

Stoke On Trend Theatres

Limited - 3507468

**INTERNATIONAL ENTERTAINMENT HOLDINGS
LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016**

Registered number: 08769976



INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

Company Information as at 23 May 2017

Directors

A Ball
D B Leigh
R Sudo
S Teo
A A Tisdale

Registered number

08769976

Registered office

28 George Street
London
W1S 2FA

Independent Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
United Kingdom
EC4A 3BZ

International Entertainment Holdings Limited is an international holding group majority owned by Providence Equity Partners to hold the acquisitions of companies that operate a series of independently managed, complementary live entertainment and theatre-related activities, principally in the UK, USA, Germany and Australia.

Of the directors in place at the date the financial statements were approved, the following have since resigned: G Dyke, H J Enright, C M Graham, P R M Kavanagh, J R Lenane, H H Panter and R A Squire. The remaining directors are representatives of Providence Equity Partners.

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

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INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016

STRATEGIC REPORT

ABOUT US – THE BUSINESS MODEL

International Entertainment Holdings Limited ("the Group") is an international holding Group majority owned by Providence Equity Partners to hold the acquisitions of companies that operate a series of complementary live entertainment and theatre-related activities, principally in the UK, USA, Germany and Australia. The Group sees these markets as having significant potential for growth and this forms a basis for the Group's strategy of further expansion.

The first acquisition made by the Group was the Ambassador Theatre Group ("ATG") in November 2013. ATG operates an integrated business model incorporating venue management, ticketing and show production. Ticket Machine Group, a UK ticketing agency, was added to the Group in December 2013. In the period to 26 March 2016, the Group acquired a controlling interest in BB Group GmbH ("BB"), a German production and promotion business, and ACE Theatrical Group ("ACE"), which develops and operates venues in the USA.

Subsequent to the period end, the Group acquired AKA Group Ltd ("AKA"), a marketing services business which operates in the UK, USA and Australia. AKA will operate as an independent company to the other group companies, providing marketing services to those operations as well as its third party customers.

The Group owns and operates some of the most iconic venues in the UK, 12 in London and 25 more across the UK, as well as six theatres in the USA, including the Lyric theatre, the largest theatre on Broadway and five venues acquired as part of the acquisition of ACE in September 2015. It is also closely involved in redeveloping what will become its second Broadway venue, the Hudson theatre.

The Group operates the largest theatre ticketing business in the UK and sells the majority of tickets to its shows through its own ticketing businesses as well as via third party vendors. During the year, the Group launched its first international ticketing business in Germany.

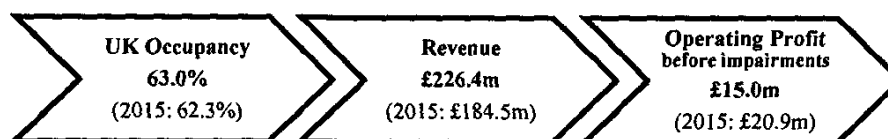
The Group develops and produces new content in addition to co-producing and investing in, and presenting content from, independent producers. As well as producing content for the Group's venues, the activities of this division also enable the Group to present content in other venues both in the UK and internationally.

FINANCIAL AND NON- FINANCIAL HIGHLIGHTS

Strategic Priorities & Performance

- 1 MAINTAIN THE STRENGTH OF THE CORE UK BUSINESS THROUGH PROVIDING CONTENT CUSTOMERS WISH TO SEE, IN ACCESSIBLE LOCATIONS, WITH THE RIGHT RETAIL OFFERING AND GREAT CUSTOMER SERVICE

Key Performance
Indicators



INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

What the Group has achieved

UK occupancy remained strong at 63%. Revenue increased by £41m as a result of the overseas acquisitions. UK revenue fell slightly due to weaker programming for the regional venues which has impacted the profitability of the Group, as has a high level of exceptional spend related to the Group's international expansion which is outlined in the next section.

Performance has been strong in the Group's key London venues, with *The Lion King* (at the Lyceum theatre) and *Wicked* (at the Apollo Victoria theatre), in particular, continuing to perform well. *The Lion King* has now been in the West End for over 15 years and *Wicked* won the Audience Award at the Olivier awards in April 2015 in its ninth year in the West End. The Savoy theatre had an exciting year, with the multi-award winning production of *Gypsy* followed firstly by the well-received *Guys and Dolls* which has now transferred to its sister theatre, the Phoenix and then by the hit musical *Funny Girl*.

Sonia Friedman Productions ("SFP") had another stellar year - highlights included productions of *Hamlet* starring Benedict Cumberbatch at The Barbican and *Farinelli and the King* starring Mark Rylance at the Duke of York's Theatre. *Bend it like Beckham*, a SFP co-production, ran for most of the year at the Phoenix Theatre and *Sunny Afternoon*, the musical based on the music of the Kinks, received four Olivier awards in April 2015 and continues to play at the Harold Pinter Theatre. SFP is also co-producing *Funny Girl* and *Harry Potter and the Cursed Child*, which is currently running in preview. Sonia Friedman was named Producer of the Year for the second year running at The Stage Awards 2016.

ATG's production of *The Rocky Horror Show* returned to the Playhouse theatre in the West End starring Richard O'Brien; his first appearance in the show in over 20 years. The show then embarked on another successful UK tour.

ATG's successful collaboration with Jamie Lloyd continued, with two more plays in the "Trafalgar Transformed" series – *The Homecoming* and *The Maids*. Another ATG production, this time at the Playhouse theatre, *End of Longing*, written by and starring Matthew Perry, started during the year and became the highest revenue grossing show in the theatre's history. ATG also produced shows for our UK regional venues, including *Dirty Rotten Scoundrels*, *Spamalot* and *East is East*.

First Family Entertainment, our pantomime production business, produced pantomimes at ten of our UK regional venues over the Christmas and New Year period.

Otherwise, there has been a weaker programming pipeline at the regional venues in particular, with a lower number of shows, reducing revenue and profits in both the venues and the ticketing parts of the business.

We have continued to invest in improving the quality of our venues and to enhance our customers' theatre-going experience. Many of the Group's venues are historic buildings which have an important significance in their local areas. Investment in the maintenance of these buildings is central to the Group's custodianship of them for the benefits of today's and future generations of audiences. The development and improvement of these venues to meet the needs and expectations of today's audiences and producers are equally important. There has also been significant investment in many venues. At the Apollo Victoria in London, work has begun on a project in the auditorium stalls to fit new seats and carpet in preparation for the tenth anniversary of *Wicked* in the West End in 2016. ATG has continued to roll out its "Ordertorium" service across the Group. Ordertorium is ATG's innovative new auditorium service which allows customers to order and pay for drinks and snacks from menus on their seats. We launched our new bistro concept at the Liverpool Empire, with further bistros being opened at Milton Keynes, Bristol Hippodrome and Manchester Palace.

ATG Tickets, our in-house ticketing business continues to be the UK's favourite route for buying theatre tickets. Additionally we have invested in brand awareness and direct-to-customer campaigns for our ticketing agency LOVEtheatre.com, which joined the Group through the acquisition of Ticket Machine Group Limited in December 2013.

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

2

CONTINUE TO EXPAND THE GROUP'S INTERNATIONAL ACTIVITY

Key Performance Indicators

In May 2015, acquired majority holding in BB Group GmbH for £14.1m. BB generated an operating loss of £1.9m in the period since acquisition.

In September 2015, acquired ACE Theatrical Group for £46.5m. ACE contributed £1.9m to operating profit in the period since acquisition.

What the Group has achieved

The Group's international expansion has gathered momentum in the period. The Group topped the sixth annual Sunday Times HSBC International Track 200. This league table ranks Britain's mid-market private companies with the fastest-growing international sales.

In May 2015, the Group became the majority shareholder of BB Group GmbH, one of the leading producers and promoters of premium live entertainment in Europe with a particular strength in touring musicals and dance productions throughout Germany, Austria and Switzerland. Highlights during the period since acquisition have included BB's co-production of *Bodyguard das Musical* at the Musical Dome in Cologne, which opened in November 2015, and a production of *The Lion King* in Basel, Switzerland. Whilst the Group has confidence in the business, the focus of the operations on production and promotion activity means that results tend to be more volatile than the other parts of the Group. As a result, the Group has recorded an impairment of £6.9m to the goodwill relating to this acquisition.

In September 2015, the Group completed the acquisition of ACE Theatrical Group in USA; a group which specialises in the operation, design, development and construction of live performance venues in North America. ACE's portfolio of large-scale theatrical venues comprises the Saenger Theatre and the Mahalia Jackson Theater for the Performing Arts in New Orleans, Louisiana; the Majestic Theatre and the Charline McCombs Empire Theatre in San Antonio, Texas and the Kings Theatre in Brooklyn, New York which reopened in February 2015 following a \$90m renovation bringing this venue back into operation as a theatre.

The Lyric Theatre on Broadway became home to *Paramour* – Cirque du Soleil's New York themed show which opened after the period end. Whilst the current collaboration with Cirque du Soleil is expected to generate much stronger results than in the three years since acquisition by ATG, the theatre has up to this point not performed in line with initial forecast. As a result the Group has recorded an impairment of £8.5m to the carrying value of the theatre. The Group has continued to co-produce Broadway content, with notable successful co-productions in the year including *The King & I*, which won four Tony awards in June 2015. The Group also announced that it has entered a long-term lease for the Hudson Theatre, its second theatre on Broadway, from a subsidiary of Millennium & Copthorne Hotels plc ("M&C"). M&C and ATG will be, in a multi-million dollar project, restoring the landmark venue to its former glory as a Broadway playhouse.

The Group has continued to expand its operations in Australia with tours of *The Rocky Horror Show*, *Thriller* and *Ghost*.

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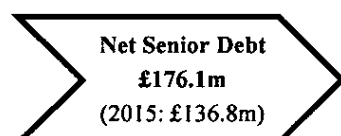
STRATEGIC REPORT (CONTINUED)

Financial Position

The position of the Group at the period end is set out in the consolidated statement of financial position on page 19 and in the related notes on pages 24 to 55.

Leverage and Liquidity

Key Performance Indicator



What the Group has achieved

The Group has generated positive cash flows after meeting its obligations, and has, throughout the period, operated within its required debt covenants.

The acquisition of BB was funded using existing facilities, and the acquisition of ACE was funded by a refinancing of our senior debt. This provided not only the funds to acquire ACE, but additional liquidity lines and extended repayment terms to 2021. As a result, Net Senior Debt at 2 March, 2016 of £176.1m (£222.0m of senior debt, net of cash (excluding escrow) of £45.9m) was higher than the balance of £132.3m at 28 March, 2015.

Cash

As at 26 March 2016, the Group had cash and cash equivalents of £51.0m (2015: £23.6m, being £29.0m net of overdrafts of £5.2m), and additional available facilities of £50.0m (2015: £35.2m).

The cash balance increased by £27.3m in the year.

| £m | |
|---------------------------------|-------------|
| Operating cash flows | 38.2 |
| Investing cash flows | (61.6) |
| Financing cash flows | 49.4 |
| Net cash flows | 26.0 |
| Impact of foreign exchange | 1.3 |
| Movement on cash balance | 27.3 |

Investing cash flows include £49.7m for the acquisition of BB and ACE (£60.6m net of cash acquired of £10.9m), plus £11.3m of capital expenditure invested to improve the quality of the venues as described above and to invest in operating infrastructure and systems.

Financing cash flows include debt drawdowns as a result of the acquisition of BB and the subsequent refinancing of the Group to fund the acquisition of ACE of £68.4m, net of £11.0m of interest.

Borrowings

The November 2013 acquisition of ATG was funded in part by senior debt finance from a syndicate of lenders. This debt was refinanced in September 2015, broadening the syndicate of lenders and providing the funds to acquire ACE as well as extending the

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

available facilities to support the future expansion of the Group. The balance outstanding as at 26 March 2016 was £222.0m (2015: £156.1m). The senior debt is secured by a debenture over the majority of the assets of the Group. The senior facilities agreement also requires the Group to comply with certain covenants. As at 26 March 2016 the Group was in compliance with all of these covenants.

The Group also has a fixed rate interest-bearing loan from the parent company IE Luxco S.à.r.l which was £294.0m as at 26 March 2016 (2015: £267.0m). This loan is not payable until the earlier of 2062 and the sale of the Group.

There is a finance lease creditor of £94.4m (2015: £90.7m).

The maturity of the debt is shown in notes 18, 19 and 29 to the financial statements. The majority of this debt is not repayable for more than 5 years.

Principal risks and uncertainties

| Operational Risks | Relevant Strategic Priority | Mitigation |
|---|--|--|
| Downturn in theatre attendance | Maintain the strength of the core UK business Expand the Group's international activity | There are many factors outside the Group's control that might impact theatre attendance. The theatre market has proven to be resilient in the wake of unexpected events over the past 10 years. Whilst there was a short-term impact in the period following the horrifying terrorist attacks in Paris in November 2015, there does not appear to have been a long term impact on theatre attendance. The recent "Brexit" referendum result in the UK has led to some short term volatility in the economy, but a weaker pound should encourage more theatre visits by overseas tourists and make investing in UK productions more attractive to overseas investors. The Group's aim is to attract customers with high quality productions and manage dark periods through nurturing strong relationships with show producers and investing in the development of new show content. |
| Lack of available opportunities for international expansion or failure to integrate acquired businesses | Expand the Group's international activity | Management has significant experience of acquisition and integration activity, and works with third party advisors to ensure that appropriate due diligence is carried out prior to acquisition and that local laws and regulations are followed. Detailed, cross-functional plans are created to ensure that newly acquired businesses are effectively and efficiently integrated into the Group. |
| Financial Risks | Description | Mitigation |
| Liquidity Risk | Liquidity risk is the risk that cash may not be available to pay obligations when they fall due. | The Group monitors its liquidity requirements closely to ensure that there are sufficient funds. In addition, compliance with the covenants in the senior facilities agreement is monitored. |

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

| | | |
|-----------------------|--|--|
| | | As at 26 March 2016, the Group had cash and cash equivalents of £51.0m (2015: £23.6m) and undrawn committed facilities of £50.0m (2015: £35.2m). |
| Interest Rate Risk | The Group has significant levels of floating rate borrowings and is therefore exposed to the impact of interest rate fluctuations. | The Group's policy on interest rate risk is designed to limit the Group's exposure to fluctuating interest rates which is done using interest rate swaps. At 26 March 2016 and 28 March 2015, interest rate swaps with a notional value of £103.3m are in place which fix LIBOR at an average of 1.239%. These interest rate swaps expire in December 2016. |
| Foreign Exchange Risk | Foreign exchange risk is the risk of volatility due to a change in foreign currency exchange rates. | The Group's activities, particularly with and in USA, Germany and Australia expose it to an element of financial risk of change in foreign currency exchange rates. This exposure has increased during the year as a result of the acquisitions in Germany and USA. The US dollar exposure acts as a natural hedge for our US-backed investors and the Euro and Australian Dollar exposure is limited. |
| Credit Risk | Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. | <p>The majority of ticket sales are to the general public who pay for their tickets in advance of shows taking place, and there is therefore limited credit risk attached to these sales.</p> <p>There are also sales via third party agents, with whom the Group has long standing relationships. There is close monitoring of debtors who fail to pay within the Group's contractual payment terms.</p> <p>Cash is invested with a number of different banking partners, reducing the risk of concentration.</p> |

Financial risk management is discussed further in note 29.

Corporate and social responsibility

Environmental Matters

The Group recognises the importance of its environmental responsibilities and monitors its impact on the environment and designs and implements appropriate policies to minimise any damage that might be caused by the Group's activities.

The Group's UK carbon emissions for the twelve months to March 2016 were 11,362 tonnes of CO₂ compared to 12,648 tonnes in the same period in 2015.

Annual Risk Management targets and objectives now require venues to complete their own *Project Blackout* surveys at least annually. This project identifies overnight energy waste issues and engages with senior management, venue staff and the Group's Environmental Ambassadors to implement simple "switch off" solutions. Venues choosing to complete these surveys more often and act on their findings, driven by Environmental Ambassadors and supported by Management, are seeing considerable improvements and reductions in electricity bills.

ATG in the UK continued to build on last year's environmental award successes, by winning a further five awards, both Group-wide and venue specific, illustrating continual improvement and an appetite to update to energy efficient equipment across the estate. In the US, the Lyric Theatre on Broadway now has LED

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STRATEGIC REPORT (CONTINUED)

bulbs in lobbies and the auditorium. Recycling provisions have been increased across the venue. The Kings Theatre in Brooklyn uses LED lighting in all grand chandeliers and has added LED-based new vestibule lighting to brighten the entrance. There are programmed night modes around the venue to reduce energy consumption.

Our People (including Human Rights)

| Number of employees at 26 March 2016 | Women | Men |
|---|--------------|------------|
| Directors of the company | 3 | 8 |
| Other senior management | 1 | 6 |
| Employees | 2,198 | 1,940 |

The Group complies with all relevant legislation including that specifically targeted at preventing discrimination. Such principles are embedded through the organisation by the requisite policies. The Group is committed to ensuring the health, safety and welfare of its employees as far as is reasonably practicable. The Group seeks to ensure that statutory duties are met at all times and that it operates effective health and safety management.

The Group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance.

The Group introduced its "Be a Star" training programme in 2012 focusing on front of house and box office staff from their commencement with the Group developing their skills to improve customer experience. The programme proved popular and from 2013 the "Be a Star Manager" programme has been broadened to include key aspects of people management covering everything from recruitment to effective performance management. The Group also runs a two year "Rising Star" programme for some of our highest potential junior staff.

The Group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Social & Community Involvement

The Group recognises that especially regional theatres, both in the UK and USA, are rooted in the heart of their local communities.

Many of the UK regional theatres have Creative Learning departments which take a leading role in contributing to the social cohesion of their communities in partnership with charities, trusts and organisations nationwide including several local authorities and further education partners.

People of a wide variety of ages and abilities participate in the Group's Creative Learning activities. Often inspired by the productions at venues, these can include workshops with visiting companies, backstage tours and pre-show talks but also Youth Theatres, summer schools and classes for adults.

In addition to this, many regional venues are used for several weeks a year by local amateur production companies, often achieving high levels of audience attendance.

In the USA, in addition to being a leading sponsor, ACE works closely with the Las Casas Foundation in the Foundations' efforts to produce the Joci Awards which provides over \$100,000 in scholarship money to

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

students towards college. The Las Casas Foundation also holds Camp Broadway for kids ages 10-17 in the Charline McCombs Empire Theatre every August.

The San Antonio Symphony continues to work with ACE in the Majestic Theatre presenting a series of concerts featuring major motion pictures with the orchestra playing the score live along with the film. The Majestic Theatre hosts the annual San Antonio Cocktail Conference opening gala benefiting San Antonio children's charities.

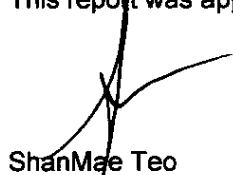
The Majestic and Charline McCombs Empire Theatres host PechaKucha Nights bringing the community together with creative people to share ideas, work and thoughts.

The Majestic Theatre serves as the headquarters venue for Chalk It Up—a free festival of contemporary art where Houston Street is transformed into a gallery, as well as the headquarters for the Taste of Houston Street culinary event.

The Group also continues to support the work of ATG Foundation, which this year funded the delivery of a project working with secondary schools in the Hackney area of London, an area which has an issue with gangs and postcode hostilities. The aim of the project was to improve relationships and communication between schools and pupils from different schools in the area. The team worked in schools during the summer term identifying pupils at risk. This core company of young people then worked with theatre professionals brought together by the Creative Learning Team over the space of three weeks to deliver a devised piece of theatre (*My Ends, My Rules*) based on their experience of identity. The performances took place at the Group's Piccadilly Theatre.

Approval

This report was approved by the board of directors on 21 July 2016 and signed on its behalf by:



ShanMae Teo

Director

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the period ended 26 March 2016. The directors consider the annual report and financial statements to comply with all aspects of the "Guidelines for Disclosure and Transparency in Private Equity".

Directors

The directors who served during the period and to the date of signing the financial statements (except as noted) were:

G Dyke
H J Enright
C M Graham
P R M Kavanagh
D B Leigh (appointed 27 October 2015)
J R Lenane
H H Panter
R A Squire
R Sudo
S Teo
A A Tisdale

The biographies of the current directors are presented on pages 13 to 14.

The Group is majority owned by Providence Equity Partners through its investment funds, Providence Equity Partners VII-A LP and Providence VII Global Holdings LP. Providence Equity Partners is a global alternative investment firm established in 1989 focused on education, media, communications and information investments. The firm's private equity platform specialises in sector-focused buyout transactions and growth capital investments. Providence Equity Partners made its investment in the Group through IE Luxco S.à.r.l.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Going concern basis

The financial statements have been prepared on the going concern basis.

The Group has net liabilities of £86.1m and net current liabilities of £26.0m at the period end date. Net liabilities include £234.4m in loans from the parent company IE Luxco S.à.r.l and £59.6m in accumulated interest in respect of such loans which are not payable until the earlier of 2062 or the sale of the Group. Net current liabilities include £59.4m relating to advance sales where bookings have been made in advance of the production date which typically do not require immediate repayment and are recognised as revenue when the show is performed. Excluding this amount the Group has a net current assets position. The Group is obliged to meet financial covenants as part of arranging senior debt. These covenants are being met with comfortable headroom and forecasts indicate that this will continue to be the case. The hedging arrangements in place provide protection against potential increases in interest rates.

In addition, the Group benefits from long-established relationships with major producers of shows and a network of supplier contracts across different geographic areas. Shows go on sale up to eighteen months before the first performance date which helps mitigate risk, provides financial security and helps the Company monitor and forecast future performance given that the majority of tickets for a performance are sold at least several weeks before the performance takes place.

Having prepared forecasts to cover the 12 months subsequent to the date of signing the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

DIRECTORS' REPORT

operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Matters covered in the strategic report

Certain matters (principal risks and uncertainties, employee matters, future developments and post balance sheet events) are discussed within the Strategic Report, and incorporated into the Directors' report by reference.

Auditor


Each of the persons who is a director at the date of approval of this annual report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

This report approved by the board on 21 July 2016 and signed on its behalf



ShanMae Teo
Director

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the Annual 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 financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 company and of the profit or loss of the company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

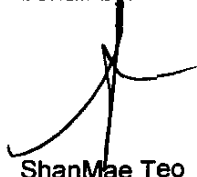
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the strategic report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's performance, business model and strategy.

This responsibility statement was approved by the board of directors on 21 July 2016 and is signed on its behalf by:



ShanMae Teo

Director

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DIRECTORS' BIOGRAPHIES

Greg Dyke, Chairman

Greg Dyke became Chairman of the Ambassador Theatre Group in December 2009. Greg has enjoyed a long and distinguished career in journalism and broadcasting, most notably as Director General of the BBC. He is currently also Chairman of both The Football Association and the British Film Institute. Greg has been Chancellor of the University of York since 2004.

ShanMae Teo, Chief Financial Officer

Before joining the executive team in June 2016, ShanMae was a non-executive director of the Company and a director at Providence Equity Partners. Prior to joining Providence Equity Partners in 2007, ShanMae was a consultant at Bain & Company in London, where she focused on projects for private equity and corporate clients in industries including communications and information services, consumer products and utilities. Prior to Bain, she was with M/C Venture Partners, a venture capital firm focused on communications services investments. Previously, ShanMae worked at Adero and Salomon Smith Barney. ShanMae received a Master of Business Administration from INSEAD and a Bachelor of Science from Boston College.

Sir Howard Panter, Co-Founder, Non-Executive Director

Howard has over 40 years' experience in the Arts and Entertainment industry. He received a Knighthood in The Queen's Birthday Honours List 2013 for services to theatre. As Creative Director of ATG Productions, Howard has produced and co-produced musicals and drama for the West End, internationally and on national tours. Howard is a Director of Rocky Horror Company Limited, serves on the LAMDA Development Council and is Chair of Rambert Dance Company.

Rosemary Squire OBE, Co-Founder & Deputy Chairman, Non-Executive Director

Rosemary is co-founder and Deputy Chairman of the Group. In 2014, Rosemary was named UK EY Entrepreneur of the Year, the first woman to be recognised for this title. Rosemary also appeared at number 16 on the inaugural BBC Radio 4 Woman's Hour Power List in 2013, which is intended to serve as a snapshot of the 100 most powerful women operating in the UK.

Helen Enright, Director

Helen is a Chartered Accountant, qualifying with Ernst and Young in 1984. She joined ATG in April 2000 as Finance Director and subsequently became Chief Financial Officer and Commercial Director. Previously she spent 13 years in the advertising industry holding senior finance roles within M.A.I. plc, and French stock-exchange listed companies Havas and Vivendi.

Peter Kavanagh, Director

Peter is a UK qualified lawyer with over 30 years of experience, specialising mostly in UK and international mergers & acquisitions and corporate finance. Peter joined ATG at the start of 2007, having worked as the Group's principal external legal adviser since the mid-1990s. Previously, Peter was a partner in the London office of US law firm Hunton & Williams. Prior to joining Hunton & Williams in 2002, Peter was a partner at London law firm Theodore Goddard for 13 years, serving as managing partner from 1997 to 1999.

Andrew Tisdale, Providence Equity Partners

Andrew Tisdale is a managing director at Providence Equity Partners. He is also a director of Clarion Events, HSE24 and M7. Prior to joining Providence Equity Partners in 2008, Andrew was global co-head of the media and communications group and a member of Morgan Stanley's management committee for investment banking. During his 18 year tenure at Morgan Stanley, Andrew held various roles within investment banking, including co-head of the media and communications group for North and South America and, subsequently, the same role for Europe, the Middle East and Africa. He also led Morgan Stanley's investment banking activities in Brazil. Andrew received a Master of Business Administration from the University of North Carolina at Chapel Hill and a Bachelor of Arts from Vanderbilt University.

Robert Sudo, Providence Equity Partners

Robert Sudo is a managing director at Providence Equity Partners. He is also a director of Clarion Events, HSE24 and Volia Limited. Prior to joining Providence Equity Partners in 2004, Robert worked as an analyst

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

DIRECTORS' BIOGRAPHIES

for Goldman Sachs in mergers and acquisitions and corporate finance. He received a Diploma in Business Administration from HHL Leipzig Graduate School of Management.

Chris Graham, Exponent Private Equity

Chris was one of the founding partners of Exponent in 2004. He is also a director of BBI, Wowcher, Immediate Media and Loch Lomond Group and previously sat on the boards of Quorn Foods, TSL, V.Group and Gorkana Group. Chris previously worked for 3i, Bank of America and KPMG. He has a BA in Economics from Manchester University.

Richard Lenane, Exponent Private Equity

Richard joined Exponent in January 2005. He is also a director of Immediate Media, Fintrax Group and Big Bus Tours and previously sat on the boards of TSL, Group GTI and Gorkana Group. Richard previously worked for Apax and the Boston Consulting Group. He has an MEng from Cambridge University and an MBA from Harvard Business School.

David Leigh, Non Executive Director

David Leigh joined the International Entertainment Holdings Limited board as a non-executive director in October 2015. He is CEO at Study Group, a role he has held since March 2013. Prior to joining Study Group, David was CEO of SHL, the global leader in talent assessment with a presence in more than 50 countries. Prior to SHL, he was on the Executive Committee of Groupe Steria, with responsibility for Business Process Outsourcing. David's earlier background was in private equity (iFormation Group, a joint venture between Goldman Sachs, General Atlantic Partners and the Boston Consulting Group), consulting (McKinsey & Co) and law (Herbert Smith). David has an MA in Social and Political Sciences from Cambridge University and a post-graduate legal qualification from the College of Law, London.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

We have audited the financial statements of International Entertainment Holdings Limited for the 52 week period ended 26 March 2016 which comprise Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated statement of changes in equity, the Consolidated Cash Flow Statement and the related notes 1 to 35. 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 auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 26 March 2016 and of the group's loss for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED (CONTINUED)

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.

M. R. Lee-Amies

Mark Lee-Amies FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London
United Kingdom
22 July 2016

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016

| | | 52 week period ended 26 March 2016 £'000 | 52 week period ended 28 March 2015 £'000 |
|---|-------------|---|---|
| | Note | | |
| Revenue | 3 | 226,391 | 184,549 |
| Cost of sales | | (82,127) | (55,295) |
| Gross profit | | 144,264 | 129,254 |
| Administrative expenses | | (145,548) | (108,312) |
| Share of results of associates and joint ventures | | 891 | - |
| Operating (loss)/profit | 4 | (393) | 20,942 |
| Finance income | 7 | 713 | 55 |
| Finance costs | 8 | (44,291) | (40,828) |
| Loss before tax | | (43,971) | (19,831) |
| Taxation | 9 | 2,879 | (215) |
| Loss for the year | | (41,092) | (20,046) |
| Attributable to: | | | |
| Owners of the Company | | (40,871) | (20,046) |
| Non-controlling interests | | (221) | - |
| Loss for the year | | (41,092) | (20,046) |

All activity relates to continuing operations.

The notes on pages 24 to 55 form part of these financial statements.

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016

| | 52 week period ended 26 March 2016 £'000 | 52 week period ended 28 March 2015 £'000 |
|---|---|---|
| Loss for the year | (41,092) | (20,046) |
| Items that may be reclassified subsequently to profit or loss: | | |
| Exchange differences on translation of foreign operations | 7,389 | 3,640 |
| Total comprehensive income for the year | <u>(33,703)</u> | <u>(16,406)</u> |
| Total comprehensive income attributable to: | | |
| Owners of the Company | (33,536) | (16,406) |
| Non-controlling interests | (167) | - |
| | <u>(33,703)</u> | <u>(16,406)</u> |

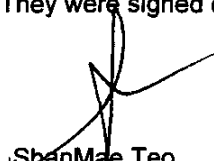
INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 26 MARCH 2016

| | | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
|--|-------------|------------------------------------|------------------------------------|------------------------------------|
| | Note | | | |
| Non-current assets | | | | |
| Goodwill | 10 | 273,112 | 244,932 | 244,932 |
| Intangible assets | 10 | 4,067 | 2,191 | 2,671 |
| Property, plant and equipment | 11 | 266,285 | 274,255 | 273,702 |
| Investments | 35 | 3,067 | - | - |
| Interests in associates and joint ventures | 35 | 4,344 | - | - |
| Trade and other receivables | 13 | 28,505 | - | - |
| | | <u>579,380</u> | <u>521,378</u> | <u>521,305</u> |
| Current assets | | | | |
| Inventories | 14 | 710 | 646 | 649 |
| Investments in shows | 15 | 1,531 | 1,856 | 554 |
| Trade and other receivables | 13 | 30,421 | 18,106 | 14,432 |
| Cash and cash equivalents | 16 | 50,970 | 28,841 | 23,626 |
| | | <u>83,632</u> | <u>49,449</u> | <u>39,261</u> |
| Total assets | | <u><u>663,012</u></u> | <u><u>570,827</u></u> | <u><u>560,566</u></u> |
| Current liabilities | | | | |
| Trade and other payables | 17 | (107,720) | (76,291) | (76,982) |
| Borrowings | 18 | - | (10,215) | (9,860) |
| Obligations under finance leases | 19 | (752) | (741) | (696) |
| Derivative financial instruments | 20 | (561) | (1,036) | (129) |
| Provisions | 21 | (628) | (606) | (585) |
| | | <u>(109,661)</u> | <u>(88,889)</u> | <u>(88,252)</u> |
| Net current liabilities | | <u>(26,029)</u> | <u>(39,440)</u> | <u>(48,991)</u> |
| Non-current liabilities | | | | |
| Borrowings | 18 | (519,494) | (412,074) | (391,294) |
| Obligations under finance leases | 19 | (91,353) | (90,651) | (84,430) |
| Deferred tax liabilities | 22 | (28,586) | (33,004) | (33,975) |
| | | <u>(639,433)</u> | <u>(535,729)</u> | <u>(509,699)</u> |
| Total liabilities | | <u><u>(749,094)</u></u> | <u><u>(624,618)</u></u> | <u><u>(597,951)</u></u> |
| Net liabilities | | <u><u>(86,082)</u></u> | <u><u>(53,791)</u></u> | <u><u>(37,385)</u></u> |

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 26 MARCH 2016

| | Note | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
|---|------|---------------------------|---------------------------|---------------------------|
| Equity | | | | |
| Share capital | 23 | 1 | 1 | 1 |
| Share premium account | | 1,708 | 1,708 | 1,708 |
| Translation reserve | | 10,420 | 3,031 | (609) |
| Accumulated deficit | | (99,402) | (58,531) | (38,485) |
| Equity attributable to owners of the Company | | <u>(87,273)</u> | <u>(53,791)</u> | <u>(37,385)</u> |
| Non-controlling interests | 24 | <u>1,191</u> | <u>-</u> | <u>-</u> |
| Total equity | | <u>(86,082)</u> | <u>(53,791)</u> | <u>(37,385)</u> |


The financial statements were approved by the board of directors and authorised for issue on 21 July 2016.
They were signed on its behalf by:


ShanMae Teo
Director

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016

| | | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
|--------------------------------|-------------|------------------------------------|------------------------------------|------------------------------------|
| Non-current assets | Note | | | |
| Investments | 12 | 1,710 | 1,710 | 1,710 |
| | | <u>1,710</u> | <u>1,710</u> | <u>1,710</u> |
| Current assets | | | | |
| Trade receivables | 13 | - | - | 393 |
| | | <u>-</u> | <u>-</u> | <u>393</u> |
| Total assets | | <u>1,710</u> | <u>1,710</u> | <u>2,103</u> |
| Current liabilities | | | | |
| Trade and other payables | 17 | (1) | (1) | (394) |
| | | <u>(1)</u> | <u>(1)</u> | <u>(394)</u> |
| Net current liabilities | | <u>(1)</u> | <u>(1)</u> | <u>(1)</u> |
| Net assets | | <u>1,709</u> | <u>1,709</u> | <u>1,709</u> |
| Equity | | | | |
| Share capital | | 1 | 1 | 1 |
| Share premium account | | <u>1,708</u> | <u>1,708</u> | <u>1,708</u> |
| Total equity | | <u>1,709</u> | <u>1,709</u> | <u>1,709</u> |

The financial statements were approved by the board of directors and authorised for issue on 21 July 2016.
They were signed on its behalf by:



ShanMae Teo
Director

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016

| | Share Capital £'000 | Share Premium Account £'000 | Translation reserve £'000 | Retained Earnings £'000 | Total £'000 | Non- controlling interest £'000 | Total Equity £'000 |
|--|---------------------------|--------------------------------------|---------------------------------|-------------------------------|----------------|--|--------------------------|
| Balance at 30 March 2014 | 1 | 1,708 | (609) | (38,485) | (37,385) | - | (37,385) |
| Loss for the period | - | - | - | (20,046) | (20,046) | - | (20,046) |
| Other comprehensive income for the period | - | - | 3,640 | - | 3,640 | - | 3,640 |
| Balance at 28 March 2015 | 1 | 1,708 | 3,031 | (58,531) | (53,791) | - | (53,791) |
| Acquisition of subsidiary | - | - | - | - | - | 1,358 | 1,358 |
| Loss for the period | - | - | - | (40,871) | (40,871) | (221) | (41,092) |
| Other comprehensive income for the period | - | - | 7,389 | - | 7,389 | 54 | 7,443 |
| Balance at 26 March 2016 | 1 | 1,708 | 10,420 | (99,402) | (87,273) | 1,191 | (86,082) |

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016

| | | 52 week period ended 26 March 2016 £'000 | 52 week period ended 28 March 2015 £'000 |
|--|-------------|---|---|
| | Note | | |
| Net cash from operating activities | 26 | <u>38,243</u> | <u>33,953</u> |
| Investing activities | | | |
| Acquisition of subsidiaries, net of cash acquired | 25 | (49,711) | - |
| Purchases of property, plant and equipment | | (8,526) | (8,061) |
| Purchases of intangible assets | | (2,731) | (945) |
| Investments in shows | | (675) | (1,357) |
| Purchase of theatre development investment | | - | (3,027) |
| Proceeds on disposal of property, plant and equipment | | - | 4 |
| Net cash used in investing activities | | <u>(61,643)</u> | <u>(13,386)</u> |
| Financing activities | | | |
| New bank loans raised | | 68,430 | - |
| Repayments of borrowings | | (2,500) | (3,750) |
| Repayments of obligations under finance leases | | (4,052) | (3,852) |
| Repayment of loans to parent company | | - | (3,230) |
| New obligations under finance leases raised | | - | 5,750 |
| Interest received | | 94 | 55 |
| Interest paid | | (11,177) | (9,139) |
| Financing fees paid | | (1,399) | (291) |
| Net cash from/(used in) financing activities | | <u>49,396</u> | <u>(14,457)</u> |
| Net increase in cash and cash equivalents | | 25,996 | 6,110 |
| Cash and cash equivalents at beginning of period | | 23,627 | 17,516 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | | 1,347 | - |
| Cash and cash equivalents at end of period | 16 | <u>50,970</u> | <u>23,626</u> |

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016

1 Accounting Policies

International Entertainment Holdings Limited (the Company) is a company incorporated in the United Kingdom under the Companies Act.

1.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with IFRSs adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation.

These financial statements are the first the Group has prepared in accordance with IFRS. For periods up to and including the year ended 28 March 2015, the Group prepared its financial statements in accordance with UK generally accepted accounting principles (UK GAAP). In preparing the financial statements, the Group's opening statement of financial position was prepared as at 29 March 2014, the Group's date of transition to IFRS. Note 34 explains the principal adjustments made by the Group in restating its UK GAAP financial statements.

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income Statement, Statement of Comprehensive Income and related notes. The profit for the period dealt with in the accounts of the Company was £nil (2015: £nil).

The financial statements have been prepared on the historical cost basis, except for financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

1.2 Operating results

The operating results include transactions up to and including the Saturday on or preceding 31 March of each year.

1.3 Going concern

The financial statements have been prepared on the going concern basis, details of which can be found in the Directors' report, on page 10.

1.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company has the power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the company gains control until the date when the Company ceases to control the subsidiary.

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests are initially measured at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

1.5 Business Combinations

Acquisitions of subsidiaries are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Contingency consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during a maximum period which cannot exceed one year from the acquisition date about facts and circumstances that existed at the acquisition date. Where changes occur to contingent consideration that is classified as an asset or liability, that do not qualify as measurement period adjustments, the contingent consideration is remeasured at subsequent reporting dates with the corresponding gain or loss being recognised in profit or loss.

The Group reports provisional amounts until the measurement period is completed.

1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

1.7 Associates and joint arrangements

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. Joint arrangements are classified into two types—joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. The type of joint arrangement is assessed by considering its rights and obligations, by considering the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances.

The assets and liabilities (and related revenues and expenses) of joint operations are recognised in proportion to the interest in the arrangement.

The results and assets and liabilities of associates and joint ventures are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016

is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

1.8 Investments in Shows and co-production arrangements

Investments in shows are stated at cost less amounts recouped to date, and provisions for any amounts which the directors do not believe are recoverable.

Production arrangements are reviewed on a production-by-production basis and treated based on the principles outlined above as either a subsidiary, an associate or joint venture or joint arrangement.

1.9 Revenue

Revenue primarily represents the amounts due to the Group from the sale of tickets and from providing theatre related services including venue use, bar and merchandise sales and sponsorship, excluding value added tax, credit card commission and ticket agent commission. Theatre related services are recognised in the period to which the services relate.

Revenue includes income derived from booking fees and commissions charged on tickets sold by the Group for its theatres and other UK venues. These fees and commissions are recognised at the time of sale.

In relation to co-production arrangements, where a controlling or joint operation interest is held, revenue includes the Group's share of revenue for the production. Where no controlling interest is held turnover represents net income from productions. Where equity accounting is applied, the share of profit or loss is disclosed in the "share of results of associates and joint ventures" line.

1.10 Leases

Finance leases are those where substantially all of the risks and rewards of ownership are assumed by the Group.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

The finance element of the rental payment is charged to income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals under operating leases are charged to income on a straight-line basis over the lease term.

Lease incentives are recognised as a liability and recognised as a reduction of rental expense on a straight-line basis over the lease term.

1.11 Foreign currencies

For the purpose of the consolidated financial statements, the results and financial position of each group company are expressed in pounds sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Such exchange gains and losses are recognised in profit or loss.

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 26 MARCH 2016

Results of overseas subsidiaries are translated at the average rate for the year. Assets and liabilities of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Such exchange differences arising are recognised in the translation reserve.

1.12 Government grants

Government grants relating to property, plant and equipment are treated as deferred income and released to profit or loss over the expected useful lives of the assets concerned. Other grants are credited to profit or loss as the related expenditure is incurred.

1.13 Operating profit

Operating profit is stated after the share of results of associates but before finance income and costs.

1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Where there are defined benefit schemes, if a retirement benefit obligation arises, it is recognised in the consolidated balance sheet.

1.15 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax is based on taxable profit for the period calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill, from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit or investments in subsidiaries and associates, and interests in joint ventures, where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial year end date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1.16 Property, Plant and Equipment

Plant, property and equipment are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|--------------------|----------------|
| Freehold buildings | 40 to 50 years |
|--------------------|----------------|

INTERNATIONAL ENTERTAINMENT HOLDINGS LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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| | |
|-----------------------|--|
| Leasehold property | Shorter of leasehold term and useful life of 40 to 50 years |
| Fixtures and fittings | 4 - 10 years, or over the period to the end of the lease of the theatre if this is shorter |

No depreciation is applied to the cost of assets in the course of construction. Freehold land is not depreciated.

1.17 Intangible assets

Goodwill is not amortised.

Other intangible assets all have finite lives and are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives and is recognised in the administrative expenses line item.

The amortisation period for software is 4 years. The estimated life of other intangible assets is considered on an asset-by-asset basis and is up to 5 years.

1.18 Impairment of non-current assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Goodwill is reviewed for impairment at least annually.

For the purpose of impairment testing, goodwill is allocated to each grouping of the Group's cash-generating units expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of the asset under consideration exceeds its recoverable amount. Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

1.19 Inventory

Inventory is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving items.

1.20 Financial Instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

1.20.1 Trade receivables

Trade receivables are classified as loans and receivables and are measured at amortised cost using the effective interest method, less any impairment. Since trade receivables are due within one year, this equates to initial carrying value less any impairment.

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1.20.2 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

1.20.3 Interest rate swaps

Interest rate swaps not designated as hedging instruments are financial liabilities at FVTPL. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the Finance Costs line item in the income statement. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the financial year end date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

1.20.4 Borrowings

Loans and Borrowings are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest rate is a method of calculating the amortised cost of a financial liability and of allocated interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

1.20.5 Trade payables

Trade payables are classified as loans and receivables and are measured at amortised cost using the effective interest method, less any impairment. Since trade payables are due within one year, this equates to initial carrying value less any impairment.

1.20.6 Financial guarantees

Financial guarantee contracts are accounted for as insurance contracts.

1.21 Deferred income

Amounts received for tickets for future shows are classified as deferred income, and recognised in income when the show takes place.

1.22 New and revised IFRSs in issue but not yet effective

At the date of authorisation of these financial statements the Group had not applied the following new and revised IFRSs that have been issued but are not yet effective:

- Amendments to IFRS 11, *Joint arrangements* on the accounting for acquisitions of interests in joint operations
- Amendments to IAS 1, *Presentation of financial statements* which clarifies existing IAS 1 requirements
- Amendments to IAS 16, *Plant, property and equipment* and IAS 38, *Intangible assets* which clarifies acceptable methods of depreciation and amortisation
- Amendments to IAS 27, *Consolidated and separate financial statements* which allow an entity to use the equity method as described in IAS 28 to account for its investments in subsidiaries
- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*
- IFRS 16, *Leases*
- Amendments to IFRS 10, *Consolidated financial statements*, IFRS 12, *Disclosure of interests in other entities* and IAS 28, *Investments in associates and joint ventures* on applying the consolidation exception

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- Amendments to IAS 7, *Statement of cashflows* on the disclosures in financial statements
- Amendments to IAS 12, *Income taxes* on the recognition of deferred tax assets for unrealised losses
- Annual Improvements 2012
- Annual Improvements 2013
- Annual improvements 2014

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods, except as noted below. It is not practicable to provide a reasonable estimate of the impact of IFRS 9 and IFRS 15 until a detailed review has been completed.

Under IFRS 16 significant changes are introduced to lessee accounting, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). Subject to EU endorsement, IFRS 16 would apply for annual reporting periods beginning on or after 1 January 2019. The Group is currently assessing the impact of accounting changes that will arise under IFRS 16. The changes are expected to have a material impact on the Consolidated Financial Statements.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2.1 Carrying value of non-current assets

Determining whether goodwill and other non-current assets are impaired requires an estimation of the value in use of the relevant asset. The value in use calculation requires the directors to estimate the future cash flows expected to arise and a suitable discount rate in order to calculate present value. Details of impairment reviews are provided in notes 10 and 11.

Notes receivable balances arise in relation to financing the redevelopment of venues via schemes created by the US government to encourage financial institutions to invest into redevelopment of historic buildings. Management assesses the recoverability of these assets to determine that the carrying value is appropriately supported, whether the asset will be recoverable either over the life of the instrument or by other means.

2.2 Fair value measurements and valuation process

Some of the Group's assets and liabilities are measured at fair value, at acquisition date for business combinations or otherwise at the balance sheet date. The Group engages third party valuers to perform valuations where market-observable data is not available. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in notes 10,11 and 30.

2.3 Accounting for investments in shows

Determining whether a show in which the Group has invested should be treated as a subsidiary, a joint operation, a joint venture or an investment requires management judgement. The appropriate treatment is reviewed on a show-by-show basis. The introduction of the UK theatre tax credit scheme has led to an increased number of shows being considered as subsidiaries and joint ventures rather than joint operations.

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3 Revenue

The Group's revenue from external customers by geographical location are detailed below:

| | 52 week period ended 26 March 2016 £'000 | 52 week period ended 28 March 2015 £'000 |
|-----------------------|---|---|
| UK | 167,175 | 169,152 |
| Rest of Europe | 43,224 | - |
| USA and Rest of World | 15,992 | 15,397 |
| | <u>226,391</u> | <u>184,549</u> |

4 Operating loss/(profit)

Operating loss/(profit) has been arrived at after charging:

| | Note | 52 week period ended 26 March 2016 £'000 | 52 week period ended 28 March 2015 £'000 |
|---|-------------|---|---|
| Depreciation of property, plant and equipment | 11 | 12,103 | 11,334 |
| Amortisation of intangible fixed assets | 10 | 2,102 | 1,425 |
| Impairment of property, plant and equipment | 11 | 8,529 | - |
| Impairment of goodwill | 10 | 6,860 | - |
| Operating lease charges | | 3,169 | 1,945 |
| Staff costs | 6 | 91,970 | 66,732 |

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5 Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

| | For the 52 week period ended 26 March 2016 £'000 | For the 52 week period ended 28 March 2015 £'000 |
|---|---|---|
| Fees payable to the company's auditor and their associates for the audit of the company's annual accounts | 321 | 156 |
| <i>Total audit fees</i> | <u>321</u> | <u>156</u> |
| - Audit-related assurance services | - | 8 |
| - Taxation compliance services | 52 | 55 |
| - Other taxation advisory services | 39 | 105 |
| <i>Total non-audit fees</i> | <u>91</u> | <u>168</u> |
| Total | <u>412</u> | <u>324</u> |

6 Staff costs

The average monthly number of employees (including executive directors) was:

| | For the 52 week period ended 26 March 2016 No. | For the 52 week period ended 28 March 2015 No. |
|---------------------|---|---|
| Executive directors | 4 | 4 |
| Venue staff | 3,114 | 2,706 |
| Other | 742 | 663 |
| | <u>3,860</u> | <u>3,373</u> |

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Their aggregate remuneration comprised:

| | For the 52 week period ended 26 March 2016 £'000 | For the 52 week period ended 28 March 2015 £'000 |
|-----------------------|---|---|
| Wages and salaries | 85,294 | 61,391 |
| Social security costs | 5,459 | 4,222 |
| Other pension costs | 1,217 | 1,119 |
| | <u>91,970</u> | <u>66,732</u> |

Remuneration of key management personnel

The remuneration of the directors, who are considered the key management personnel of the group, is set out below:

| | For the 52 week period ended 26 March 2016 £'000 | For the 52 week period ended 28 March 2015 £'000 |
|--|---|---|
| Directors' remuneration (salaries, fees, bonuses and benefits in kind) | 1,519 | 1,535 |
| Money purchase pension contributions | 120 | 120 |
| | <u>1,639</u> | <u>1,655</u> |

During the period retirement benefits were accruing to 3 (2015: 3) directors in respect of defined contribution schemes.

The highest paid director received remuneration of £424,877 (2015: £429,640). The value of the Company's contributions paid to a defined contribution scheme in respect of the highest paid director amounted to £40,000 (2015: £40,000).

Social security costs payable in respect of key management personnel was £166,000 (2015: £171,000).

Pensions

The Group operates defined contribution pension schemes. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £1,217,000 (2015: £1,119,000). Contributions totalling £152,000 (2015: £107,000) were payable to the fund at the balance sheet date.

Employee benefit trust

The Group has no direct employee share scheme or share-based payment arrangement. However certain employees of the Group have acquired an interest in the equity of the holding company via an employee benefit trust in both the current and prior periods.

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7 Finance income

| | For the 52 week period ended 26 March 2016 £'000 | For the 52 week period ended 28 March 2015 £'000 |
|---|---|---|
| Interest income | 94 | 55 |
| Change in the fair value of derivative financial instruments | 475 | - |
| Unwinding of discount on long term receivable | 144 | - |
| | <u>713</u> | <u>55</u> |

8 Finance costs

| | For the 52 week period ended 26 March 2016 £'000 | For the 52 week period ended 28 March 2015 £'000 |
|---|---|---|
| Interest on bank overdrafts and loans | 10,965 | 9,036 |
| Interest on obligations under finance leases | 4,772 | 4,544 |
| Interest on loans from parent undertakings | 26,955 | 24,716 |
| Change in the fair value of derivative financial instruments | - | 907 |
| Amortisation of financing fees | 1,599 | 1,625 |
| | <u>44,291</u> | <u>40,828</u> |

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9 Taxation

| | For the 52 week period ended 26 March 2016 £'000 | For the 52 week period ended 28 March 2015 £'000 |
|--|---|---|
| Analysis of tax (credit)/charge in the period | | |
| Current tax | | |
| Tax charge on loss for the period | 1,099 | 1,127 |
| Adjustments in respect of prior periods | 440 | 57 |
| Total Current tax | 1,539 | 1,186 |
| Deferred tax (see note 22) | | |
| Origination and reversal of timing differences | (4,418) | (971) |
| Tax on loss on ordinary activities | (2,879) | 215 |

Corporation tax is calculated at 20% (2015: 21%) of the estimated taxable profit for the period. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The (credit)/charge for the period can be reconciled to the income statement as follows:

| | For the 52 week period ended 26 March 2016 £'000 | For the 52 week period ended 28 March 2015 £'000 |
|--|---|---|
| Loss before tax | (43,971) | (19,831) |
| Loss multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%) | (8,794) | (4,165) |
| Effects of: | | |
| Expenses not deductible for tax purposes | 7,266 | 4,322 |
| Adjustments to tax charge in respect of prior periods | 259 | 57 |
| Change in unrecognised deferred tax assets | 677 | - |
| Effect of different rate for deferred tax | (2,878) | - |
| Effect of different rates of subsidiaries operating in other jurisdictions | 593 | - |
| Tax (credit)/charge for the period (see note above) | (2,879) | 215 |

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The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date as appropriate. The closing deferred tax liability as at 26 March 2016 has been calculated at 18% reflecting the tax rate at which the deferred tax liability is expected to be utilised in future periods.

Deferred tax liabilities have not been recognised in respect of retained earnings of overseas subsidiaries. Retained earnings of overseas subsidiaries are expected to be reinvested indefinitely or remitted to the UK free from further taxation. Changes to UK tax legislation largely exempts from UK tax overseas dividends received on or after 1 July 2009.

10 Intangible assets

| | Software | Other | Total | Goodwill | Total |
|--|-----------------|--------------|-------------------|-----------------|--------------|
| | £'000 | £'000 | Intangible | £'000 | £'000 |
| | | | Assets | | |
| | | | £'000 | | |
| Cost | | | | | |
| At 30 March 2014 | 3,043 | - | 3,043 | 244,932 | 247,975 |
| Additions | 945 | - | 945 | - | 945 |
| At 28 March 2015 | 3,988 | - | 3,988 | 244,932 | 248,920 |
| Recognised on acquisition of a subsidiary | - | 1,177 | 1,177 | 32,081 | 33,258 |
| Additions | 2,731 | - | 2,731 | - | 2,731 |
| Exchange differences | - | 106 | 106 | 2,959 | 3,065 |
| At 26 March 2016 | 6,719 | 1,283 | 8,002 | 279,972 | 287,974 |
| Accumulated amortisation and impairment | | | | | |
| At 30 March 2014 | 372 | - | 372 | - | 372 |
| Amortisation | 1,425 | - | 1,425 | - | 1,425 |
| At 28 March 2015 | 1,797 | - | 1,797 | - | 1,797 |
| Amortisation | 1,338 | 764 | 2,102 | - | 2,102 |
| Impairment losses for the year | - | - | - | 6,860 | 6,860 |
| Exchange differences | - | 36 | 36 | - | 36 |
| At 26 March 2016 | 3,135 | 800 | 3,935 | 6,860 | 10,795 |
| Carrying amount | | | | | |
| At 26 March 2016 | 3,584 | 483 | 4,067 | 273,112 | 277,179 |
| At 28 March 2015 | 2,191 | - | 2,191 | 244,932 | 247,123 |
| At 29 March 2014 | 2,671 | - | 2,671 | 244,932 | 247,603 |

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Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) or group of units that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated to the following groups of CGUs:

| | 2016 | 2015 | 2014 |
|--------|----------------|----------------|----------------|
| | £ | £ | £ |
| UK | 244,932 | 244,932 | 244,932 |
| USA | 24,648 | - | - |
| Europe | 10,392 | - | - |
| | <u>279,972</u> | <u>244,932</u> | <u>244,932</u> |

The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired. The recoverable amounts of the CGUs and the group of units are determined from value in use calculations.

The impairment reviews for both the UK and the recently acquired US business do not indicate any impairment is required. Management do not believe that any reasonably possible changes to assumptions would cause an impairment. The values for the key assumptions were arrived at by taking into consideration historical information and comparison to external sources where appropriate, such as market rates for discount factors.

- Budgeted cash flows. The calculation of value in use has been based on the cash flows forecast in the 2017 budget approved by management and applying growth assumptions for the subsequent years of 2% until 2021 and 1% thereafter.
- A post-tax discount rate of 10% was applied to the cash flows.

With respect to the European production business, the value in use calculation using budgeted cash flows appropriately sensitised for the uncertainties inherent in a production business indicated an impairment of £6,860,000. Management are supportive of the European businesses and have confidence in a successful future. However, the European business is largely a production based business which is dependent on the success of individual productions and hence the results tend to be more volatile. A post-tax discount rate of 10% was applied to the cash flows.

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11 Property, plant and equipment

| Group | Freehold property £'000 | Long-term leasehold property £'000 | Short-term leasehold property £'000 | Fixtures and fittings £'000 | Total £ |
|--|-------------------------------|---|--|--------------------------------------|------------|
| Cost | | | | | |
| At 30 March 2014 | 150,794 | 97,457 | 8,216 | 21,309 | 277,776 |
| Additions | 1,254 | 134 | 2 | 6,671 | 8,061 |
| Disposals | - | - | - | (32) | (32) |
| Transfer between classes | 1,601 | - | (1,601) | - | - |
| Exchange differences | - | 4,072 | - | 34 | 4,106 |
| At 28 March 2015 | 153,649 | 101,663 | 6,617 | 27,982 | 289,911 |
| Additions | 3 | 9 | 9 | 9,514 | 9,535 |
| Acquisition of subsidiary | - | - | - | 1,086 | 1,086 |
| Disposals | - | - | - | (22) | (22) |
| Transfer between classes | - | - | - | - | - |
| Exchange differences | - | 2,027 | - | 177 | 2,204 |
| At 26 March 2016 | 153,652 | 103,699 | 6,626 | 38,737 | 302,714 |
| Accumulated depreciation and impairment | | | | | |
| At 30 March 2014 | 1,042 | 904 | 490 | 1,638 | 4,074 |
| Charge for the 52 week period | 3,219 | 2,811 | 1,407 | 3,897 | 11,334 |
| Disposals | - | - | - | (28) | (28) |
| Transfer between classes | 729 | - | (729) | - | - |
| Exchange differences | - | 201 | - | 75 | 276 |
| At 28 March 2015 | 4,990 | 3,916 | 1,168 | 5,582 | 15,656 |
| Charge for the 52 week period | 3,166 | 2,945 | 996 | 4,996 | 12,103 |
| Impairment loss | - | 8,529 | - | - | 8,529 |
| Disposals | - | - | - | (22) | (22) |
| Transfer between classes | - | - | - | - | - |
| Exchange differences | - | 132 | - | 31 | 163 |
| At 26 March 2016 | 8,156 | 15,522 | 2,164 | 10,587 | 36,429 |
| Net book value | | | | | |
| At 26 March 2016 | 145,496 | 88,177 | 4,462 | 28,150 | 266,285 |
| At 28 March 2015 | 148,659 | 97,747 | 5,449 | 22,400 | 274,255 |
| At 29 March 2014 | 149,752 | 96,553 | 7,726 | 19,671 | 273,702 |

There is no property, plant and equipment in the Company (2015: £nil).

An impairment has been recognised for the Lyric theatre in New York determined using value in use calculations. In the three years since acquisition by ATG, this theatre has not performed in line with forecast, and whilst the current collaboration with Cirque du Soleil is expected to generate much stronger results, there is not yet sufficient certainty over this. Therefore management made the decision to adopt a prudent accounting position and have recognised an impairment to the carrying value of this asset.

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The key assumptions used to calculate the impairment were arrived at by taking into consideration historical information and comparison to external sources where appropriate, such as market rates for discount factors.

- Budgeted cash flows. The calculation of value in use has been based on the cash flows using the historical post acquisition performance including consideration of the initial performance of Cirque du Soleil since it began previews in April 2016 and applying growth assumptions for the subsequent years of 2% until 2021 and 1% thereafter.
- A post-tax discount rate of 10% was applied to the cash flows.

12 Investments

The directly and indirectly held subsidiaries are listed in note 35.

Investment in Subsidiary companies

| | Company £'000 |
|---|--------------------------|
| Cost and Net book value | |
| At 29 March 2014, 28 March 2015 and 26 March 2016 | 1,710 |
| | <hr/> |

13 Trade and other receivables

| | Group | | |
|---|------------------------------------|------------------------------------|------------------------------------|
| Amounts receivable after more than 12 months | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
| Other receivables | 23,018 | - | - |
| Long term receivable for developer fee | 5,487 | - | - |
| | <hr/> | <hr/> | <hr/> |
| | 28,505 | - | - |
| | <hr/> | <hr/> | <hr/> |

The other receivables balance includes amounts receivable from counterparties in relation to the financing structure of the redevelopment of Saenger Theatre (acquired as part of the ACE acquisition) via a well-used arrangement created by the US government to encourage financial institutions to invest into redevelopment of historic buildings. Interest is receivable at rates between 0.48% and 0.5%. These will be recoverable from the counterparties either over the life of the instrument or by transfer of leasehold interests. The long term receivable relates to a balance acquired as part of the ACE acquisition and is a fee for theatre development services provided which will be paid over a number of years.

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| Amounts receivable within 12 months | Group | | |
|--|------------------------------------|------------------------------------|------------------------------------|
| | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
| Trade receivables | 10,844 | 6,054 | 7,022 |
| Amounts owed by parent undertakings | - | - | 393 |
| Other receivables | 10,316 | 6,206 | 4,502 |
| Prepayments and accrued income | 9,261 | 5,846 | 2,515 |
| | <u>30,421</u> | <u>18,106</u> | <u>14,432</u> |

The Company had no trade and other receivables (2015: £nil, 2014: £393,000).

All impaired trade receivables have been provided to the extent they are believed not to be recoverable. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable. The Group does not hold any collateral as security.

14 Inventories

| | Group | | |
|-------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
| Finished goods and goods for resale | 710 | 646 | 649 |
| | <u>710</u> | <u>646</u> | <u>649</u> |

The Company has no inventory (2015: £nil, 2014: £nil).

15 Investments in shows

| | Group | | |
|----------------------|------------------------------------|------------------------------------|------------------------------------|
| | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
| Investments in shows | 1,531 | 1,856 | 554 |
| | <u>1,531</u> | <u>1,856</u> | <u>554</u> |

The Company has no investments in shows (2015: £nil, 2014: £nil).

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16 Cash and cash equivalents

| | | Group | | |
|---|-------------|------------------------------------|------------------------------------|------------------------------------|
| | Note | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
| Cash and cash equivalents | | 50,970 | 28,841 | 23,626 |
| Bank overdrafts | 18 | - | (5,215) | (6,110) |
| Cash and cash equivalents per Statement of Cash Flows | | <u>50,970</u> | <u>23,626</u> | <u>17,516</u> |

£5,079,000 (2015: £4,382,000, 2014: £3,466,000) is held in escrow bank accounts and is therefore not available for use by the Group.

The Company has no cash and cash equivalents (2015: £nil, 2014: £nil).

17 Trade and other payables

| | Group | | | Company | | |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
| Trade payables | 12,764 | 8,680 | 9,169 | - | - | - |
| Amounts owed to parent undertakings | - | - | 3,230 | - | - | 393 |
| Deferred income | 59,442 | 39,814 | 41,100 | - | - | - |
| Accruals | 24,021 | 16,913 | 16,515 | 1 | 1 | 1 |
| Other taxation and social security | 2,884 | 2,685 | 4,735 | - | - | - |
| Other payables | 8,093 | 7,070 | 888 | - | - | - |
| Government grants received and not utilised | 516 | 1,129 | 1,345 | - | - | - |
| | <u>107,720</u> | <u>76,291</u> | <u>76,982</u> | <u>1</u> | <u>1</u> | <u>394</u> |

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18 Borrowings

| | 26 March 2016 | 28 March 2015 | 29 March 2014 |
|--|----------------------|----------------------|----------------------|
| | £'000 | £'000 | £'000 |
| Overdrafts | - | 5,215 | 6,110 |
| Bank loans | 215,639 | 150,054 | 152,346 |
| Loan from Parent Company | 293,976 | 267,020 | 242,698 |
| Notes payable | 9,879 | - | - |
| | <u>519,494</u> | <u>422,289</u> | <u>401,154</u> |
| Amount due for settlement within 12 months | - | 10,215 | 9,860 |
| Amount due for settlement after 12 months | <u>519,494</u> | <u>412,074</u> | <u>391,294</u> |

The bank loans are secured by a charge over the assets of International Entertainment Finance Limited, a subsidiary of the Company and the majority of its subsidiary undertakings. These loans bear interest at a rate which fluctuates in line with LIBOR with a margin of 4.75%.

| | 26 March 2016 | 28 March 2015 | 29 March 2014 |
|------------------------------|----------------------|----------------------|----------------------|
| | £'000 | £'000 | £'000 |
| Bank loans | 222,000 | 156,070 | 159,820 |
| (Unamortised financing fees) | (6,361) | (6,016) | (7,474) |
| | <u>215,639</u> | <u>150,054</u> | <u>152,346</u> |

The Group also has a 10.13% fixed rate interest-bearing loan from the parent company IE Luxco S.à.r.l which was £293,976,000 as at 26 March 2016 (2015: £267,020,000, 2014: £245,535,000).

The notes payable are promissory notes, secured by assets of the relevant subsidiary entity, including the non-current other receivables balance described in note 13 at an interest rate of 0.1%.

The Company does not have any Borrowings (2015: £nil).

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19 Obligations under finance leases

| | Minimum lease payments | | | Present value of minimum lease payments | | |
|--|------------------------|------------------------|------------------------|---|------------------------|------------------------|
| | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
| Within one year | 4,061 | 3,978 | 3,683 | (752) | (741) | (696) |
| In the second to fifth years inclusive | 16,668 | 16,285 | 15,106 | (2,961) | (2,922) | (2,754) |
| After five years | 420,900 | 425,136 | 429,116 | (88,392) | (87,729) | (81,676) |
| | <u>441,629</u> | <u>445,399</u> | <u>447,905</u> | | | |
| Less: future finance charges | (533,734) | (536,791) | (533,031) | | | |
| Present value of lease obligations | <u>(92,105)</u> | <u>(91,392)</u> | <u>(85,126)</u> | <u>(92,105)</u> | <u>(91,392)</u> | <u>(85,126)</u> |
| Amount due within 12 months | | | | (752) | (741) | (696) |
| Amount due after 12 months | | | | <u>(91,353)</u> | <u>(90,651)</u> | <u>(84,430)</u> |

20 Derivative financial instruments

| | 26 March 2016 £'000 | 28 March 2015 £'000 | 29 March 2014 £'000 |
|---------------------|------------------------|------------------------|------------------------|
| Interest rate swaps | 561 | 1,036 | 129 |

At 26 March 2016 and 28 March 2015, interest rate swaps with a notional value of £103.3m are in place which fix LIBOR at an average of 1.239%. These interest rate swaps expire in December 2016.

21 Provisions

| Group | Dilapidations £'000 |
|------------------|------------------------|
| At 30 March 2014 | 585 |
| Additions | 21 |
| At 28 March 2015 | 606 |
| Additions | 22 |
| At 26 March 2016 | <u>628</u> |

The Group continues to provide for the expected level of dilapidations for certain theatres. The adequacy of the provisions are periodically reviewed to ensure that they will meet the final obligations. There has not been any dilapidation expenditure during the year.

The Company has no provisions (2015: £nil).

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22 Deferred tax

| | Revaluation of Property £'000 | Accelerated tax depreciation £'000 | Tax losses £'000 | Other £'000 | Total £'000 |
|--------------------------|-------------------------------------|---|---------------------|----------------|----------------|
| At 30 March 2014 | 32,172 | 1,828 | (61) | 36 | 33,975 |
| Charge to profit or loss | (898) | 12 | (3) | (82) | (971) |
| At 28 March 2015 | 31,274 | 1,840 | (64) | (46) | 33,004 |
| Charge to profit or loss | (3,631) | (677) | 8 | (118) | (4,418) |
| At 26 March 2016 | 27,643 | 1,163 | (56) | (164) | 28,586 |

The Company has no deferred tax (2015: £nil).

23 Share capital

| | 2016 £'000 | 2015 £'000 | 2014 £'000 |
|--|---------------|---------------|---------------|
| Issued and fully paid: 1,301 Ordinary shares of £1 each | 1 | 1 | 1 |

24 Non-controlling interests

Saenger Aggregator Leverage Lender LLC

The income and cash flows of this entity are not material.

| | £'000 |
|--|---------|
| Current assets | 170 |
| Non-current assets | 18,588 |
| Current liabilities | (286) |
| Non-current liabilities | (9,312) |
| Net assets | 9,160 |
| Equity attributable to owners of the Company | 8,244 |
| Non-controlling interests | 916 |

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BB Group GmbH and subsidiaries

| | £'000 |
|--|----------------|
| Current assets | 21,284 |
| Non-current assets | 1,252 |
| Current liabilities | (19,510) |
| Net assets | <u>3,026</u> |
| Equity attributable to owners of the Company | 2,751 |
| Non-controlling interests | 275 |
| Revenue | 43,224 |
| Expenses | (45,512) |
| Loss for the year | <u>(2,288)</u> |
| Loss attributable to owners of the Company | (2,063) |
| Loss attributable to non-controlling interests | (225) |

25 Acquisitions of subsidiaries

BB Group GmbH

On 24 May 2015, the group acquired 90 per cent of the issued share capital of BB Group GmbH, obtaining control of the entity and its subsidiaries. BB Group GmbH is a producer and promoter of premium live entertainment in Europe, with a particular strength in touring musicals and dance productions throughout Germany, Austria and Switzerland. The acquisition of BB Group GmbH supports the Group's strategy of international expansion into the significant German speaking markets.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

| | £'000 |
|--|----------------------|
| Property, plant and equipment | 632 |
| Identifiable intangible assets | 136 |
| Cash | 8,558 |
| Trade and other receivables | 7,723 |
| Trade and other payables | (11,846) |
| Total identifiable assets | <u>5,203</u> |
| Goodwill | 9,439 |
| Non-controlling interest | (520) |
| Total consideration | <u><u>14,122</u></u> |
| Satisfied by: | |
| Cash | <u>14,122</u> |
| Total consideration transferred | <u><u>14,122</u></u> |
| Net cash outflow arising on acquisition | |
| Cash consideration | 14,122 |
| Less: cash and cash equivalent balances acquired | (8,558) |
| | <u><u>5,564</u></u> |

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None of the goodwill is expected to be deductible for income tax purposes.

There is a contingent consideration arrangement based on weighted average EBITDA for the period from January 2014 to March 2017. The potential undiscounted amount of all future payments that the Group could be required to make under the arrangement is between £nil and £7,820,000. Based on results to date, it is not believed that any additional consideration will be payable.

Acquisition-related costs (included in administrative expenses) amount to £804,000.

BB Group GmbH delivered £43,224,000 of revenue, an operating loss of £1,909,000 and a net loss of £2,063,000 to the Group's loss for the period between the date of acquisition and the period end date.

If the acquisition of BB Group GmbH had been completed on the first day of the financial year, revenues for International Entertainment Holdings Limited Group for the period would have been £231,426,000 and group operating loss would have been £379,000.

ACE Theatrical Group

On 15 September 2015, the group acquired 100 per cent of the issued share capital of various companies which together comprise the ACE Theatrical Group. ACE is a theatre developer and operator and was acquired in order to support the Group's strategy of international expansion.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below.

| | £'000 |
|--|---------------|
| Property, plant and equipment | 454 |
| Identifiable intangible assets | 1,041 |
| Investments | 2,746 |
| Interests in associates | 3,208 |
| Cash | 2,328 |
| Trade and other receivables | 29,881 |
| Trade and other payables | (5,909) |
| Notes payable | (9,078) |
| Total identifiable assets | 24,671 |
| Goodwill | 22,642 |
| (Non-controlling interest) | (838) |
| Total consideration | 46,475 |
| Satisfied by: | |
| Cash | 46,475 |
| Total consideration transferred | 46,475 |
| Net cash outflow arising on acquisition | |
| Cash consideration | 46,475 |
| Less: cash and cash equivalent balances acquired | (2,328) |
| | 44,147 |

None of the goodwill is expected to be deductible for income tax purposes.

There is a contingent consideration arrangement relating to one of the theatres acquired, based on a multiple of last twelve month EBITDA at 31 March 2016. The potential undiscounted amount of all future payments

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that the Group could be required to make under the arrangement is between £nil and £17,695,000. Based on results to date, it is not believed that any additional consideration will be payable.

Acquisition-related costs (included in administrative expenses) amount to £1,586,000.

ACE contributed £8,062,000 of revenue, £1,859,000 of operating profit and £2,143,000 to the Group's net profit for the period between the date of acquisition and the period end date.

If the acquisition of ACE had been completed on the first day of the financial year, revenues for International Entertainment Holdings Limited for the period would have been £229,132,000 and group operating loss would have been £1,097,000.

26 Notes to the cash flow statement

| | For the 52 week period ended 26 March 2016 £'000 | For the 52 week period ended 28 March 2015 £'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Operating (loss)/profit | (393) | 20,941 |
| Amortisation of intangible fixed assets | 2,102 | 1,425 |
| Impairment of goodwill | 6,860 | - |
| Depreciation of property, plant and equipment | 12,103 | 11,334 |
| Impairment of property, plant and equipment | 8,529 | - |
| (Increase)/decrease in inventory | (64) | 3 |
| Decrease/(increase) in receivables | 72 | (26) |
| Increase in payables | 10,091 | 2,362 |
| Increase in provisions | 22 | 21 |
| Increase in show investment provision | 195 | 55 |
| Cash generated from operations | 39,517 | 36,115 |
| Taxation paid | (1,274) | (2,162) |
| Net cash generated by operating activities | 38,243 | 33,953 |

27 Contingent liabilities

A corporate cross guarantee of the senior debt exists between International Entertainment Finance Limited, a subsidiary of the Company and the majority of its parent and fellow subsidiary undertakings. The senior debt is secured by a debenture over the majority of the assets of the Group.

An agreement has been entered into with the former owners of ACE to acquire the leasehold of a further theatre which is currently under development. If the relevant governmental consents are obtained within a specified period, the Group is obliged to acquire the leasehold, with the purchase price being set at a multiple of first year EBITDA. Due to the level of uncertainty of what this might be, it is not possible to estimate the potential liability arising. It is expected that any cash flow would occur in the financial year ending March 2019.

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In relation to two of the ACE venues, the Group provides guarantees including a commitment to fund certain operating cash flow commitments if insufficient funds are generated by each venue's operations. These amounts would be reimbursed out of future operating cash flows.

28 Operating lease arrangements

At the balance sheet date, the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2016 £ | 2015 £ |
|--|---------------|---------------|
| Within one year | 2,671 | 1,609 |
| In the second to fifth years inclusive | 10,223 | 8,735 |
| After five years | 39,686 | 40,046 |
| | <u>52,580</u> | <u>50,390</u> |

29 Financial risk management

Capital risk management

The Group's objectives when managing capital are to maximise shareholder value whilst safeguarding the Group's ability to continue as a going concern. In common with other private equity portfolio companies, the Group carries a high level of net debt compared to equity. Total capital is calculated as total equity as shown in the consolidated statement of position, plus net debt. Net debt is calculated as the total of borrowings as shown in the consolidated balance sheet, less cash and cash equivalents.

Financial risk management objectives

The Group's activities expose it to a variety of financial risks, including currency risk, interest rate risk, credit risk and liquidity risk.

The Group's overall risk management programme focuses on minimising potential adverse effects on the Group's financial performance.

Descriptions of the financial risks and how these are managed and mitigated are included in the Strategic Report on p6.

Financial Risks

Sensitivity analysis

Interest Rate Risk

An increase of one percentage point in interest rates would decrease the Group's profit by £1,187,000 (2015: £546,000)

Foreign Exchange Risk

For each 1% that the US dollar strengthens against GBP, assuming all other variables remain constant, the impact on profit would be £10,000.

For each 1% that the EUR strengthens against GBP, assuming all other variables remain constant, the impact on profit & equity would be £15,000.

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Liquidity

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Group may be required to pay.

| | Less than 1 year | 1-5 years | 5+ years | Total |
|------------------------------------|---------------------|---------------|------------------|------------------|
| | £'000 | £'000 | £'000 | £'000 |
| 26 March 2016 | | | | |
| Trade and other payables | 47,762 | - | - | 47,762 |
| Notes payable | - | 1,729 | 8,150 | 9,879 |
| Finance lease liability | 4,097 | 16,796 | 420,937 | 441,830 |
| Variable interest rate instruments | 12,511 | 51,610 | 202,293 | 266,414 |
| Fixed interest rate instruments* | - | - | 483,350 | 483,350 |
| Net settled interest rate swaps | 561 | - | - | 561 |
| | <u>64,931</u> | <u>70,135</u> | <u>1,114,730</u> | <u>1,249,796</u> |
| 28 March 2015 | | | | |
| Trade and other payables | 35,348 | - | - | 35,348 |
| Finance lease liability | 4,013 | 16,427 | 425,195 | 445,635 |
| Variable interest rate instruments | 13,519 | 75,828 | 109,004 | 198,352 |
| Fixed interest rate instruments* | - | - | 483,350 | 483,350 |
| Net settled interest rate swaps | 592 | 444 | - | 1,036 |
| | <u>53,472</u> | <u>92,699</u> | <u>1,017,549</u> | <u>1,163,721</u> |
| 29 March 2014 | | | | |
| Trade and other payables | 34,537 | - | - | 34,537 |
| Finance lease liability | 3,719 | 15,248 | 429,210 | 448,177 |
| Variable interest rate instruments | 12,622 | 78,367 | 120,370 | 211,359 |
| Fixed interest rate instruments* | - | - | 483,350 | 483,350 |
| Net settled interest rate swaps | 47 | 82 | - | 129 |
| | <u>50,925</u> | <u>93,697</u> | <u>1,032,930</u> | <u>1,177,552</u> |

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30 Financial Instruments

Categories of financial instruments

| | Loans and receivables £'000 | Financial liabilities at fair value through profit or loss – held for trading £'000 | Financial liabilities at amortised cost £'000 | Financial liabilities - finance leases £'000 | Total £'000 |
|----------------------------------|-----------------------------------|--|---|--|----------------|
| 2016 | | | | | |
| Financial assets | | | | | |
| Trade and other receivables | 49,665 | - | - | - | 49,665 |
| Cash and cash equivalents | 50,970 | - | - | - | 50,970 |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | (47,762) | - | (47,762) |
| Derivative financial instruments | - | (561) | - | - | (561) |
| Borrowings | - | - | (525,855) | - | (525,855) |
| Obligations under finance leases | - | - | - | (92,105) | (92,105) |
| 2015 | | | | | |
| Financial assets | | | | | |
| Trade and other receivables | 12,260 | - | - | - | 12,260 |
| Cash and cash equivalents | 28,841 | - | - | - | 28,841 |
| Financial liabilities | | | | | |
| Bank overdraft | - | - | (5,215) | - | (5,215) |
| Trade and other payables | - | - | (35,348) | - | (35,348) |
| Derivative financial instruments | - | (1,036) | - | - | (1,036) |
| Borrowings | - | - | (465,372) | - | (465,372) |
| Obligations under finance leases | - | - | - | (91,392) | (91,392) |
| 2014 | | | | | |
| Financial assets | | | | | |
| Trade and other receivables | 11,917 | - | - | - | 11,917 |
| Cash and cash equivalents | 23,626 | - | - | - | 23,626 |
| Financial liabilities | | | | | |
| Bank overdraft | - | - | (6,110) | - | (6,110) |
| Trade and other payables | - | - | (34,537) | - | (34,537) |
| Derivative financial instruments | - | (129) | - | - | (129) |
| Borrowings | - | - | (454,057) | - | (454,057) |
| Obligations under finance leases | - | - | - | (92,105) | (92,105) |

Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

Financial instruments are grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

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- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The Group's interest rate swaps are measured at fair value, using Level 2 of the fair value hierarchy. The valuation technique used is a discounted cash flow calculation. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period).

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required).

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate to their fair values.

31 Controlling party

The ultimate parent company of the Company is IE Luxco S.a.r.l (Luxembourg), which is controlled by Providence Equity Partners VII A LP (Cayman Islands) and Providence VII Global Holdings LP (Cayman Islands).

32 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the group and its associates and joint ventures are disclosed below.

Transactions with directors are disclosed in note 6.

Trading transactions

During 2016 the Group provided production-related services to associates and joint ventures of £421,000. At the end of the period, balances of £1,254,000 were owed to the Group by the associates and joint ventures.

33 Events after the balance sheet date

On 31 March 2016, the Group acquired 100% of the shares of AKA Group Limited for an initial consideration of £17,492,000. Further contingent consideration will be calculated by reference to the EBITDA of AKA Group Limited and its subsidiaries for the financial year ending March 2018.

The initial accounting for the business combination is incomplete, and as allowed by paragraph B66 of IFRS 3 *Business Combinations*, the disclosures required under paragraph B64 cannot be provided except as shown above.

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34 Transition Note

First-time adoption of IFRS

These financial statements are the first prepared in accordance with IFRS. For periods up to and including the period ended 28 March 2015, the Group prepared its financial statements in accordance with UK generally accepted accounting principles (UK GAAP).

Accordingly, the Group has prepared financial statements that comply with IFRS applicable together with the comparative period data for the period ended 28 March 2015, as described in the summary of significant accounting policies. In preparing the financial statements, the Group's opening statement of financial position was prepared as at 29 March 2014, the Group's date of transition to IFRS. This note explains the principal adjustments made by the Group in restating its UK GAAP financial statements, including the statement of financial position as at 29 March 2014 and the financial statements for the period ended 28 March 2015.

Exemptions applied

IFRS 1 allows first-time adopters certain exemptions from the retrospective application of certain requirements under IFRS. The Group has elected not to apply IFRS 3 retrospectively to business combinations that took place before the date of transition. As a result, in the opening balance sheet, goodwill arising from past business combinations remains as stated under UK GAAP at 30 March 2014.

Reconciliation of equity

| | At 28 March 2015 £'000 | At 30 March 2014 £'000 |
|--|---------------------------------------|---------------------------------------|
| Equity reported under UK GAAP | (32,802) | (4,566) |
| Adjustments to equity on transition to IFRS | | |
| Recognise deferred tax liability on fair value uplift on property, plant & equipment | (31,274) | (32,172) |
| Add back amortisation of goodwill | 12,445 | - |
| Recognise fair value of interest rate swaps | (1,036) | (129) |
| Expense acquisition-related costs | (793) | - |
| Write off deferred marketing costs | (331) | (518) |
| Equity reported under IFRS | (53,791) | (37,385) |

Reconciliation of total comprehensive income for the period ending 28 March 2015

| | £'000 |
|--|-----------------|
| Total comprehensive income for the financial year under UK GAAP | (28,236) |
| Recognise movement on deferred tax liability on fair value uplift on property, plant & equipment | 897 |
| Add back amortisation of goodwill | 12,445 |
| Recognise movement on fair value of interest rate swaps | (907) |
| Expense acquisition-related costs | (793) |
| Write off deferred marketing costs | 188 |
| Total comprehensive income for the period under IFRS | (16,406) |

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35 Listing of subsidiary entities, associates and joint ventures and investments

Subsidiaries

100% of the ordinary share capital of all subsidiaries is owned directly or indirectly unless otherwise indicated.

Incorporated in United Kingdom

All subsidiaries have taken the s479a exemption from audit unless exempt from audit in any case.

| Subsidiary undertaking | % Shares held | Principal activity |
|---|----------------------|--|
| Direct investments | | |
| International Entertainment Midco Limited | | Holding company |
| Indirect investments | | |
| ATG Entertainment Limited | | Holding company |
| International Entertainment Finance Limited | | Holding company |
| ATG London Limited | | Theatre operator and ticketing company |
| ATG Management Limited | | Dormant |
| ATG Productions Limited | | Production company |
| ATG WOTV Limited | | Production company |
| Aylesbury Waterside Theatre Limited | | Theatre operator |
| Churchill Theatre Bromley Limited | | Theatre operator |
| First Family Entertainment LLP | | Production company |
| G.S Lashmar Limited | 90% | Dormant |
| Glasgow Theatres Limited | | Theatre operator |
| Highland Fling Japan Limited | | Dormant |
| London Theatre Club Limited | | Dormant |
| London Turnstyle Limited | | Dormant |
| Milton Keynes Theatre Limited | | Theatre operator |
| New Wimbledon Theatre Limited | | Theatre operator |
| Playhouse Theatre Limited | | Theatre operator |
| Richmond Theatre Limited | | Theatre operator |
| Savoy Theatre Group Limited | | Holding company |
| Savoy Theatre Holdings Limited | | Dormant |
| Savoy Theatre Limited | | Theatre operator |
| Screenstage Limited | | Dormant |
| Screenstage Productions Limited | | Dormant |
| Smart Plays Limited | | Dormant |
| Sonia Friedman Productions Limited | | Production company |
| SFP Shows Limited | | Production company |

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| | |
|--|--------------------------------|
| SFP Sunny Limited | Production company |
| Stoke-on-Trent Theatres Limited | Theatre operator |
| The Ambassador Entertainment Group Limited | Holding company |
| The Ambassador Theatre Group Limited | Holding and production company |
| The Ambassador Theatre Group (Venues) Limited | Theatre operator |
| The Ambassador Theatre Group Overseas Holdings Limited | Holding company |
| The Duke of York's Theatre Limited | Theatre operator |
| The Ticket Machine Group Limited | Ticketing agency |
| Theatre Royal Brighton Limited | Theatre operator |
| Woking Turnstyle Limited | Theatre operator |

Incorporated in USA

| Subsidiary undertaking | % Shares held | Principal activity |
|--|----------------------|---------------------------|
| ACE Theatrical Group LLC | | Management Services |
| Arts Center Enterprises LLC | | Theatre operator |
| Arts Center Enterprises – Brooklyn LLC | | Theatre operator |
| Arts Center Enterprises – New Orleans LLC | | Theatre operator |
| Ambassador Theatre Group – NY LLC | | Production company |
| Ambassador Theatre Group LLC | | Theatre operator |
| Kings Theatre Developer LLC | | Venue development |
| Kings Theatre Manager LLC | | Managing member |
| Leisure Connect LLC | | Ticketing agency |
| Leisure Connect USA LLC | | Holding company |
| Lyric Theatre LLC | | Theatre operator |
| Majestic Presents LLC | | |
| Saenger Aggregator Leverage Lender LLC | 90% | Financing company |
| Saenger Theatre Developer Inc | | Venue Development |
| Saenger Theatre Manager LLC | | Managing Member |
| Saenger Theatre Partnership Ltd | | Dormant |
| SFP-NY LLC | | Production company |
| Sundance Productions Inc | 90% | Production company |
| The Ambassador Theatre Group US Holdings Inc | | Holding company |

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Incorporated in Germany

The following subsidiaries have elected to apply the exemption available under §264, section 3 of the German Commercial Code and have not prepared and published financial statements under German GAAP because they are included as fully consolidated subsidiaries in the ATG Group financial statements.

| Subsidiary undertaking | % Shares held | Principal activity |
|--------------------------------|----------------------|-------------------------------------|
| BB Entertainment Holding GmbH. | | Holding company |
| BB Group GmbH | 90% | Holding/Management services company |
| BB Promotion GmbH | 90% | Promotions company |
| Bodyguard Verwaltungs GmbH | 90% | Holding company |
| Bodyguard Musical GmbH & Co KG | 90% | Production company |
| Creative Partners GmbH | 90% | Marketing services |
| ESMS GmbH | 90% | Marketing services |
| Fandango Musical GmbH | 90% | Production company |
| Hairspray View GmbH | 90% | Dormant |
| MPV Betelligungs GmbH | 90% | Dormant |
| Rhein Neckar Ticket RNT GmbH | 90% | Ticketing company |

Incorporated in Australia

| Subsidiary undertaking | % Shares held | Principal activity |
|---|----------------------|---------------------------|
| The Ambassador Theatre Group Asia Pacific Pty Limited | | Production company |

Associates and Joint Ventures

| Name | Incorporated | % Shares held | Principal activity |
|---|---------------------|----------------------|---------------------------|
| Girl Perfect Holdings Limited | United Kingdom | 50% | Production company |
| HP West End Limited | United Kingdom | 25% | Production company |
| JB UK Touring Limited | United Kingdom | 0% | Production company |
| Love Me Tender 2014 Limited | United Kingdom | 0% | Production company |
| Priscilla Tour UK Limited | United Kingdom | 0% | Production company |
| Saenger Theatre Redevelopment Company LLC | USA | 20% | Venue Development |
| Intershow Merchandise GmbH | Germany | 50% | Production company |
| Cats Tournee Produktion GmbH & Co KG | Germany | 49.9% | Production company |
| ISM Show AG | Switzerland | 50% | Production company |

Other investments

| Name | Incorporated | % Shares held | Principal activity |
|---|---------------------|----------------------|---------------------------|
| Kings Theatre Redevelopment Company LLC | USA | 1.08% | Venue Development |
| Saenger Theatre Master Tenant LLC | USA | 0.01% | Theatre operator |