on new leases for sites in Bristol (opening May 2016), and Harrogate, and had conditionally exchanged contracts on new leases for sites in Chelmsford (opening in the second half of 2016), Stratford-upon Avon, Kings Cross and Cirencester (all due to open by the end of 2017).

Strategic report continued

Development of the Group's business continued

The Everyman Offering

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

The Group seeks to deliver a premium 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.

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.

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.

Strategic report continued

Development of the Group's business continued

Key Performance Indicators (KPIs)

Revenue for the year was up 44% on last year to £20,316,000 (2014: £14,096,000). The growth in revenue in the current year reflects the effect of an increase in the number of sites and 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:

	31 December 2015 Group	31 December 2014 Group
Admissions	1,212,070	808,316
Box-office-spend per head	£10.60	£10.44
Food & Beverage spend per head	£5.35	£5.10
Total spend per head	£15.95	£15.54

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 venues. These are the key financial and management statistics employed by management.

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 2015 (source: Rentrak). The Board does not believe the Group competes with the multiplex offer on price, customer proposition or new site locations.

The remainder of the market consists of smaller circuits and independent cinema operators, with Picturehouse and Curzon being the largest of these along with Everyman. There is inevitably some similarity in customers between these, those that prefer the quieter local cinema to the multiplex, but each circuit still has a distinctly different strategy, although some overlap in competition for new venues is inevitable.

The Everyman strategy is to focus on the overall experience as opposed to relying exclusively on film content. We aim to make customers fall in love with our venues and actively seek the excuse to return. As a result we believe that the Group's customers are more likely to see a more varied range of programming, from quality blockbuster films, to small independent titles as well as live broadcasts of Opera and other events. We believe this strategy is relatively unique and competitively strong, allowing us to still deliver growth in an expanding part of the market.

The cinema industry has seen a number of mergers and acquisitions in recent years and there is always the possibility of more activity of this nature.

Strategic report continued

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 linked to this. As a result, the Group's financial position is largely reliant on the continued popularity and the overall quantity and quality of the films (and other content) which it shows. The Group's strategy, 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 and remains a core risk of costs for the business. This risk is managed through healthy partnership based relations with Distributors of all sizes as well as careful week to week negotiation on specific titles.

The proliferation of alternative media channels, including streaming, has introduced new competitive forces for the film-going audience. To date this has proven to be a more virtuous relationship both increasing the investment in film production and further fuelling an overall interest in film with customers of all ages. It remains an ever-present caution, however, that we must continue to deliver an exceptional experience in order to deliver real added value for our customers who choose to see a film at our venues.

Film piracy (aided by technological advances) continues to be a real threat to the cinema industry generally, although for Everyman specifically, as with the previous point, this can be mitigated through our focus on the overall experience.

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 staying close to changes in the release schedule and through the development and promotion of special events at certain times of the year.

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 sporting or other 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.

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.

Strategic report continued

Principal risks and uncertainties continued

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 alternative energy suppliers and rental costs when open market rent reviews are due on each property.

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.

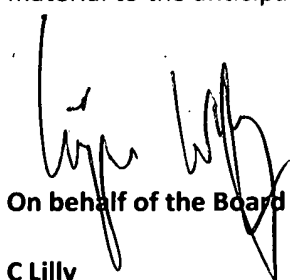
The Group is reliant on certain key contracts and arrangements with partners and suppliers. The loss of some of these arrangements may cause temporary disruption to the operations and financial performance of the Group. The Board mitigates this risk by maintaining relationships with a number of alternative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

The strong positive reputation of the Everyman brand is a key benefit, helping 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. The interest rate derivative has been repaid since 31 December 2015. No other similar derivative instruments have been contracted and it is not the Group's policy to do so.

The Group 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

4 April 2016

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2015.

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 20 and the related notes. As mentioned in the Chairman's Statement the Directors do not recommend the payment of a dividend (2014: £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 5. 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 5 and in note 4.

Capital structure

23,529,412 new shares were issued in the year (2014: nil). The number of ordinary shares in issue at 31 December 2015 is 59,820,436 (2014: 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 and contractors which amounted to 4,853,329 ordinary shares (2014: 3,190,088 ordinary shares) which if exercised would comprise 8% (2014: 9%) of the current issued share capital of the Company. See also Directors' interests below and note 10. Of these 1,392,864 (2014: 1,392,864) are represented by 'A' ordinary shares issued by Everyman Media Holdings Limited 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.

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Directors' report continued

Substantial shareholdings

As at 24 March 2016, the latest practicable date before the publishing of this document, 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).

	Number of Ordinary shares 2015	Percentage of issued share capital 2015	Number of Ordinary shares 2014	Percentage of issued share capital 2014
At 31 December				
Blue Coast Private Equity L.P.	11,435,693	19.12	7,135,634	19.66
Schroders plc	7,410,352	12.39	-	-
Hargreaves Hale	4,962,853	8.30	-	-
Sam Kaye	3,844,876	6.43	2,197,817	6.06
Philip Kaye	2,117,648	3.54	-	-
Livingbridge VC LLP	2,096,200	3.50	-	-
Jonathan Kaye	1,978,436	3.31	1,154,907	3.18

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	
Jonathan Steven Peters FCA	Finance Director	Appointed 30 March 2015
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/>

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Directors' report continued

Directors' interests in the Company

Director	Number of Ordinary shares 2015	Percentage of issued share capital 2015	Number of Ordinary shares 2014	Percentage of issued share capital 2014
Paul Wise	3,060,134	5.12	2,589,634	7.14
Crispin Lilly	-	-	-	-
Jonathan Peters (appointed 30 March 2015)	-	-	-	-
Adam Kaye	4,684,809	7.83	3,037,750	8.37
Charles Dorfman*	4,847,360	8.10	4,847,360	13.36
Philip Jacobson	36,000	0.06	30,120	0.08
Michael Rosehill	188,410	0.31	153,116	0.42

* Of the 4,847,360 ordinary shares Mr Dorfman is interested in, 3,213,876 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.

As at the date of this document, the following options over ordinary shares were held by the Directors.

Director	Number of share options	Number of 'A' shares issued by EMHL (<i>'Performance shares'</i>)
Paul Wise	499,977	696,432
Crispin Lilly	897,307	-
Jonathan Peters	598,204	-
Adam Kaye	499,977	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.

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Directors' report continued

Directors' remuneration for the year to 31 December 2015

Director	Salary/fees £000	Pension contributions £000	Interest benefit £000	Bonus £000	Total £000
Paul Wise	100	-	3	-	103
Crispin Lilly	164	16	-	74	254
Jonathan Peters	68	3	-	27	98
Adam Kaye	30	-	3	-	33
Charles Dorfman	-	-	-	-	-
Philip Jacobson	30	-	-	-	30
Michael Rosehill	-	-	-	-	-
	392	19	6	101	518

Directors' remuneration for the year to 31 December 2014

Director	Salary/fees £000	Pension contribution £000	Interest benefit £000	Release of amounts due to subsidiary £000	Total £000
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	-	-	-	-	-
	298	1	8	24	331

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.

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.

Directors' report continued

Employees

Employee involvement

Everyman Media Group plc places considerable emphasis on maintaining good relations with all its employees. The Group places a large importance on managers at each venue being well-trained and capable of recruiting, training and developing a strong team and we equip them with the necessary tools in order to provide a positive working atmosphere. The Group regularly communicates important updates with employees and seeks engagement and consultation whenever making decisions that affects them or their interests. Employees are provided with regular on-the-job training and career development opportunities, and the Group places a significant importance on developing from within.

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 (2014: £nil).

Post-balance sheet events

The group cancelled its interest rate swap held with Royal Bank of Scotland by a full cancellation payment of £176,000 and confirmed a new loan facility with Barclays for the sum of £8 million.

At the date of this report, the group had agreed terms on a Sale and Leaseback agreement for its Harrogate site with Six Guys LLP. Six Guys LLP is a limited liability partnership controlled by Adam Kaye and Paul Wise, both directors of the Company. The sale was for a total consideration of £3.25 million. Immediately upon acquisition, Six Guys LLP will lease the site back to the Company for 25 years at an initial annual rental cost of £234,000.

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.

Directors' report continued

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.

Directors' report continued

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare 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 vary 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 57.

On behalf of the Board

C Lilly
4 April 2016

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 2015 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, 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.

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 2015 and of the Group's loss 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.

BDO LLP

Geraint Jones (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
Date: 4 April 2016

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 2015

Consolidated statement of comprehensive income

		Year ended 31 December 2015 £000	Year ended 31 December 2014 £000
	Note		
Revenue	5	20,316	14,096
Cost of sales		(8,526)	(5,793)
Gross profit		11,790	8,303
Administrative expenses		(12,262)	(8,001)
<i>Exceptional items:</i>			
Acquisition expenses	11	(286)	-
Total administrative expenses		(12,548)	(8,001)
(Loss)/profit from operations		(758)	302
Adjusted profit from operations (before exceptional items, pre-opening expenses, and share-based payment expense)			
		318	557
Exceptional items (as above)		(286)	-
Pre-opening expenses		(775)	(205)
Share based payment expense		(15)	(50)
(Loss)/profit from operations		(758)	302
Financial income	12	74	42
Financial expenses	13	(50)	(78)
(Loss)/profit before taxation	6	(734)	266
Income tax credit/(expense)	14	178	(71)
(Loss)/profit for the year and total comprehensive income attributable to equity holders of the parent company		(556)	195
Basic (loss)/earnings per share – pence	15	(1.08)	0.54
Diluted (loss)/earnings per share – pence	15	(1.08)	0.53

All amounts relate to continuing activities.
There were no other recognised gains and losses in the year.
The notes on pages 27 to 54 form part of these financial statements.

Everyman Media Group plc
Annual report and financial statements 2015

Consolidated statement of financial position

		31 December 2015 £000	31 December 2014 £000
	Note		
Assets			
Non-current assets			
Intangible assets	16	8,073	782
Property, plant and equipment	17	22,344	10,819
		<u>30,417</u>	<u>11,601</u>
Current assets			
Inventories	19	227	91
Trade and other receivables	20	2,825	2,020
Cash and cash equivalents		9,173	6,363
		<u>12,225</u>	<u>8,474</u>
Total assets		<u>42,642</u>	<u>20,075</u>
Current liabilities			
Trade and other payables	21	8,779	6,045
Loans and borrowings	22	-	76
Current corporation tax liabilities		-	52
Total current liabilities		<u>8,779</u>	<u>6,173</u>
Non-current liabilities			
Loans and borrowings	22	-	193
Derivative financial instruments	23	157	203
Provisions for other liabilities	24	1,501	-
Deferred tax	25	296	354
		<u>1,954</u>	<u>750</u>
Total liabilities		<u>10,733</u>	<u>6,923</u>
Net assets		<u>31,909</u>	<u>13,152</u>
Equity attributable to owners of the Company			
Ordinary shares	26	5,982	3,629
Share premium		22,719	5,774
Merger reserve		11,152	11,152
Retained deficit		(7,944)	(7,403)
Total equity		<u>31,909</u>	<u>13,152</u>

The financial statements were approved by the Board of Directors and authorised for issue on 4 April 2016.

C Lilly
Director

The notes on pages 27 to 54 form part of these financial statements.

Everyman Media Group plc
Annual report and financial statements 2015

Consolidated statement of financial position

		31 December 2015 £000	31 December 2014 £000
	Note		
Assets			
Non-current assets			
Intangible assets	16	8,073	782
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Total equity		31,909	13,152

The financial statements were approved by the Board of Directors and authorised for issue on 4 April 2016.

C Lilly

Director

The notes on pages 27 to 54 form part of these financial statements.

Everyman Media Group plc
Annual report and financial statements 2015

Consolidated statement of changes in equity	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 January 2014		3,629	5,774	11,152	(7,648)	12,907
Profit for the year		-	-	-	195	195
Total comprehensive income for the year		-	-	-	195	195
Share-based payments	27	-	-	-	50	50
Total contributions by owners of the parent		-	-	-	50	50
Balance at 31 December 2014		3,629	5,774	11,152	(7,403)	13,152

The notes on pages 27 to 54 form part of these financial statements.

Everyman Media Group plc
Annual report and financial statements 2015

Consolidated statement of changes in equity continued	Note	Share capital £000	Share premium £000	Merger reserve £000	Retained deficit £000	Total equity £000
Balance at 1 January 2015		3,629	5,774	11,152	(7,403)	13,152
Loss for the year		-	-	-	(556)	(556)
Total comprehensive income for the year		-	-	-	(556)	(556)
Shares issued in the period		2,353	17,647	-	-	20,000
Share issue expenses		-	(702)	-	-	(702)
Share-based payments	27	-	-	-	15	15
Total contributions by owners of the parent		2,353	16,945	-	15	19,313
Balance at 31 December 2015		5,982	22,719	11,152	(7,944)	31,909

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 27 to 54 form part of these financial statements.

Everyman Media Group plc
Annual report and financial statements 2015

Consolidated statement of cash flows

	31 December 2015 £000	31 December 2014 £000
Cash flows from operating activities		
(Loss)/profit from operations	(758)	302
Depreciation and amortisation	1,387	813
Share-based payment	15	50
	<u>644</u>	<u>1,165</u>
(Increase)/decrease in inventories	(136)	7
Increase in trade and other receivables	(154)	(535)
Increase in trade and other payables	2,605	1,550
Net cash generated from operating activities	<u>2,959</u>	<u>2,187</u>
Cash flows from investing activities		
Acquisition (note 31)	(7,100)	-
Purchase of property, plant and equipment	(11,452)	(3,644)
Deposit on long-leasehold property	(650)	(975)
Interest received	74	43
Net cash used in investing activities	<u>(19,128)</u>	<u>(4,576)</u>
Cash flows from financing activities		
Proceeds from the issuance of ordinary shares net of commission	19,391	-
Other share issue expenses	(93)	-
Repayment of bank borrowings	(269)	(61)
Interest paid	(50)	(70)
Net cash used in financing activities	<u>18,979</u>	<u>(131)</u>
 Net increase/(decrease) in cash and cash equivalents	 2,810	 (2,520)
Cash and cash equivalents at the beginning of the year	6,363	8,883
Cash and cash equivalents at the end of the year	<u>9,173</u>	<u>6,363</u>

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 27 to 54 form part of these financial statements.

Registered company number:

08684079

Company statement of financial position

		31 December 2015 £000	31 December 2014 £000
Note			
Assets			
Non-current assets			
	Intangible assets	16 654	-
	Property, plant and equipment	17 734	-
	Investments	18 30,337	23,700
		31,725	23,700
Current assets			
	Trade and other receivables	20 25,866	6,567
		57,591	30,267
Total assets			
Current liabilities			
	Trade and other payables	21 6,937	277
Non-current liabilities			
	Provisions for other liabilities	24 1,501	-
	Deferred tax	25 117	-
		1,618	-
	Total liabilities	8,555	277
	Net assets	49,036	29,990
Equity attributable to owners of the Company			
	Ordinary shares	26 5,982	3,629
	Share premium	22,719	5,774
	Merger reserve	20,336	20,336
	Retained earnings	(1) 251	
	Total equity	49,036	29,990

The financial statements were approved by the Board of Directors and authorised for issue on 4 April 2016.

C Lilly
Director

The notes on pages 27 to 54 form part of these financial statements.

Everyman Media Group plc
Annual report and financial statements 2015

**Company statement of
changes in equity**

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

**Company statement of changes
in equity**

	Share capital £000	Share Premium £000	Merger Reserve £000	Retained earnings £000	Total Equity £000
At 1 January 2015	3,629	5,774	20,336	251	29,990
Loss for the period	-	-	-	(267)	(267)
Total comprehensive income for the year	-	-	-	(267)	(267)
Shares issued in the period	2,353	17,647	-	-	20,000
Share issue expenses	-	(702)	-	-	(702)
Share-based payments	-	-	-	15	15
Total contributions by owners of the parent	2,353	16,945	-	15	19,313
Balance at 31 December 2015	5,982	22,719	20,336	(1)	49,036

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 27 to 54 form part of these financial statements.

Everyman Media Group plc
Annual report and financial statements 2015
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 IFRIC 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 as adopted by the EU 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 2014 and 31 December 2015 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 results for the year included a loss on ordinary activities after tax of £267,000 in respect of the Company (2014: a loss of £39,000).

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 (2011-2013 Cycle) - Minor amendments to various accounting standards, effective for periods beginning on or after 1 January 2015 onwards.

Basis of preparation and accounting policies continued

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

- Annual Improvements to IFRSs (2010-2012 Cycle) - Minor amendments to various accounting standards, effective for periods beginning on or after 1 February 2015 onwards.
- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations (effective date for accounting periods from 1 January 2016).
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation (effective date for accounting periods from 1 January 2016).
- Annual improvements to IFRSs 2012-2014 Cycle (effective date for accounting periods from 1 January 2016).
- Amendments to IAS 1: Disclosure Initiative (effective date for accounting periods from 1 January 2016).
- Amendments to IAS 27: Equity Method in Separate Financial Statements (effective date for accounting periods from 1 January 2016).
- Amendments to IAS 7: Disclosure Initiative (effective date for accounting periods from 1 January 2017).
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (effective date for accounting periods from 1 January 2017). Not yet endorsed for use in the EU.
- 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 2018). This standard has not yet been endorsed for use in the EU.
- IFRS 16: Leases (effective date for accounting periods from 1 January 2019). This standard has not yet been endorsed for use in the EU, however it is expected to have a significant impact for the Group.

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 2015 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 referred to the then current UK GAAP to assist its judgement in identifying a suitable accounting policy. The introduction of the new holding company was accounted for as a capital reorganisation using the merger accounting principles prescribed under then 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 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 was 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. Costs incurred in a business combination are expensed as incurred with the exception that 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.

When the carrying value of goodwill exceeds its recoverable amount, the carrying value of goodwill is written down accordingly through the income statement. 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.

Intangible assets

Interests in property based leases acquired in a business combination are recognised at fair value at the acquisition date. Amortisation is calculated using the straight-line method to allocate the cost of property based leases across the term of the relevant leasehold interest.

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 25% 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 through rental deposits and 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

Non-derivative 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 at fair-value through profit and loss.

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. The Group does not currently hold any finance leases.

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, the value of its goodwill, the value of assets and liabilities acquired in a business combination, the market rent of property leases and any related impairment charges relating to the above.

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. See note 17.

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. See note 16.

In respect of assets and liabilities acquired in a business combination the Group exercises judgement in respect of the estimated market rent of leases and the fair-value of acquired property, plant and equipment. See also note 31.

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 2015 and 31 December 2014.

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.

4 Financial instruments – risk management continued

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 exposed to credit risk from credit sales. At 31 December 2015 the Group has trade receivables of £211,000 (2014: £126,000). 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. At 31 December 2015 no customer balances were past due and none were considered impaired. The Directors are unaware of any factors affecting the recoverability of outstanding balances at 31 December 2015 and consequently no provisions have been made for bad and doubtful debts (2014 £nil).

The Company is exposed to credit risk in respect of its receivables from its subsidiary companies. The recoverability of these balances is dependent upon the performance of these subsidiaries in future periods. The performance of the Company's subsidiaries is closely monitored by the Company's board of directors.

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.

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 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 £31,909,000 (31 December 2014: £13,152,000).

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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5	Revenue	31 December 2015 Group £000	31 December 2014 Group £000
	Film and entertainment	12,844	8,818
	Food and beverages	6,486	4,126
	Other income	986	1,152
		20,316	14,096
6	(Loss)/profit before taxation	31 December 2015 Group £000	31 December 2014 Group £000
	(Loss)/profit before taxation is after charging:		
	Depreciation	1,367	813
	Amortisation of intangible assets	20	-
	Operating lease rentals	1,378	1,314
	Share-based payment expense (note 27)	15	50
	Employee costs (note 7)	5,832	3,631
	Fees payable to the Company's auditor (note 9)	96	139
7	Employee costs including Directors	31 December 2015 Group £000	31 December 2014 Group £000
	Wages and salaries	5,446	3,363
	Social Security costs	345	255
	Pension costs	41	13
	Share-based payments	15	50
		5,847	3,681
8	Average number of employees	31 December 2015 Group Number	31 December 2014 Group Number
	Management	65	41
	Operations	309	219
		374	260

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9 Auditors' remuneration	31 December 2015 Group £000	31 December 2014 Group £000
Fees payable to the Company's auditor for:		
The audit of the Company's consolidated financial statements	12	7
The audit of subsidiary undertakings of the Company	42	25
Taxation compliance services to the Group	22	22
Other services	20	85
	96	139

Of the total auditors' remuneration for the year, £nil (2014: £nil) has been charged directly to equity.

10 Directors' remuneration	31 December 2015 Group and Company £000	31 December 2014 Group and Company £000
Salaries/fees	499	330
Other benefits	-	24
Pension contributions	19	1
Social Security Costs	60	41
	578	396
Share-based payments	-	(10)
	578	386
Information regarding the highest-paid Director is as follows:		
Salary and benefits	238	146
Pension contributions	16	-
	254	146

The number of directors who are members of the Group's defined contribution pension scheme is two (2014: one).

An analysis of directors' remuneration by director is disclosed in the Directors' Report on page 14.

11 Exceptional items of expenditure	31 December 2015 Group £000	31 December 2014 Group £000
Acquisition expenses	286	-

Legal and professional expenses incurred in respect of the acquisition of four Cinema sites in the year. See also note 31.

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12 Financial income	31 December 2015 Group £000	31 December 2014 Group £000
Interest receivable	28	42
Fair-value gains on derivative financial instruments	46	-
	<u>74</u>	<u>42</u>
13 Financial expense	31 December 2015 Group £000	31 December 2014 Group £000
Interest on bank loans and overdrafts	50	70
Fair-value losses on derivative financial instruments	-	8
	<u>50</u>	<u>78</u>
14 Income tax	31 December 2015 Group £000	31 December 2014 Group £000
<i>Current tax expense/(credit):</i>		
Current tax	-	(111)
<i>Deferred tax:</i>		
Origination and reversal of temporary differences	(178)	182
Total tax (credit)/expense	<u>(178)</u>	<u>71</u>

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

	31 December 2015 Group £000	31 December 2014 Group £000
(Loss)/profit before tax	<u>(734)</u>	<u>266</u>
Applied corporation tax rates:	<u>20.25%</u>	<u>21.50%</u>
Tax at the UK corporation tax rate of 20.25%/21.5%	(149)	57
Expenses not deductible for tax purposes	160	26
Effect of other differences	(189)	(12)
Total tax expense	<u>(178)</u>	<u>71</u>

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15 (Loss)/earnings per share	31 December 2015 Group £000	31 December 2014 Group £000
(Loss)/profit used in calculating basic and diluted earnings/(loss) per Share	(556)	195
<i>Number of shares</i>		
Weighted average number of shares for the purpose of basic earnings per share	<u>51,375,633</u>	<u>36,291,024</u>
Weighted average number of shares for the purpose of diluted earnings per share	<u>51,375,633</u>	<u>36,538,391</u>
Basic (loss)/earnings per share (pence per share)	<u>(1.08)</u>	<u>0.54</u>
Diluted (loss)/earnings per share (pence per share)	<u>(1.08)</u>	<u>0.53</u>

Basic earnings per share amounts are calculated by dividing net (loss)/profit 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 2015 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 diluted weighted average number of shares is 52,250,741.

The Company has 4,853,329 potentially issuable shares (2014: 3,190,888) all of which relate to the potential dilution from the Group's 'A' shares and share-options issued to the Directors and certain employees (note 27).

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16 Intangible assets

	Group Goodwill £000	Group Leasehold Interests £000	Group Total £000
Intangible assets			
Cost			
At 1 January 2014 and 31 December 2014	4,113	-	4,113
Acquired in the year (note 31)	6,637	674	7,311
At 31 December 2015	10,750	674	11,424
 Amortisation and impairment			
At 1 January 2014 and 31 December 2014	3,331	-	3,331
Charge for the year	-	20	20
At 31 December 2015	3,331	20	3,351
 Net book value			
At 31 December 2015	7,419	654	8,073
 At 31 December 2014	782	-	782
At 31 December 2013	782	-	782
	Company	Company	Company
	Goodwill	Leasehold	Total
	£000	Interests	£000
Intangible assets			
Cost			
At 1 January 2014 and 31 December 2014	-	-	-
Business acquired (note 31)	6,637	674	7,311
Transfer of trade to subsidiary	(6,637)	-	(6,637)
At 31 December 2015	-	674	674
 Amortisation and impairment			
At 1 January 2014 and 31 December 2014	-	-	-
Charge for the year	-	20	20
At 31 December 2015	-	20	20
 Net book value			
At 31 December 2015	-	654	654
 At 31 December 2014	-	-	-
At 31 December 2013	-	-	-

16 Intangible assets continued

Value-in-use calculations are performed annually and at each reporting date. 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.

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

Sales and cost growth (over a 5-year period): 3%.

Discount rate (the Group's weighted average cost of capital): 9.5%.

Terminal value: 8x EBITDA.

Number of years projected: 5.

There have been no impairments indicated in the year to 31 December 2015 (2014: £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 brought forward was allocated to certain of the Group's cinema sites in existence at 31 December 2010.

Goodwill and leasehold interests acquired in the year arose from the acquisition of four Cinema sites in the year through a business combination. See also note 31.

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17 Property, plant and equipment

	Group Leasehold improvements £000	Group Plant & Machinery £000	Group Fixtures & fittings £000	Group Assets under construction £000	Group Total £000
Cost					
At 1 January 2014	6,843	1,218	2,967	150	11,178
Additions	717	395	237	2,295	3,644
At 31 December 2014	7,560	1,613	3,204	2,445	14,822
Additions	7,620	1,258	1,335	1,239	11,452
Transfer on completion	2,207	-	-	(2,207)	-
Business acquired (note 31)	-	1,185	255	-	1,440
At 31 December 2015	17,387	4,056	4,794	1,477	27,714
Depreciation					
At 1 January 2014	640	435	2,115	-	3,190
Charge for the year	351	276	186	-	813
At 31 December 2014	991	711	2,301	-	4,003
Charge for the year	673	455	239	-	1,367
At 31 December 2015	1,664	1,166	2,540	-	5,370
Net book value					
At 31 December 2015	15,723	2,890	2,254	1,477	22,344
At 31 December 2014	6,569	902	903	2,445	10,819
At 31 December 2013	6,203	783	852	150	7,988

Plant & machinery includes assets held under finance leases amounting to £nil (31 December 2014: £nil).

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17 Property, plant and equipment continued

	Company Plant & Machinery £000	Company Fixtures & fittings £000	Company Total £000
Cost			
At 1 January 2014 and 31 December 2014	-	-	-
Acquired in the year	1,185	255	1,440
Transfer to subsidiary company	(700)	-	(700)
At 31 December 2015	485	255	740
Depreciation			
At 1 January 2014 and 31 December 2014	-	-	-
Charge for the year	4	2	6
At 31 December 2015	4	2	6
Net book value			
At 31 December 2015	481	253	734
At 31 December 2014	-	-	-
At 31 December 2013	-	-	-

Plant & machinery includes assets held under finance leases amounting to £nil (31 December 2014: £nil). Immediately on acquisition £700,000 of plant and machinery acquired was transferred to Everyman Media Limited (see note 31).

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18 Investments

**31 December
2015
Company
£000**

At 1 January 2014	23,643
Acquisition of director's performance linked shares in subsidiary	57
At 31 December 2014	23,700
Transfer of trade to subsidiary company (note 16)	6,637
At 31 December 2015	30,337

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

Name	Principal activity	Country of incorporation	Class of share held	Proportion of shares held
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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19 Inventories	31 December 2015 Group £000	31 December 2014 Group £000
Food and beverages	227	91
Food and beverages expensed in the year	1,741	1,222

20 Trade and other receivables	31 December 2015 Group £000	31 December 2014 Group £000	31 December 2015 Company £000	31 December 2014 Company £000
Trade receivables	211	126	-	-
Amounts due from Group undertakings	-	-	25,866	6,567
Other debtors	1,857	1,441	-	-
Prepayments and accrued income	757	453	-	-
	2,825	2,020	25,866	6,567

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 £1,625,000 (2014: £975,000) and a short-term lease of £nil (2014: £60,000). All amounts shown under trade and other receivables, with the exception of the deposits for new leases, are due for payment within one year.

21 Trade and other payables	31 December 2015 Group £000	31 December 2014 Group £000	31 December 2015 Company £000	31 December 2014 Company £000
Trade creditors	589	1,721	-	-
Amounts due to Group undertakings	-	-	6,937	277
Social security and other taxes	320	345	-	-
Accrued expenses	4,001	862	-	-
Lease incentives	3,248	2,395	-	-
Deferred income	621	722	-	-
	8,779	6,045	6,937	277

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22 Loans and borrowings	31 December 2015 Group £000	31 December 2014 Group £000
Bank borrowings		
Current	-	76
Non-current	-	193
	<u>-</u>	<u>269</u>

In respect of income-earning financial assets the following table indicates their effective interest rates at 31 December 2015 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.

	Effective interest rate %	Maturing within 1 year £000	Maturing between 1 to 2 years £000	Maturing between 2 to 5 years £000
Bank deposits	1.0%	9,173	-	-

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 in rate	2015 £000	Change in rate	2014 £000
Bank deposits		<u>9,173</u>		<u>6,163</u>
	-0.5%	(46)	-0.5%	(31)
	-1.0%	(92)	-1.0%	(62)
	+0.5%	46	+0.5%	31
	+1.0%	92	+1.0%	62
	+1.5%	138	+1.5%	92

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23 Derivative financial instruments	31 December 2015 Group £000	31 December 2014 Group £000
Included in non-current liabilities	<u>157</u>	<u>203</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 2015 Group £000	31 December 2014 Group £000
Notional contract value	<u>976</u>	<u>1,076</u>

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 rate	2015 £000	Change in rate	2014 £000
Interest rate swap		<u>976</u>		<u>1,076</u>
	-0.5%	(5)	-0.5%	(5)
	+0.5%	5	+0.5%	5
	+1.0%	10	+1.0%	11
	+1.5%	15	+1.5%	16

24 Provisions for other liabilities	31 December 2015 Group and Company £000	31 December 2014 Group and Company £000
<i>Market rent provisions</i>		
At 1 January	-	-
Additional provisions arising on acquisition (note 31)	1,531	-
Utilised against rent during the period	(30)	-
At 31 December	<u>1,501</u>	-

Market rent provisions relate to the fair value of liabilities on leases acquired on acquisition. The market rent provisions are being amortised over the term of the individual leases.

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25 Deferred tax	31 December 2015 Group £000	31 December 2014 Group £000	31 December 2015 Company £000	31 December 2014 Company £000
Included in non-current liabilities	296	354	117	-
<i>Deferred tax gross movements</i>	31 December 2015 Group £000	31 December 2014 Group £000	31 December 2015 Company £000	31 December 2014 Company £000
Opening balance	354	172	-	-
(Credit)/charge to income statement	(178)	182	(3)	-
Allocated to goodwill on acquisition	120	-	120	-
Closing balance	296	354	117	-
<i>The deferred tax liability comprises:</i>	31 December 2015 Group £000	31 December 2014 Group £000	31 December 2015 Company £000	31 December 2014 Company £000
Temporary differences on property, plant and equipment	256	366	10	-
Held-over gain	233	233	-	-
Available losses	(213)	(204)	(25)	-
Other temporary and deductible differences	20	(41)	132	-
Closing balance	296	354	117	-

Deferred tax is calculated in full on temporary differences under the liability method using the tax rates substantively enacted for future periods of 18%. 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 £213,000 at expected tax rates in future periods. The Company has unutilised tax allowances of £25,000 at expected tax rates in future periods.

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26 Share capital	31 December 2015 Group and Company £000	31 December 2014 Group and Company £000
<i>Ordinary shares of £0.10 each</i>		
At the beginning of the year	3,629	3,629
Issued in the year	2,353	-
At the end of the year	<u>5,982</u>	<u>3,629</u>
Number of shares	31 December 2015 Group and Company Number	31 December 2014 Group and Company Number
Ordinary shares of £0.10 each		
At the beginning of the year	36,291,024	36,291,024
Issued in the year	23,529,412	-
At the end of the year	<u>59,820,436</u>	<u>36,291,024</u>

On 11 May 2015, pursuant to placing arrangements, the Company issued 23,529,412 Ordinary shares at a price of £0.85 per share.

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 £702,000 (2014: £nil) have been deducted from share premium in the year.

27 Share-based payment arrangements

Everyman Media Group plc operates two equity-settled share based remuneration schemes for employees. The schemes combine a long term incentive scheme and an unapproved scheme for certain senior management and executive Directors. A subsidiary of the Company has also issued 'A' ordinary shares to certain Directors which contain terms equating to a share option over the company conditional upon future performance. In 2014 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. There were no acquisitions in the year-ended 31 December 2015. A Myers continues to hold share options over 80,000 ordinary shares (2014: 80,000 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 2015:	Performance criteria based upon the Company's share price	Other options with no performance criteria
Weighted average share price at grant date (pence)	92	85
Weighted average option exercise prices (pence)	85	85
Expected volatility	17%	19%
Expected option life	5 years	5 years
Weighted average contractual life of outstanding share options	6.5 years	8.8 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)	18 -19	21

27 Share-based payment arrangements continued

	Weighted average Exercise price per share Pence 2015	Weighted average Exercise price per share Pence 2014	31 December 2015 Group Number	31 December 2014 Group Number
Number of options at the beginning of the period	83.2	83.0	3,190,088	3,296,441
Number of options issued in the year	85.0	84.6	2,241,100	739,365
Number of options forfeited in the year	83.2	83.0	(577,859)	(845,718)
Number of options at the end of the year	84.1	83.2	4,853,329	3,190,088

No options lapsed in the year.

Share-based payments charged to profit and loss

	31 December 2015 Group £000	31 December 2014 Group £000
<i>Administration costs:</i>		
Administrative costs (current arrangements)	15	50

The charge in the Company for the year was £15,000 (2014: £21,000) after recharging subsidiary undertakings with a charge of £nil (2014: £29,000). The relevant charges are included within administrative costs.

There are 170,000 options exercisable at 31 December 2015 in respect of the current arrangements (31 December 2014: 239,333).

No options were exercised in the period.

Volatility for the options issued in 2015 and 2014 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 £0.84. 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.

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28 Obligations under operating leases

	31 December 2015 Group £000	31 December 2014 Group £000
Land and buildings		
Less than one year	2,143	992
Between one and two years	2,126	1,257
Between three and five years	6,334	3,643
Over five years	32,877	19,613
	43,480	25,505
Plant and equipment		
Less than one year	34	73
Between one and two years	-	34
Between three and five years	-	-
Over five years	-	-
	34	107
Total operating leases		
Less than one year	2,177	1,065
Between one and two years	2,126	1,291
Between three and five years	6,334	3,643
Over five years	32,877	19,613
	43,514	25,612

Four new operating leases were conditionally entered into as at 31 December 2015 where rentals payable will commence on completion of fit-outs commencing in 2016. Three of these leases are for a period of 25 years, for a total commitment of £5,875,000, £5,438,000 and £7,294,000 whereas one lease is for a period of 15 years where the total commitment is £2,780,000. The total additional commitment is £21,387,000 in addition to the commitments shown in the above table.

The Company's commitments to the rental of land and buildings included in and extracted from the above table are shown below:

	31 December 2015 Company £000	31 December 2014 Company £000
Land and buildings		
Less than one year	690	-
Between one and two years	690	-
Between three and five years	2,069	-
Over five years	10,827	-
	14,276	-

29 Commitments

There were outstanding capital commitments at 31 December 2015 of £554,000 (31 December 2014: £nil).

30 Events after the balance sheet date

At the date of this report, the Group cancelled its interest rate swap held with Royal Bank of Scotland by a full cancellation payment of £176,000 and confirmed a new loan facility with Barclays for the sum of £8million.

Additionally, the Group had agreed terms on a Sale and Leaseback agreement for its Harrogate site with Six Guys LLP. Six Guys LLP is a limited liability partnership controlled by Adam Kaye and Paul Wise, both directors of the Company. The sale was for a total consideration of £3.25million. Immediately upon acquisition, Six Guys LLP will lease the site back to the Company for 25 years at an initial annual rental cost of £234,000.

Also, the Group conditionally exchanged contracts on a new site in Durham, due to open in 2019.

31 Acquisition of Cinema leases and related assets

On 11 August 2015 the Company acquired four Cinema sites, from Odeon Cinemas Limited and ABC Cinemas Limited. The acquisition has been accounted for as a business combination. The acquisition is part of the Group's expansion and development plans. The Group is in the process of refurbishing each of these sites and re-launching them under the Everyman brand.

The following table summarises the consideration paid and the fair-values of the assets acquired.

Consideration at 31 December 2015

	£000
Cash	7,100
Recognised amounts of identifiable assets acquired and liabilities assumed	Fair-value £000
Intangible asset in respect of favourable lease contracts (note 16)	674
Plant and machinery (note 17)	1,185
Fixtures and fittings (note 17)	255
Provision in respect of unfavourable lease contracts (note 24)	(1,531)
Deferred tax	(120)
Total identifiable net assets	463
Goodwill (note 16)	6,637
Cash consideration paid	7,100
Acquisition expenses recognised as an expense (note 11)	286
Total cash outlay	7,386

31 Acquisition of Cinema leases and related assets continued

The Company entered into a hive down agreement with its subsidiary, Everyman Media Limited, such that the trade acquired for the four Cinema sites along with plant and machinery with a fair-value of £700,000 was transferred to this subsidiary on the same date as the transaction.

From the dates of acquisition the revenues from these sites were £1,811,000 and the net loss was £312,000, after pre-opening costs of £377,000 and depreciation of £33,000. These sites underwent refurbishment during the period since acquisition. It is the Group's policy to refurbish newly acquired sites to conform to the quality and branding expected from the Group's cinema chain.

32 Related-party transactions

In the year to 31 December 2015 the Group engaged services from entities related to the Directors and key management personnel of £58,192 (2014: £62,774) comprising consultancy services of £nil (2014: £4,138), office rental of £52,836 (2014: £56,892) and venue rental of £5,356 (2014: £nil). 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.

Two directors, A Kaye and P Wise, were issued with 'A' ordinary shares in Everyman Media Holdings Limited (EMHL) 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 £74,000 (2014: £74,000) 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 attributable are A Kaye £3,000 and P Wise £3,000.

The Company charged an amount of £nil (2014: £29,000) to Everyman Media Limited, in respect of the share option charge incurred by the Company (note 27). The Company also charged EML £317,000 in respect of rentals of four cinema sites acquired in the year (see also note 31).

33 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, twelve 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 2015, together with the auditors' report therein.

Resolutions 2 to 8: 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 9: 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 10: Auditors' remuneration

This Resolution authorises the directors to fix the auditors' remuneration.

Special Business

Resolution 11: 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 a General Meeting. The directors' general authority to allot shares was granted on 8 May 2015 and is due to expire at the conclusion of the 2016 Annual General Meeting. Resolution 11 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 £598,204.36, 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 2017 or, if earlier, the date which is fifteen months after the passing of the resolution.

Resolution 12: 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.

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In line with common practice, Resolution 12 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 £598,204.36, 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 2017 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 12 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, 26 May 2016 at 10.30 am for the purpose of considering and, if thought fit, passing the following resolutions of which resolutions 1 to 11 will be proposed as Ordinary Resolutions and resolution 12 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 year ended 31 December 2015.
- 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 Jonathan Steven Peters as a Director.
- 8 To elect Mr Michael Henry Rosehill as a Director.
- 9 To reappoint BDO LLP as auditors of the Company to hold office until the conclusion of the next annual general meeting of the Company.
- 10 To authorise the Directors to determine the auditors' remuneration.

Special Business

To consider and if thought fit pass Resolution 11 as an Ordinary resolution and Resolution 12 as a Special resolution.

As an Ordinary resolution:

11 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 £598,204.36 (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:

12 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 £598,204.36 (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

4 April 2016

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 31 March 2016 the Company's issued share capital was 59,820,436 Ordinary shares of 10 pence and the total voting rights were 59,820,436. 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 59,820,436 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 contact the Company's Registrars Computershare by using the following means of communication: Tel. 0370 707 1577 (lines are open from 8.30 am to 5.30 pm Monday to Friday). Calls cost 10 pence per minute plus network charges, or visit their online Investor Centre at www.investorcentre.co.uk. For overseas shareholders please call: +44 (0)370 707 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.