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Cineworld Group plc
12 March 2015

CINEWORLD GROUP plc preliminary results for 53 week period ended 1 January 2015

Cineworld Group plc ("the Group") is pleased to announce its results for the 53 week period ended 1 January 2015

	53 weeks to 1 January 2015	52 weeks to 26 December 2013	v 2013 (statutory basis[1])	v 2013 (pro forma basis[2])
Group revenue	£619.4m	£406.1m	+ 52.5%	+ 1.7%
EBITDA[3]	£126.6m	£72.3m	+ 75.1%	+ 7.4%
Profit before tax	£67.3m	£30.9m	+ 117.8%	
Profit after tax	£54.5m	£21.0m	+ 159.5%	
Diluted EPS	21.9p	13.8p	+ 58.7%	
Adjusted profit before tax[4]	£75.0m	£43.4m	+72.8%	
Adjusted profit after tax[4]	£61.2m	£31.3m	+ 95.5%	
Adjusted diluted EPS[5]	24.4p	18.6p	+ 31.2%	
Dividend per share[6]	13.5p	10.1p	+33.7%	

Highlights

- Combination with Cinema City Holding B.V. ("Cinema City") completed on 28 February 2014;
- Group revenue growth of 52.2% on a statutory basis and 1.7% on a pro forma[2] basis;
- UK & Ireland revenue growth of 1.8% on 52 week v 52 week basis, maintaining market share of 27.1% (2013: 27.0%) (Source: Rentrak);
- CEE[7] & Israel revenue growth of 1.4% on a pro forma basis;
- EBITDA growth of 75.1% on a statutory basis and 7.4% on a pro forma basis;
- Profit before tax of £67.3m is stated after non-recurring costs and amortisation of £7.7m resulting in adjusted profit before tax of £75.0m, growth of 72.8%;
- Profit after tax of £54.5m is stated after tax adjusted non-recurring costs and amortisation of £6.7m resulting in adjusted profit after tax of £61.2m, growth of 95.5%;
- Adjusted diluted EPS[5] growth of 31.2%;
- Full year dividend increased by 33.7% to 13.5p on a rights adjusted basis[6];
- Net cash generated from operating activities of £86.1m, representing growth of 54.9%;
- As reported at the end of H1, annualised synergies from Cinema City combination now expected to be £5m; £2m target already surpassed.

Commenting on these results, Mooky Greidinger, Chief Executive Officer of Cineworld Group plc, said:

"We are pleased to announce solid results for the year and strong cash generation following the successful combination of Cineworld and Cinema City. The combination has resulted in the creation of the second largest cinema chain in Europe, with 203 sites and 1,875 screens by the end of 2014. As a Group, we have outperformed the market and continued to grow revenues despite a year which saw a decline in global admissions. During the year we have continued to expand our estate by opening four new cinemas (St Neots and Telford in the UK and Ploiesti and Targu Jiu in Romania) adding 29 screens. Our strong performance, solid balance sheet and increased profitability have enabled us to propose a dividend of 13.5p per share which represents growth of 33.7%.

2015 has the makings of a strong year with great titles to look forward to including the new Bond film "Spectre", the fourth and final Hunger Games movie "The Hunger Games: Mockingjay Part 2" and the latest Star Wars film "Star Wars: Episode VII". In the meantime, the current year has started strongly with titles such as "Taken 3" performing well. "Fifty Shades of Grey", which opened in February 2015, went beyond our expectations and helped us to achieve record levels of weekend admissions for the Group. We are contracted to open a further 10 cinemas in the UK and 10 in CEE & Israel during the year. Of these sites, 19 new sites are currently under construction. Overall, the strength of the film line up in the current year, coupled with our good pipeline of new sites across our international estate, gives us confidence that we are on track with our plans for 2015."

1 The statutory results for Cineworld Group plc "the Group" include the results of Cineworld Cinemas and Picturehouse for the 53 week period ended 1 January 2015 and the results of Cinema City for the 44 week period ended 1 January 2015.
2 Pro forma results refer to the Group's performance had Cinema City been consolidated for the entirety of the period and has been calculated by reference to the acquired management accounts of Cinema City. For the purposes of percentage movements, the impact of the 53rd week has been eliminated and movements in performance have been calculated on a constant currency basis.
3 EBITDA is defined as operating profit before depreciation and amortisation, impairment charges, onerous lease and other non-recurring charges, transaction and reorganisation costs and refinancing costs.
4 Adjusted profit before tax is calculated by adding back amortisation of intangible assets (excluding acquired movie distribution rights) and other one-off income or expense totalling £7.7m. Adjusted profit after tax is calculated by adding back amortisation of intangible assets (excluding acquired movie distribution rights) and other one-off income or expense totalling £7.7m and adjusting for the tax impact of such items (£1.0m) and the Group's current year effective tax rate (20.3%) (refer to Note 3).
5 The 2014 adjusted diluted earnings per share have been adjusted for the first 48 days of the period to take into account of the rights issue of 8 for 25 shares on 14 February 2014. The 2013 adjusted diluted earnings per share have also been adjusted to take account of the rights issue in order to present a comparator.
6 The 2013 interim dividend per share has been adjusted to take account of the rights issue of 8 for 25 on 14 February 2014. The interim dividend per share for 2013 as previously reported was 4.1p, which result in a 2013 total dividend per share of 10.5p (10.1p on a rights adjusted basis).
7 CEE is defined as Central and Eastern Europe and includes Poland, Hungary, Romania, Czech Republic, Bulgaria and Slovakia.

Cautionary note concerning forward looking statements
Certain statements in this announcement are forward looking and so involve risk and uncertainty because they relate to events, and depend upon circumstances that will occur in the future and therefore results and developments can differ materially from those anticipated. The forward looking statements reflect knowledge and information available at the date of preparation of this announcement and the Group undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

The results presentation can be viewed online and is accessible via a listen-only dial-in facility. The appropriate details are stated below:

Time:	9:30am
Dial in:	UK Toll Number: 02031394830 UK Toll-Free Number: 08082370030
Participant Pin Code:	34764945
Presentation Link:	https://arkadin-event.webex.com/arkadin-event/onstage/g.php?d=707947187&t=a
Event Passcode:	655401
Audio Playback numbers	UK Toll Number: 02034262807 UK Toll-Free Number: 08082370026
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Chairman's statement

I am pleased to report that 2014 was a successful and exciting year for the Cineworld Group and its shareholders. Despite a relatively quiet year for the cinema exhibition industry in general which saw worldwide admissions drop compared to the previous year, Cineworld continued to grow revenues and earnings and declared an increased dividend.

Shareholders will recall that at the start of the year the Group announced a transaction which combined Cineworld and Cinema City. In less than a year the results of that transaction have proved successful and exceeded our expectations. The Cineworld Group is now Europe's second largest cinema chain. By the end of the year the Group was operating 1,875 screens in 203 cinemas in 9 different countries. We are currently scheduled to open a further 504 screens over the next three years - 328 of which are in Central and Eastern Europe and 176 of which are in the UK. This expansion will be financed from internal resources and provide excellent growth potential for the future.

On a pro forma basis revenue increased by 1.8% in the UK and Ireland and we continued to outperform the market as a whole, with box office revenues increasing marginally by 0.1% despite a 3.7% decline in admissions. By way of contrast, admissions in CEE and Israel increased by 4.0%, which highlights the benefit of the diversified portfolio effect of operating in a number of countries.

The Group's balance sheet is strong and debt has reduced since the acquisition of Cinema City with our EBITDA to net debt ratio at the year end at 2.1 times compared to the 2.3 times we reported at the half year. This strength and the sound operating performance has enabled the Board to declare a full year dividend of 13.5p per share, which represents 33.7% growth in cash dividends for shareholders who took up their rights as part of the rights issue on 14 February 2014. I am particularly proud of the fact that the Group has increased its dividend every year since the Company was listed in 2007, despite some very challenging years for UK economy as a whole.

Following the combination with Cinema City, Mooky Greidinger joined our Board as CEO in succession to Steve Wiener. Mooky has been in the cinema business for close to 40 years and is internationally recognised as one of the leading operators in the industry. We are fortunate to have him as CEO. Israel Greidinger, also very experienced in the industry, was originally appointed as COO, but after the initial review of roles and structure it was decided to appoint him as Deputy CEO as we believed it was a more appropriate title for his role in the Company.

Scott Rosenblum (a New York lawyer who is experienced in corporate governance matters), and Arni Samuelsson (an independent owner and operator of cinemas in Iceland), were also appointed to the Board as non-executive directors during 2014. It has been a pleasure welcoming our new board members and they have already made a constructive contribution towards our affairs. I look forward to continuing to work with them in the future.

Following nine years of committed service, David Maloney and Peter Williams will lose their independent status as non-executive directors, as defined by the UK Corporate Governance Code, and will step down from the Board at the next AGM. I would like to personally thank David and Peter for their dedication to Cineworld since its listing, and during a period which has seen the company become the UK's most successful cinema chain, expand internationally and this year enter the FTSE 250. They made a significant contribution and we wish both of them well for the future.

Following a diligent search process we have made an offer to Julie Southern to join the Board as a non-executive director, and will accordingly stand for election at the AGM. If so elected, it is intended that Julie Southern would succeed David Maloney as the Chair of the Audit Committee. Julie has an extensive background both in finance and consumer facing businesses and is well qualified to assume this role, which she also holds at Rentokil-Initial plc. It is also intended that Martina King, an existing independent non-executive director, will succeed Peter Williams as the Chair of the Remuneration Committee. Martina has a great deal of experience in this area and has sat on the Remuneration Committees for a number of UK Listed businesses. A further Board appointment is anticipated presently and we will announce the revised composition of the respective Board committees in due course. I am confident that these appointments will bring significant benefits to the Group and widen the skill set on the Board.

It goes without saying that we will maintain our strong culture of attaining the highest corporate governance standards. This is a matter which the Board takes extremely seriously. We continue to take note of issues which concern the environment, gender and other diversity and health and safety matters and we periodically review and where appropriate improve our practices in those areas.

The prospects for the Group in 2015 are good. There is a strong film release programme and we are currently on track to open a further 20 cinemas during the year. I accordingly look forward to the future with confidence.

On behalf of myself and the Board I would like to express my appreciation to the Group's management and all its employees for their hard work and achievements during 2014. They are a great team to work with, competent and committed and I look forward to working with them in the future to continue to provide growth for our shareholders.

Anthony Bloom
Chairman
12 March 2015

Chief Executive Officer's Review

Performance Overview

	53 week period ended 1 January 2015			52 week period ended 26 December 2013
	UK & Ireland	**CEE & Israel**	**Total Group**	Total Group
Admissions	51.1m	31.8m	**82.9m**	51.5m
	£m	£m	**£m**	£m
Box office	288.7	110.5	**399.2**	279.9
Retail	99.2	42.7	**141.9**	94.1
Distribution Income	-	14.6	**14.6**	-
Other Income	37.4	26.3	**63.7**	32.1
Total revenue	425.3	194.1	**619.4**	406.1

Cineworld Group plc results for the 53 week period ended 1 January 2015 reflect the trading and financial position of Cineworld Cinemas, Cinema City and Picturehouse (the "Group"). Cinema City Holding N.V. and its subsidiaries ("Cinema City") became part of the Group on 28 February 2014 and was consolidated for the final 10 months of the period.

Unless explicitly referenced, all figures in the commentary below are on a pro forma 52 weeks for 2014 vs. 2013 and calculated by excluding the trade of week ending 1 January 2015, the final week of the period. Where percentage movements are given, they reflect performance on a constant currency basis to allow a year on year assessment of the performance of the business eliminating the impact of changes in exchange rates over time. Constant currency movements have been calculated by applying the 2014 average exchange rates to 2013 performance.

Total revenue in the 53 week period ended 1 January 2015 was £619.4m. On a 52 week v 52 week pro forma basis, this equates to an increase of 1.7%. Overall admissions decreased by 0.5%, with box office revenues increasing by 0.7%. The impact of the fall in admissions was mitigated by average ticket prices increasing by 1.3% to £4.72. Spend per person increased by 3.6% to £1.67 resulting in retail revenue growth of 3.1%. Other revenues increased by 4.0%.

Overall, the impact of the 53rd week in 2014 resulted in 3.5% of revenue growth for the Group.

UK & Ireland

Cineworld Cinemas

	53 weeks to 1 January 2015	52 weeks to 26 December 2013	53 week v 52 week	52 week v 52 week
Admissions	47.9m	48.4m	-1.1%	-4.0%
	£m	£m		
Box office	269.3	261.5	+3.0%	+0.0%
Retail	89.3	84.6	+5.6%	+2.2%
Other Income	27.0	23.4	+15.4%	+10.6%
Total revenue	**385.6**	**369.5**	**+4.4%**	**+1.2%**

Box Office

The principal income for Cineworld Cinemas is box office revenue. Except for the revenue generated by Cineworld Cinemas' subscription services, box office revenue is a function of the number of admissions and the ticket price per admission, less VAT. On a 52 v 52 week basis, admissions in the period were down 4.0%, but an increase in average ticket price of 4.0% resulted in flat box office revenues. Box office revenues generated by the UK and Ireland cinema industry as a whole were down 2.7% during the same period (Source: Rentrak).

The increase in average ticket price was in part due to an inflationary price rise during the period, but also reflective of the film mix. There were a higher proportion of adult admissions during the period, coupled with the impact of our successful strategy to expand our IMAX offering to an additional five sites, and the popularity of 3D. The proportion of customers attending during the weekend has increased slightly from the comparative prior year period which has also contributed to the increase in average ticket price.

Overall box office performance was affected by the weaker film slate for the year and also impacted by the Football World Cup in the summer. In comparable 52 week periods, in the UK as a whole the top three films in 2014 grossed £100.4m ("The Lego Movie" - £34.3m, "Inbetweeners 2" - £33.4m and "Dawn of the Planet of the Apes" - £32.7m) compared to the top three films in 2013 which grossed £125.1m ("Despicable Me 2" - £47.4m, "Les Miserables" - £40.7m and "Iron Man 3" - £37.0m). The 53rd week benefitted from the release of the final Hobbit film: "The Hobbit: The Battle of the Five Armies", which grossed £33.5m. The British film "Paddington" was also successful over the Christmas period grossing £28.0m.

Retail

Food and drink sales are the second most important source of revenue and represent 23.2% (2013: 22.9%) of Cineworld Cinemas' total revenues. Total retail revenues were stronger at £89.3m (2013: £84.6m) and increased by 2.2% on a 52 v 52 week basis.

Net retail spend per person increased by 6.3% in the period to £1.86 (2013: £1.75) partly due to the film mix, but also reflecting the expansion of Cineworld Cinemas' retail offerings which targeted our mid-week customers and family visits to increase the overall spend. During the year we opened a further two Starbucks coffee outlets, bringing the total to 13. All the outlets have traded in line with expectations and continue to grow their revenues. More openings are scheduled for 2015.

Other Income

Other Income includes all revenue streams other than box office and retail and represents 7.0% (2013: 6.3%) of total revenue. It increased to £27.0m (2013: £23.4m) and grew by 10.6% on a 52 v 52 week basis.

The largest single element of Other Income is screen advertising revenue. On a comparable year on year basis, screen advertising revenue has increased by 3.7%. Screen advertising revenue is collected through Digital Cinema Media Limited ("DCM"), our joint venture screen advertising business formed in July 2008. DCM's primary function is to sell advertising time on cinema screens on behalf of Cineworld Cinemas, Picturehouse and its other clients. It also engages in related promotional work between advertisers and cinemas. The management team at DCM has been driving operational efficiencies and effectiveness and has been working on further exploiting the benefits of digital projection. DCM is now in a position to offer a greater number and a more diverse range of campaigns to its customers.

Picturehouse

	53 weeks to 1 January 2015	52 weeks to 26 December 2013	53 week v 52 week	52 week v 52 week
Admissions	3.2m	3.1m	+3.2%	-0.3%
	£m	£m		
Box office	19.4	18.4	+5.4%	+2.4%
Retail	9.9	9.5	+4.2%	+2.8%
Other Income	10.4	8.7	+19.5%	+26.0%
Total revenue	**39.7**	**36.6**	**+8.5%**	**+8.1%**

2014 was Picturehouse's second full year as part of the Group. Acquired in December 2012 for £47.3m, Picturehouse is comprised of 19 cinemas focusing on a different audience from Cineworld Cinemas, with the cinemas being smaller (all have five or less screens) and more individual, and being a greater emphasis on independent films and event cinema.

Overall, revenues for the period have increased by 8.1% on a year on year pro-forma basis. Box office revenue of £19.4m represents a 2.4% increase on the same basis reflecting a marginal decline in admissions and a 2.7% increase in average ticket price. As with Cineworld Cinemas, Picturehouse had a strong Christmas period, and the 53rd week accounted for an additional 3.5% increase in admissions.

Average spend per person performed in line with average ticket prices, resulting in an increase in retail revenue, despite the marginal decrease in admissions. Other Income increased by 8.1% (Other Income includes advertising income and screen-hire income).

Competition Commission

In October 2013, the Competition Commission published their decision on the acquisition of Picturehouse, resulting in the requirement to dispose of one cinema in each of Aberdeen, Bury St Edmunds and Cambridge. The process of disposing of a cinema in each of Aberdeen and Bury St was completed during 2014 and these sites are no longer part of the Picturehouse circuit. During the period the decision was taken to dispose of the Cineworld Cinemas site at Cambridge which was completed on 29 January 2015.

Central & Eastern Europe ("CEE") and Israel

On 10 January 2014, Cineworld Group plc announced the combination with the cinema business of Cinema City International N.V. ("CCI"), a leading cinema business in seven countries across Central and Eastern Europe ("CEE") and Israel ("Cinema City"), by means of an acquisition of the shares in Cinema City Holding B.V. ("CCH"), a subsidiary of CCI. The combination with Cinema City completed on 28 February 2014 and has created the second largest cinema business in Europe (by number of screens).

The results of Cinema City for the 44 week period ended 1 January 2015 are included in the Group's consolidated performance and position for the period. The key revenue streams for Cinema City are consistent with the rest of the Group with the exception of distribution income.

The information below represents the pro forma trading performance of Cinema City as if it had been part of the Group for the full 53 weeks. The information is presented on a constant currency basis with comparative information extracted from acquired management accounts.

	53 weeks to 1 January 2015	52 weeks to 26 December 2013	53 week v 52 week	52 week v 52 week
Admissions	39.8m	37.0m	+7. 6%	+4.0%
	£m	£m		
Box office	140.5	132.8	+5.8%	+2.0%
Retail	52.3	48.1	+8.7%	+4.7%
Distribution Income	17.1	16.8	+1.8%	-11.8%
Other Income	30.2	28.9	+4.5%	+1.2%
Total revenue	**240.1**	**226.6**	**+6.0%**	**+1.4%**

Box Office

The principal income for Cinema City is box office revenue which is a function of the number of admissions and the ticket price per admission, less sales tax. Admissions and box office revenue in CEE & Israel increased by 4.0% and 2.0% accordingly. Average ticket prices declined by 1.9%, predominantly influenced by the introduction of discounted tickets on Wednesdays in our Polish cinemas. As with the UK, Hollywood films are popular in CEE & Israel and "The Hobbit: The Battle of the Five Armies" was one of the top three films in five of the seven CEE & Israel territories. Family films account for a higher proportion of admissions in the region and "How to Train Your Dragon 2" was also a top three film in a number of territories.

Poland performed particularly strongly during the year with admissions growth of 6.8%. Local product is important to the cinema-going public in Poland, and this year saw the releases of Bogowie and Miasto 44, which were two of the top three movies in Poland during the year, compared to no local movies of this size in 2013. The popularity of discounted tickets offered on Wednesdays, which was introduced during the year, contributed to the increase in admissions, but also factored in the decrease in the average ticket price in of 1.5% in Poland.

Hungary, Romania and Bulgaria all achieved varying levels of admissions and average ticket price growth. Most notable was Romania which achieved admission growth of 14.5% (12.9% on a same cinema basis). Israel, the Czech Republic and Slovakia were marginally down on admissions compared to 2013.

Retail

Food and drink sales to our customers are the second most significant source of revenue and represent 21.8% (2013: 21.2%) of Cinema City's total revenues. Total retail revenues were stronger at £55.6m (2013: £48.1m), an increase of 4.7% on a comparative 52 v 52 week basis.

Retail spend per person increased by 0.8% during the period. The greatest increases were achieved in Hungary (8.9%), Czech Republic (3.9%) and Slovakia (3.7%). The increase in Hungary was driven by an annual price increase compounded by a reduction in the local rate of VAT. The Czech Republic and Slovakia both achieved higher than average increases due to efficiencies driven by local cinema teams. Spend per person was generally stable in the other territories, with a small decline in Poland due to the increase in customers taking advantage of discounted Wednesdays who tend to spend less overall.

Distribution Income

The Forum Film brand is Cinema City's film distribution business. Forum Film operates across the CEE & Israel region and distributes films on behalf of the major Hollywood studios as well as owning the distribution rights to certain independent movies. Distribution revenues decreased by 11.8% compared to the same period in 2014. The decline is due to the phasing of titles around the year end and as a result fewer titles were distributed in the first half of 2014 compared to the first half of 2013. The key titles distributed by Forum Film in the period were "The Hobbit: The Battle of the Five Armies" (the benefit of which continued into the start of 2015) and "The Hunger Games: Mockingjay Part 1", both released in the last quarter of 2014.

Other Income
Other income in respect of the cinema operations includes on and off-screen advertising. Other income also includes revenues generated by New Age Media which is Cinema City's advertising and sponsorship arm. New Age Media offers on and off-screen advertising to not only Cinema City cinemas but other cinema chains in the region. Revenues in respect of New Age Media increased by 6.8% to £21.6m on a 52 week v 52 week pro forma basis. As with DCM, New Age Media has benefited from the increased flexibility offered by digitalised cinema projection.

Initiatives and Developments

Cinema Expansion
One of the key strategic priorities of the Group is expansion. We have the financial capability, through the cash generative nature of our business and our debt facility, to pursue such opportunities.

In the UK, we opened a 6 screen cinema in St Neots and new 11 screen cinema in Telford. Our strong financial position and our good track record of driving high footfalls through our cinemas make us an attractive partner for property developers. We have 23 further development sites contractually scheduled to open in the next three years, 10 of which are scheduled for opening in 2015 (including 2 Picturehouse sites) and are currently under construction.

In general, the territories in which Cinema City operates are underpenetrated and have lower annual admissions per capital than in typical Western European markets such as the UK. The Group believes that there is significant potential for growth in cinema admissions by opening new cinemas in under-screened locations and is looking to capitalise on this opportunity.

Cinema City has a strong track record of driving growth, having more than doubled its number of screens over the last eight years. Cinema City has a pipeline of 30 new multiplexes (328 screens) signed which are contractually scheduled to come on-stream over the next three years.

In April 2014 we opened a new six screen multiplex in Ploiesti, Romania, followed by Targu Jiu, Romania (also six screens) in October. Cinema City is currently contracted to open ten new sites (105 screens) during 2015, of which nine are currently under construction.

Other Initiatives and Developments
As a Group, we are committed to ensuring our customers have the best possible experience when visiting our cinemas. The Cineworld estate is generally older than that of Cinema City, and a number of key sites have been identified for refurbishment to ensure our high standards are consistently maintained across our estate. During the second half of 2014, we started this programme with the redevelopment of our Milton Keynes cinema, with a further four scheduled during 2015.

Our Milton Keynes cinema now includes the UK's first 4DX screen, an exciting new additional sensory cinema concept which has proved popular with Cinema City customers in other territories. The Milton Keynes site was re-launched in January 2015. We look forward to continuing the expansion of this format in CEE & Israel, with a further four 4DX screens in the pipeline for 2015, and identifying further opportunities for 4DX sites in the UK.

In addition to the introduction of 4DX, Cineworld Cinemas has continued to expand the IMAX format across a selection of our sites. The IMAX screens opened during 2013 have performed well during the current year and Cineworld Cinemas operates the nine IMAX screens successfully. During the first half of 2014 we opened a further three IMAX screens in existing sites (Stevenage, Ashton-under-Lyne and Castleford) which were followed by a further two in the second half of the year (Cheltenham and Chichester). Our 15th IMAX was opened in our new cinema in Telford in August 2014. A further two IMAX screens will be included in new sites scheduled for opening in 2015 (Broughton and Solihull NEC), with more in the pipeline. Cinema City successfully operates 10 IMAX screens and is planning to open a further two during 2015.

The Cineworld Unlimited programme is one of the pillars that underpin our strategy of growing other revenues and admissions. The Unlimited programme brings to the Group the financial benefits of regular subscription income thereby reducing the level of fluctuation in our revenues. It also brings operational benefits by encouraging repeat visits, often at off-peak times. This, in turn, enables us to improve capacity utilisation at our cinemas and provide more retail opportunities.

Key Trends and Factors Potentially Affecting the Future

Availability of Appealing Films and the Impact on Box Office and Retail Revenues

The Group's business and future success depends on the availability of films for screening in its cinemas and the appeal of such films to our customers. The Group's box office revenue is driven by admissions (one of our key performance indicators), which depend on the number, timing and popularity of the films we are able to show in our cinemas. Admissions in turn drive the two other main revenues for the Group, which are retail revenue (the sale of food and drink for consumption within our cinemas) and screen advertising income (revenue from advertisements shown on our screens prior to feature presentations).

The film slate, including the timing of film releases, in any given period affects our ability to draw customers to our cinemas. The films available in any given period also affects box office revenue and average ticket prices through the mix of different ticket types sold. Certain films tend to attract an adult audience that will purchase higher-priced adult tickets, whereas other films are intended for children whose tickets are sold at a discount. Certain films are also more likely to be shown in premium formats such as 3D and/or IMAX, which command higher ticket prices per ticket. Retail revenue is also impacted by the types and lengths of films shown and the exhibition format.

The film slate for 2015 looks promising and a number of films are expected to be "blockbusters". Most notable releases include the next Bond film "Spectre", the new Star Wars title "Star Wars: Episode VII", "Avengers: Age of Ultron" and "Fifty Shades of Grey". The final Hunger Games film "The Hunger Games: Mockingjay Part 2" and a further Fast and Furious title "Fast and Furious 7" are also expected perform at least in line with their previous instalments. There is also a strong family film slate which includes "Minions", "Inside Out" and "Big Hero 6".

Digital Film and Technological Innovation

Technological innovation in film exhibition industry has impacted both revenue and costs for the Group. All of our cinemas have now been converted to digital projection. The operating flexibility of digital projection technology has enhanced the capacity utilisation of the Group. Digital film content can be easily moved to and from auditoriums in our cinemas to maximise admissions. DCM and New Age Media can also offer shorter lead times and improved advertisement targeting to advertising customers.

As part of the Group's move to digital projection, an agreement was entered into with the main Hollywood studios (via an agent where applicable) to recoup our investment in digital projection equipment by the Virtual Print Fee mechanism ("VPF"). VPFs are recognised on the date of the showing of the film it relates to and the rate of recognition depends on the number of screenings. The UK element of VPF income will start to decrease during 2015 and is expected to finish in early 2016, at which point the cost of the UK digital equipment will have been recouped.

Technical innovation has also allowed the Group to enhance the customer experience through premium formats such as IMAX, 3D and other large screen formats. The Group will also continue to provide additional sensory experiences to customers through 4DX and D-Box seating. The first 4DX cinema has opened in 2015 with potential for further sites in the coming months. We are delighted to have provided this new technology to cinema goers and look forward to the potential expansion of the service.

Appeal of Screen Advertising

The attractiveness of cinema screen advertising, as well as the demand for advertising generally, drives the Group's revenue from DCM and New Age Media. Screen advertising revenue generally varies depending on the type of films screened, the minutes and value of advertising sold, the number of attendees who view the film, and the placement of the advertisement in relation to the start time of the film. Full digital conversion by all of DCM and New Age Medias' major clients has improved their competitive position and has enabled them to gain a larger share of advertisings' budgets, especially local retail which is a sector largely unexploited in cinema advertising, by offering greater flexibility and shorter lead times.

Expansion and Improvements
Customers choose to attend cinemas largely based on the state of their facilities and their locations. We maintain the quality of our offering by adding new screens, upgrades to seating concepts, expansion of food and drink offerings, and by disposing of older screens. The Group devotes a considerable amount of time assessing new site opportunities and this, along with further acquisitions, is a key part of our future growth strategy. Planning laws, economic environment, and the ability of developers to finance their projects where we may choose to locate our cinemas are some of the factors that may impact the Group's development and growth initiatives. These characteristics differ by country.

The Picturehouse circuit provides an additional channel for expansion in the arthouse market under the Picturehouse brand and the existing pipeline of new multiplex cinemas is also increasing.

Financial Performance

	53 week period ended 1 January 2015			52 week period ended 26 December 2013
	UK & Ireland	**CEE & Israel**	**Total Group[1]**	Total Group
Admissions	51.1m	31.8m	**82.9m**	51.5m
	£m	£m	**£m**	£m
Box office	288.7	110.5	**399.2**	279.9
Retail	99.2	42.7	**141.9**	94.1
Distribution Income	-	14.6	**14.6**	-
Other Income	37.4	26.3	**63.7**	32.1
Total revenue	425.3	194.1	**619.4**	406.1
EBITDA[2]	78.7	47.9	**126.6**	72.3
Operating profit	47.4	28.6	**76.0**	37.5
Financial income	6.4	0.2	**6.6**	0.3
Financial expense	(14.0)	(1.2)	**(15.2)**	(6.8)
Net financing costs	(7.6)	(1.0)	**(8.6)**	(6.5)
Share of loss from joint venture	(0.1)	-	**(0.1)**	(0.1)
Profit on ordinary activities before tax	39.7	27.6	**67.3**	30.9
Tax on profit on ordinary activities	(10.8)	(2.0)	**(12.8)**	(9.9)
Profit for the period attributable to equity holders of the Company	28.9	25.6	**54.5**	21.0

(1) Cinema City results consolidated for 44 weeks to 1 January 2015.
(2) EBITDA is defined as operating profit before depreciation, impairments, reversals of impairments and amortisation, onerous lease and other non-recurring or non-cash property charges, transaction and reorganisation costs.

The following commentary on the profitability, cash flow and balance sheet focuses on the Cineworld Group including Cinema City and Picturehouse, except where stated.

EBITDA and Operating Profit
Group EBITDA was up 75.1% to £126.6m (2013: £72.3m) which reflects the inclusion of 10 months of Cinema City.

EBITDA generated by the UK & Ireland was up 8.8% during the year at £78.7m (2013: £72.3m). The impact of the 53rd week equated to 5.8% of the EBITDA growth in the UK & Ireland. The EBITDA margin of 18.5% represented a 0.7 percentage point improvement from 2013. There have been savings across a number of direct cost lines, which were part offset by a small increase in concession cost of sales due to the increase in Starbucks as a proportion of total retail sales, which attracts a lower margin. Other cinema costs have remained in line with the prior period taking into account the impact of the 53rd week.

CEE & Israel generated EBITDA of £47.9m during the 10 months it was part of the Group. On an annualised pro forma basis, this represents growth of 13.8% (based on performance reported in the acquired management accounts). Pro forma EBITDA margin of 24.4% represented a 2.7 percentage improvement from 2013. Direct cost savings were consistent across CEE & Israel, and notably concession costs, as a percentage of retail sales, in CEE & Israel improved by 0.4 percentage points. Other cinema costs have remained broadly in line with the previous year.

As the Group now operates in an additional seven territories, it has increased its exposure to exchange rate fluctuations. Wherever possible, cash income and expenditure is settled in local currency to mitigate exchange losses. However, there are translation exchange differences arising when presenting the year on year performance of Cinema City in the reporting currency of the Group. During the period for which Cinema City was part of the Group, EBITDA of £47.9m was £1.7m lower than it would have been had it been translated by applying the exchange rates at the start of the year.

Operating profit at £76.0m was 102.7% higher than the prior period (2013: £37.5m). Of the £76.0m, £27.6m related to Cinema City performance. Operating profit included a number of non-recurring and non-trade related items. Transaction and reorganisation costs of £6.9m Included costs in respect of the combination with Cinema City totalling £5.5m (2013: £6.1m) and £1.4m related to other restructuring during the period. The net credit of £1.9m under onerous leases and other non-recurring charges comprised releases to onerous lease provisions due to changes in future trading assumptions of £4.5m, increases in our provision for dilapidations of £1.3m, £1.4m of other property related non-recurring charges and £0.1m profit on disposal of cinemas. An asset impairment review resulted in a £1.0m increase in asset values which is the net of a £1.3m impairment reversal on a previously loss making site which is now profitable and £0.3m asset write-downs at weaker performing cinemas.

The total depreciation and amortisation charge (included in administrative expenses) in the period totalled £46.3m. Of this, £23.3m related to depreciation in the UK & Ireland (which was consistent with the prior period when taking into account the 53rd week) and £14.0m related to depreciation in CEE & Israel. Amortisation of £5.4m was incurred in respect of intangible assets recognised as part of the acquisition of Picturehouse in 2012 and the combination with Cinema City at the start of 2014 and amortisation of £3.9m was incurred in respect of acquired movie distribution rights.

Finance Costs
As part of the combination with Cinema City, the Group entered into a new five-year facility to finance the combination and repay the existing facility. An element of the new facility was drawn to part settle the acquisition cash consideration of £272m and €14.5m was drawn for the settlement of Cinema City's existing debt facilities. The residual portion of the facility has been drawn to repay the existing facilities (in place during the 2013 comparative period) of the combined Group and to fund general working capital requirements going forward. The new facility provides funding of £400m of which £275m is a term loan and £125m is a revolving credit facility. £160m (€192m) of the new facility is available in Euros, reflecting the composition of the combined Group. This new financing arrangement became effective on 10 January 2014, but the new facility was not drawn and the existing facility was not repaid until 28 February 2014. As with the previous facility, the new facility is subject to floating interest rate charges. The new facility is subject to two covenants: the ratio of EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges. A margin, determined by the results of the covenant tests at a given date, is added to LIBOR. The margin on the term loan can range between 1.65% and 3.15% and the margin on the revolving credit facility can range between 1.40% and

2.90%. At 1 January 2015, term debt totalled £275m and £44m of the £125m revolving credit facility was utilised.

Since entering into the new facility management have evaluated the potential risk of a material impact arising from interest rate fluctuations and as a result have restructured the Group's hedging arrangements to mitigate such risk. At 1 January 2015, the Group had six (2013: two) interest rate swaps which hedged 50% (2013: 65%) of the Group's variable rate unsecured term loan. The two existing swaps relating to the old facility are now hedging the new facility together with four additional new swaps. Under IFRS, there is a requirement for the existing swaps to be re-assessed to establish whether they still meet the criteria for hedge accounting. As such, the fair value of the two existing swaps at 28 February 2014 previously recognised in other comprehensive income of £1.9m was recycled to the income statement as an exceptional finance expense as the fair value related to the hedging relationship with the old loan which was settled.

Net financing costs totalled £8.6m during the period (2013: £6.5m) which is a net increase of £2.1m. Finance income of £6.6m (2013: £0.3) included net foreign exchange gains of £6.0m (2013: £nil) on translation of the Euro Term loan at the balance sheet date. £0.3m (2013: £0.1m) related to interest income and £0.3m (2013: £0.2m) related to finance income on assets held by defined benefit pension schemes.

Finance expense of £15.2m (2013: £6.8m) included £10.2m in respect of interest on bank loans and overdrafts (2013: £5.2m), with the increase being the result of the change in financing structure of the Group following the combination with Cinema City. Other net finance costs of £3.1m included amortisation of prepaid finance costs of £1.8m, £0.4m in respect of the unwind of discount and interest charges on property-related leases and £0.9m of other financial costs.

Taxation

The overall tax charge during the year was £12.8m giving an overall effective tax rate of 19.0% (2013: 30.2%). The lower tax rate during the current period reflects the impact of the tax rates applicable in the different territories in which the Group now operates. The rate also reflects the impact of one-off disallowable expenditure (predominately acquisition costs) incurred during the period and the net impact in the current period of recognising deferred tax assets and liabilities at the lower future tax rate. The corporation tax charge in respect of the current year was £13.6m, resulting in a current year effective tax rate of 20.3% (2013: 35.2%). There was a credit of £0.1m relating to prior years, which was offset by £0.8m deferred tax charges principally relating to capital allowances (the difference between the tax written down value of the capital allowance and the net book value of the underlying assets).

Earnings

Profit on ordinary activities after tax in the period was £54.5m, compared to the comparative period (2013: £21.0m). The significant increase is attributable to the acquisition of Cinema City and 10 months profit generated from its' inclusion in the Group. Basic earnings per share amounted to 22.1p (2013: 14.0p).

Eliminating the one-off, non-trade related items described above (totalling £9.4m within operating profit, exceptional finance charges of £2.6m and net foreign exchange gains of £4.3m), adjusted diluted earnings per share were 24.4p (2013: 18.6p). Following the business combination with Cinema City, the Group has taken the opportunity to consider how it presents its adjusted earnings per share calculation. After a review of comparable UK Premium Listed companies, a decision was made to no-longer add back the charge for share-based payments as it is considered to be an ongoing cost of remunerating staff (see Note 3).

Cash Flow and Balance Sheet

Overall, net assets have increased by £312.4m, to £509.1m since 26 December 2013. This includes the recognition of the fair value of net assets acquired with Cinema City totalling £174.2m, the residual goodwill recognised on acquisition of £336.4m and the increase in net debt as a result of the combination of £169.6m as well as other movements in net assets totalling £28.6m.

Acquisition of Cinema City

On 10 January 2014, Cineworld Group plc announced the proposed combination with the cinema business of Cinema City International N.V. ("CCI"), by means of an acquisition of the shares in Cinema City Holding B.V. ("CCH"), a subsidiary of CCI. At the date of the announcement, the headline consideration for the combination equated to £503m in cash and shares and €14.5m for the settlement of CCH bank debt. The combination was completed on 28 February 2014, at which point adjustments for certain provisions of the purchase agreement resulted in a fair value of considered transferred of £510.6m. Final cash consideration of £302.6m was part funded by an 8 for 25 Rights Issue which completed on 14 February 2014, raising net funds of £107.2m with the residual cash consideration being funded from the Group's new debt facility. The Group issued to CCI shares in Cineworld Group plc which were valued at £208.0m when the combination completed on 28 February 2014. The consideration shares represented 24.9% of the post-rights issue share capital of the Group.

As noted above, the fair value of net assets acquired with Cinema City totalled £174.2m. In the June 2014 Interim Report, the fair values of the acquired net assets were presented on a provisional basis. Management have now finalised the allocation of the fair value of the acquired assets and liabilities and as a result goodwill of £336.3m has been recognised compared to the £335.6m recognised in June 2014. The change of £0.8m related to valuation of property, plant and equipment, leases and deferred tax assets (see Note 11). There was no change in value of the previously unrecognised identifiable intangible assets totalling £46.1m. The residual goodwill of £336.4m still represents the skills and industry knowledge of Cinema City's management and workforce, synergies expected to be realised post acquisition and the future value expected to be generated by the Group from Cinema City's pipeline of new sites and ability to enter new territories.

At the time of announcing the combination, synergies identified totalled £2.0m. This amount has been successfully achieved since acquisition on an annualised basis. Management are now confident that annualised synergies of £5.0m can be achieved over the next three years.

Cash flow and Net Debt
The Group continued to be cash generative at the operating level. Total net cash generated from operations in the year was £86.1m (2013: £55.6m). The increase in cash generated from operations reflects the inclusion of the results of Cinema City since 28 February 2014.

Net cash spent on capital during the year was £48.1m, which is net of reverse premiums received of £1.5m. Included in this expenditure was £21.9m in relation to the development of new sites, £18.7m in respect of maintenance and £7.5m on other revenue-generating initiatives.

Net debt increased to £281.9m at the end of the current year compared to the prior year (2013: £112.3m). The significant movement was due to the change in finance structure of the enlarged Group. The net increase in bank loans and overdrafts in the period was £186.5m, this was part offset by the cash acquired with Cinema City of £24.1m. Net debt at the period end represented 2.1 times the rolling 12 month EBITDA figure for the combined Group (on a pro forma basis).

Dividends
The Directors are recommending to shareholders for approval a final dividend in respect of the period ended 1 January 2015 of 9.7p per share, which taken together with the interim dividend of 3.8p per share paid in October 2014 equates to a total dividend in respect of 2014 of 13.5p per share (2013: 10.1p per share). The total 2013 dividend per share includes a rights-adjusted interim dividend of 3.7p per share. This 2013 interim dividend per share has been adjusted to take account of the rights issue of 8 for 25 shares on 14 February 2014, in order to present a comparator for the 2014 dividend. The 2013 interim dividend as previously reported was 4.1p per share. On this basis, the 2014 dividend of 13.5p per share represents an increase of 33.7%. The record date for the dividend is 12 June 2015 and the payment date is 9 July 2015. Cineworld has increased its dividend every year since the Company was listed in 2007.

Board Changes
On completion of the combination with Cinema City, Moshe (Mooky) Greidinger (former Chief Executive Office of CCI) and Israel Greidinger (former Chief Financial Officer) of CCI joined the Board of Cineworld Group plc as Chief Executive Officer and Chief Operating Officer respectively. At the same time Mooky Greidinger and Israel Greidinger stepped down from their executive positions on the Board of CCI (now Global City Holdings N.V. ("GCH"). Given the investment in Cineworld Group plc held by GCH a relationship agreement was put in place to govern the key operational arrangements between the related parties. This agreement gives GCH the right to appoint a Non-Executive Director to the Board.

On 20 November 2013, the Group announced the resignation of Stephen Wiener, Cineworld's founder and CEO, and he left the employment of the Group on 31 March 2014, stepping down from his role as CEO and as a

Director of the Company on completion of the combination with Cinema City. At this time, Scott Rosenblum and Arni Samuelsson joined the Board as Non-Executive Directors. Scott Rosenblum was appointed by GCH in accordance with the relationship agreement. On 6 August 2014 it was announced that Israel Greidinger's role would change from Chief Operating Office to Deputy Chief Executive Office.

Following nine years of committed service, David Maloney and Peter Williams will lose their independent status as non-executive directors and will step down from the Board at the next AGM. Julie Southern has been invited to join the Board as a Non-Executive Director, and they stand for election at the AGM. It is intended that Julie Southern would succeed David Maloney as the Chair of the Audit Committee and that Martina King will succeed Peter Williams as Chair of the Remuneration Committee. A further appointment to the Board is anticipated and the revised composition of the respective Board committees will be announced in due course.

By order of the Board

Mooky Greidinger
Chief Executive Officer
12 March 2015

Consolidated Statement of Profit or Loss
for the Period Ended 1 January 2015

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Revenue	**619.4**	406.1
Cost of sales	**(438.9)**	(293.3)
Gross profit	**180.5**	112.8
Other operating income	**2.0**	0.5
Administrative expenses	**(106.5)**	(75.8)
Operating profit	**76.0**	37.5
Analysed between:		
Operating profit before depreciation, impairments, reversals of impairments and amortisation, onerous lease and other non-recurring or non-cash property charges, transaction and reorganisation costs	**126.6**	72.3
• Depreciation and amortisation	**(46.6)**	(24.0)
• Onerous leases and other non-recurring charges	**1.9**	(0.7)
• Impairments and reversals of impairments	**1.0**	(2.0)
• Transaction and reorganisation costs	**(6.9)**	(8.1)
Finance income	**6.6**	0.3
Finance expenses	**(15.2)**	(6.8)
Net finance costs	**(8.6)**	(6.5)
Share of loss of jointly controlled entities using equity accounting method, net of tax	**(0.1)**	(0.1)
Profit on ordinary activities before tax	**67.3**	30.9
Tax charge on profit on ordinary activities	**(12.8)**	(9.9)
Profit for the period attributable to equity holders of the Company	**54.5**	21.0
Basic earnings per share	**22.1**	14.0
Diluted earnings per share	**21.9**	13.8

Consolidated Statement of Other Comprehensive Income
for the Period Ended 1 January 2015

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Profit for the period attributable to equity holders of the Company	**54.5**	21.0
Items that will not subsequently be reclassified to profit or loss		
Remeasurement of the defined benefit asset	**1.6**	(0.7)
Tax recognised on items that will not be reclassified to profit or loss	**(0.4)**	(0.1)
Items that will subsequently be reclassified to profit or loss		
Movement in fair value of cash flow hedge	**0.8**	(1.6)
Net change in fair value of cash flow hedges recycled to profit and loss	**1.9**	-
Foreign exchange translation loss	**(34.1)**	(0.4)
Tax recognised on income and expenses to be reclassified to profit or loss	**0.1**	0.3
Other comprehensive loss for the period, net of income tax	**(30.1)**	(2.5)
Total comprehensive income for the period attributable to equity holders of the Company	**24.4**	18.5

Consolidated Statement of Financial Position
at 1 January 2015

	1 January 2015		26 December 2013	
	£m	**£m**	£m	£m
Non-current assets				
Property, plant and equipment		**297.6**		162.1
Goodwill		**552.8**		236.2
Intangible assets		**59.8**		13.8
Investments in equity-accounted investee		**0.5**		0.6
Other receivables		**6.0**		1.4
Employee benefits		**8.6**		5.3
Deferred tax assets		**13.5**		8.1

Total non-current assets		**938.8**		427.5
Current assets				
Inventories	**7.7**		3.5	
Trade and other receivables	**61.3**		34.6	
Assets classified as held for sale	**1.5**		2.3	
Cash and cash equivalents	**37.4**		19.0	
Total current assets		**107.9**		59.4
Total assets		**1,046.7**		486.9
Current liabilities				
Interest-bearing loans, borrowings and other financial liabilities	**(24.8)**		(6.3)	
Trade and other payables	**(110.7)**		(82.7)	
Current taxes payable	**(8.5)**		(3.9)	
Bank overdraft	**(2.1)**		-	
Liabilities classified as held for sale	**-**		(0.1)	
Provisions	**(6.6)**		(1.1)	
Total current liabilities		**(152.7)**		(94.1)
Non-current liabilities				
Interest-bearing loans, borrowings and other financial liabilities	**(292.4)**		(125.0)	
Other payables	**(57.1)**		(54.8)	
Government grants	**(1.8)**		(1.8)	
Provisions	**(21.2)**		(10.4)	
Employee benefits	**(1.0)**		-	
Deferred tax liabilities	**(14.2)**		(6.9)	
Total non-current liabilities		**(387.7)**		(198.9)
Total liabilities		**(540.4)**		(293.0)
Net assets		**506.3**		193.9
Equity attributable to equity holders of the Company				
Share capital		**2.6**		**1.5**
Share premium		**294.9**		**188.2**
Translation reserves		**(32.4)**		**1.7**
Merger reserve		**207.3**		**-**
Hedging reserves		**(0.8)**		**(1.9)**
Retained earnings		**34.7**		**4.4**

Total equity	**506.3**	**193.9**

These financial statements were approved by the Board of Directors on 12 March 2014 and were signed on its behalf by:

Mooky Greidinger **Philip Bowcock**

Director Director

Consolidated Statement of Changes in Equity
for the Period Ended 1 January 2015

	Issued capital £m	Share premium £m	Merger reserve £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Balance at 27 December 2012	1.5	188.1	-	1.3	(3.5)	1.2	188.6
Profit for the period	-	-	-	-	-	21.0	21.0
Other comprehensive income							
Items that will not subsequently be reclassified to profit or loss							
Remeasurement of the defined benefit asset	-	-	-	-	-	(0.7)	(0.7)
Tax recognised on items that will not be reclassified to profit or loss	-	-	-	-	-	0.1	0.1
Items that will subsequently be reclassified to profit or loss							
Movement in fair value of cash flow hedge	-	-	-	-	1.6	-	1.6
Retranslation of foreign currency denominated subsidiaries	-	-	-	0.4	-	-	0.4
Tax recognised on income and expenses recognised directly in equity	-	-	-	-	-	(0.3)	(0.3)
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(18.1)	(18.1)
Movements due to share-based compensation	-	-	-	-	-	1.2	1.2
Issue of shares	-	0.1	-	-	-	-	0.1
Balance at 26 December 2013	1.5	188.2	-	1.7	(1.9)	4.4	193.9

Profit for the period	-	-	-	-	-	54.5	54.5
Amounts reclassified from equity to profit and loss in respect of cash flow hedges	-	-	-	-	1.9	-	1.9
Other comprehensive income							
Items that will not subsequently be reclassified to profit or loss							
Remeasurement of the defined benefit asset	-	-	-	-	-	1.6	1.6
Tax recognised on items that will not be reclassified to profit or loss	-	-	-	-	-	(0.4)	(0.4)
Items that will subsequently be reclassified to profit or loss							
Movement in fair value of cash flow hedge	-	-	-	-	(0.8)		(0.8)
Retranslation of foreign currency denominated subsidiaries	-	-	-	(34.1)	-	-	(34.1)
Tax recognised on income and expenses recognised directly in equity	-	-	-	-	-	0.1	0.1
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(26.9)	(26.9)
Movements due to share-based compensation	-	-	-	-	-	1.4	1.4
Issue of shares	1.1	106.7	207.3	-	-	-	315.1
Balance at 1 January 2015	**2.6**	**294.9**	**207.3**	**(32.4)**	**(0.8)**	**34.7**	**506.3**

Consolidated Statement of Cash Flows
for the Period Ended 1 January 2015

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Cash flow from operating activities		
Profit for the period	**54.5**	21.0
Adjustments for:		
Financial income	**(6.6)**	(0.3)
Financial expense	**13.3**	6.8
Net change in fair value of cash flow hedges reclassified from equity	**1.9**	-

Taxation	**12.8**	9.9
Share of loss of equity-accounted investee	**0.1**	0.1
Operating profit	**76.0**	37.5
Depreciation and amortisation	**46.6**	24.0
Non-cash property charges	**(2.5)**	-
Impairments and reversals of impairments	**(1.0)**	2.0
Surplus of pension contributions over current service cost	**(1.6)**	(1.6)
Increase in trade and other receivables	**(3.4)**	(0.1)
(Increase)/decrease in inventories	**(0.8)**	0.3
(Decrease)/increase in trade and other payables	**(7.0)**	2.3
Decrease in provisions and employee benefit obligations	**(8.1)**	0.9
Cash generated from operations	**98.2**	65.3
Tax paid	**(12.1)**	(9.7)
Net cash flows from operating activities	**86.1**	55.6
Cash flows from investing activities		
Interest received	**0.2**	0.1
Acquisition of subsidiaries net of acquired cash	**(278.5)**	-
Acquisition of property, plant and equipment	**(48.1)**	(18.9)
Proceeds from disposal of property, plant and equipment	**0.7**	-
Net cash flows from investing activities	**(325.7)**	(18.8)
Cash flows from financing activities		
Proceeds from share issue	**107.4**	-
Dividends paid to shareholders	**(26.9)**	(18.1)
Interest paid	**(10.4)**	(5.2)
Repayment of bank loans	**(202.2)**	(29.5)
Proceeds from bank loans	**392.9**	25.0
Payment of finance lease liabilities	**(0.7)**	(0.9)
Net cash from financing activities	**260.1**	(28.7)
Net increase in cash and cash equivalents	**20.5**	8.1

Exchange gains/(losses) on cash and cash equivalents	**(2.1)**	-
Cash and cash equivalents at start of period	**19.0**	10.9
Cash and cash equivalents at end of period	**37.4**	19.0

Notes to the Consolidated Financial Statements
(Forming Part of the Financial Statements)

1. Accounting Policies

Basis of Preparation
The financial information has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 53 week period ended 1 January 2015 and are not the Company's statutory accounts.

The comparative figures for the 52 week period ended 26 December 2013 are not the Company's statutory accounts for that financial period. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498(2) 498 (3) of the Companies Act 2006.

Cineworld Group plc (the "Company") is a company incorporated in the UK.

2. Operating Segments
Determination and presentation of operating segments:
The combination with Cinema City Holdings B.V. has led to the Group Board (the "CODM") realigning its management information. This change has given rise to the inclusion of an additional operating segment, Central and Eastern Europe and Israel ("CEE & Israel" or "Cinema City"). The combination has not affected the information provided to the Board in respect of Cineworld Cinemas or Picturehouse and they continue to be presented on a consistent basis to the prior period. Management have added a UK and Ireland aggregation as it provides the reader with improved understanding of the geographical performance of the Group.

The Group has determined that is has three operating segments: Cineworld Cinemas, Picturehouse and Cinema City.

	Cineworld Cinemas £m	**Picturehouse £m**	**Total UK and Ireland £m**	**Cinema City (CEE & I) £m**	**Total £m**
53 weeks to 1 January 2015					
Total revenues*	385.6	39.7	425.3	194.1	619.4
EBITDA	74.1	4.7	78.8	47.8	126.6
Segmental operating profit	47.1	0.3	47.4	28.6	76.0
Net finance costs	(7.6)	-	(7.6)	(1.0)	(8.6)
Depreciation and amortisation	21.6	3.4	25.0	21.6	46.6
Share of loss of jointly controlled entities using equity method, net of tax	(0.1)	-	(0.1)	-	(0.1)
Profit before tax	**39.4**	**0.3**	**39.7**	**27.6**	**67.3**
Non-current asset additions - property, plant and equipment	24.0	5.5	29.5	155.4	184.9

Non-current asset additions - goodwill	-	-	-	336.3	336.3
Non-current asset additions - intangible assets	-	-	-	57.1	57.1
Investment in equity accounted investee	0.5	-	0.5	-	0.5
Non-current asset - goodwill	217.1	19.1	236.2	316.6	552.8
Onerous leases and other non-recurring charges	(2.2)	0.7	(1.5)	(0.4)	(1.9)
Impairments and reversals of impairments	(1.0)	-	(1.0)	-	(1.0)
Transaction and reorganisation costs	6.9	-	6.9	-	6.9
Segmental total assets	**427.0**	**62.7**	**489.7**	**557.0**	**1,046.7**

	Cineworld Cinemas £m	Picturehouse £m	Total UK and Ireland £m	Cinema City (CEE & I) £m	Total £m
52 weeks to 26 December 2013					
Total revenues*	369.5	36.6	406.1	-	406.1
EBITDA	66.9	5.4	72.3	-	72.3
Segmental operating profit	35.7	1.8	37.5	-	37.5
Net finance costs	(6.3)	(0.2)	(6.5)	-	(6.5)
Depreciation and amortisation	22.4	1.6	24.0	-	24.0
Share of loss of jointly controlled entities using equity method, net of tax	(0.1)	-	(0.1)	-	(0.1)
Profit before tax	**29.3**	**1.6**	**30.9**	**-**	**30.9**
Non-current asset additions - property, plant and equipment	24.8	3.0	27.8	-	27.8
Non-current asset additions - goodwill	-	-	-	-	-
Non-current asset additions - intangible assets	-	-	-	-	-
Investment in equity accounted investee	0.6	-	0.6	-	0.6
Non-current asset - goodwill	217.1	19.1	236.2	-	236.2
Onerous leases and other non-recurring charges	0.7	-	0.7	-	0.7
Impairments and reversals of impairments	2.0	-	2.0	-	2.0
Transaction and reorganisation costs	8.1	-	8.1	-	8.1
Segmental total assets	**419.5**	**67.4**	**486.9**	**-**	**486.9**

*All revenues were received from third parties

Entity Wide Disclosures:

Revenue by country	**53 week period ended 1 January 2015 Total**	52 week period ended 26 December 2013 Total

	£m	£m
United Kingdom	**425.5**	406.1
Israel	**36.4**	-
Poland	**70.8**	-
Bulgaria	**9.1**	-
Romania	**23.1**	-
Hungary	**30.6**	-
Slovakia	**6.2**	-
Czech Republic	**17.7**	-
Total revenue	**619.4**	406.1

Cineworld Cinemas

Revenue by product and service provided	**53 week period ended 1 January 2015 Total £m**	52 week period ended 26 December 2013 Total £m
Box office	**269.3**	261.5
Retail	**89.2**	84.6
Other	**27.1**	23.4
Total revenue	**385.6**	369.5

Picturehouse

Revenue by product and service provided	**53 week period ended 1 January 2015 Total £m**	52 week period ended 26 December 2013 Total £m
Box office	**19.4**	18.4
Retail	**9.9**	9.5
Other	**10.4**	8.7
Total revenue	**39.7**	36.6

Cinema City (CEE)

Revenue by product and service provided	**53 week period ended 1**	52 week period ended 26

	January 2015 Total £m	December 2013 Total £m
Box office	**110.5**	-
Retail	**42.6**	-
Other	**41.0**	-
Total revenue	**194.1**	-

3. Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, after excluding the weighted average number of non-vested ordinary shares held by the employee ownership trust. Adjusted earnings per share is calculated in the same way except that the profit for the period attributable to ordinary shareholders is adjusted by adding back the amortisation of intangible assets, the impact of foreign exchange gains and losses recognised on the translation of results generated in currencies other than the Group's reporting currency and other one-off income or expense and then adjusting for the tax impact on those items which is calculated at the effective tax rate for the current period. The performance of adjusted earnings per share is used to determine awards to Executive Directors under the Group Performance Share Plan ("PSP"). Diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by weighted average number of any non-vested ordinary shares held by the employee share ownership trust and after adjusting for the effects of dilutive options.

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013[1] £m
Earnings attributable to ordinary shareholders	**54.5**	21.0
Adjustments:		
Amortisation of intangible assets[2]	**5.4**	1.7
Transaction and reorganisation costs	**6.9**	8.1
Impairments and reversals of impairments	**(1.0)**	2.0
Onerous lease cost and other non-recurring charges	**(1.9)**	0.7
Exceptional finance charges[3]	**2.6**	-
Impact of foreign exchange translation gains and losses[4]	**(4.3)**	-
Adjusted earnings	**62.2**	33.5
Tax effect of above items	**(1.0)**	(2.2)
Adjusted pro-forma profit after tax	**61.2**	31.3

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 Number

		of shares (m)
Weighted average number of shares in issue	**246.3**	149.8
Basic and adjusted earnings per share denominator	**246.3**	149.8
Dilutive options	**2.4**	2.1
Diluted earnings per share denominator	**248.7**	151.9
Shares in issue at period end	**263.9**	149.9

	Pence	Pence
Basic earnings per share	**22.1**	14.0
Diluted earnings per share	**21.9**	13.8
Adjusted pro-forma basic earnings per share (rights adjusted)[5]	**24.6**	18.8
Adjusted pro-forma diluted earnings per share (rights adjusted)[5]	**24.4**	18.6

1. Following the business combination with Cinema City, the Group has taken the opportunity to consider how it presents its adjusted EPS calculation. After a review of comparable UK Premium Listed companies, a decision was made to no-longer add back the charge for share-based payments as it is considered to be an ongoing cost of remunerating staff. Furthermore, given the international nature of the combined Group, it was decided that only the tax impact of non-recurring items should be taken into account rather than applying a single local or effective tax rate. The Adjusted basic and diluted earnings per share for the 2013 full year were 22.9p and 22.6p as previously stated. The basic and diluted earnings per share have not been adjusted and are as previously stated.
2. Amortisation of intangible assets includes amortisation of the fair value placed on brands, customer lists, distribution relationships, and advertising relationships as a result of the Picturehouse acquisition and Cinema City business combination. It does not include amortisation of purchased distribution rights (which totalled £3.9m).
3. Exceptional finance charges of £2.6m includes £1.9m in respect of the net change in fair value of cash flow hedges reclassified from equity and the write off of £0.7m prepaid finance costs in respect of the Group's old debt facilities.
4. Net foreign exchange gain included within earnings comprises of £6.0m foreign exchange gain recognised on translation of the Euro term loan at 1 January 2015 and £1.7m foreign exchange losses recognised on translating overseas operations into the reporting currency of the Group.
5. The 2014 adjusted basic and diluted earnings per share have been adjusted for the first 48 days of the period to take into account of the rights issue of 8 for 25 shares on 14 February 2014. The 2013 adjusted basic and diluted earnings per share have also been adjusted to take account of the rights issue in order to present a comparator. The basic and diluted earnings per share have not been adjusted and are as previously stated.

4. Finance Income and Expense

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Interest income	**0.3**	0.1
Net foreign exchange gain	**6.0**	-
Defined benefit pension scheme net finance income	**0.3**	0.2
Finance income	**6.6**	0.3
Interest expense on bank loans and overdrafts	**10.2**	5.2

Amortisation of financing costs	**1.8**	0.4
Unwind of discount on onerous lease provision	**1.2**	0.8
Unwind of discount on market rent provision	**(0.7)**	-
Interest charge as a result of change in discount rate relating to onerous lease provisions	**(0.1)**	-
Other financial costs	**0.9**	0.4

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Finance expense	**13.3**	6.8
Amounts reclassified from equity to profit and loss in respect settled of cash flow hedges	**1.9**	-
Total Finance Expenses	**15.2**	-
Net Finance Costs	**8.6**	6.8

5. Dividends

The following dividends were recognised during the period:

	2014 £m	2013 £m
Interim	**10.0**	6.1
Final (for the preceding period)	**16.9**	12.0
	26.9	18.1

An interim dividend of 3.8p per share was paid on 2 October 2014 to ordinary shareholders (2013: 4.1p). The Board has proposed a final dividend of 9.1p per share, which will result in total cash payable of approximately £9.1m on 3 July 2015. In accordance with IAS10 this had not been recognised as a liability at 1 January 2015.

6. Taxation

Recognised in the Income Statement

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Current tax expense		

Current year	**13.7**	9.8
Adjustments in respect of prior years	**(0.1)**	(1.0)
Total current tax expense	**13.6**	8.8
Deferred tax expense		
Current year	**-**	1.1
Adjustments in respect of prior years	**(0.8)**	-
Total tax charge in income statement	**12.8**	9.9
Effective tax rate	19.0%	30.2%
Current year effective tax rate	20.3%	35.2%

7. Interest-Bearing Loans and Borrowings and Other Financial Liabilities

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	1 January 2015 £m	26 December 2013 £m
Non-current liabilities		
Interest rate swaps	**1.8**	0.9
Unsecured bank loan, less issue costs of debt to be amortised	**283.9**	118.1
Liabilities under finance leases	**6.7**	6.0
	292.4	125.0
Current liabilities		
Interest rate swaps	**0.9**	1.0
Unsecured bank loans, less issue costs of debt to be amortised	**23.2**	4.6
Liabilities under finance leases	**0.7**	0.7
	24.8	6.3

8. Analysis of net debt

	Cash at bank and in hand £m	Bank overdraft £m	Bank loans £m	Finance leases £m	Interest rate swap £m	Net debt £m
At 27 December 2012	10.9	-	(127.3)	(7.0)	(3.5)	(126.9)
Cash flows	8.1	-	4.9	0.9	-	13.9
Non-cash movement	-	-	(0.4)	(0.6)	1.6	0.6
Transferred to Liabilities classified as held for sale	-	-	0.1	-	-	0.1
At 26 December 2013	19.0	-	(122.7)	(6.7)	(1.9)	(112.3)
Acquisition of subsidiary undertakings	24.1	-	-	(0.7)	-	23.4
Cash flows	(3.6)	(2.1)	(188.6)	0.7	-	(193.6)
Non-cash movement	-	-	(1.8)	(0.7)	(0.8)	(3.3)
Effect of movement in foreign exchange rates	(2.1)	-	6.0	-	-	3.9
At 1 January 2015	**37.4**	**(2.1)**	**(307.1)**	**(7.4)**	**(2.7)**	**(281.9)**

The non-cash movements relating to bank loans represent the amortisation of debt issuance costs.

9. Capital Commitments

Capital commitments at the end of the financial period for which no provision has been made:

	1 January 2015 £m	26 December 2013 £m
Contracted	**31.9**	10.3

Capital commitments at the end of the current and preceding financial period relate to new sites.

10. Related Parties

The compensation of the Directors is as follows:

	Salary and fees including bonus £000	**Compensation for loss of office £000**	**Pension contributions £000**	**Total £000**
53 weeks ended 1 January 2015				
Total compensation for Directors	**2,341**	**89**	**252**	**2,682**

	Salary and fees including bonus £000	Compensation for loss of office £000	Pension contributions £000	Total £000
52 weeks ended 26 December 2013				
Total compensation for Directors	1,570	-	150	1,720

Share-based compensation benefit charges for Directors was £0.4m in 2013 (2013: £0.5m). Details of the highest paid Director can be found in the Directors' Remuneration Report in the Annual Report.

Other Related Party Transactions
Digital Cinema Media Limited ("DCM") is a joint venture between the Group and Odeon Cinemas Holdings Limited set up on 10 July 2008. Revenue receivable from DCM in the 53 week period ending 1 January 2015 totalled £15.6m (2013: £14.2m) and as at 1 January 2015 £nil (2013: £nil) was due from DCM in respect of receivables. In addition the Group has a working capital loan outstanding from DCM of £0.5m (2013: £0.5m).

During the year the Group made purchases of £3.2m from companies under the ownership of Global City Holdings N.V. (GCH), considered a related party of Group as Mooky Greidinger and Israel Greidinger are directors of both groups (see note 11).

11. Business Combinations
On 10 January 2014, Cineworld Group plc (the "Group") announced the combination with the cinema business of Cinema City International N.V., which has since changed its name to Global City Holdings N.V. ("GCH"), by means of an acquisition of 100% of the shares, including all voting rights, in Cinema City Holdings B.V. ("CCH"), a subsidiary of GCH. Management believe that the business combination will drive growth in the business and enhance shareholder value by: providing the enlarged Group's business with a platform for further European expansions; giving the enlarged Group significant scope to drive additional benefits from its combined operations through operational improvements and the sharing of best practice across the Cineworld and Cinema City businesses; and delivering an attractive return on invested capital, being earnings accretive allowing the enlarged Group to maintain the existing Cineworld dividend policy.

Consideration transferred
At the date of announcement, the headline consideration for the combination equated to £503m in cash and shares and €14.5m for the settlement of CCH bank debt. The combination was completed on 28 February 2014, at which point adjustments for certain provisions of the purchase agreement resulted in a fair value of consideration transferred of £510.6m.

Consideration for the transaction was settled with a mix of cash and shares. Final cash consideration of £302.6m was part funded by an 8 for 25 Rights Issue which completed on 14 February 2014, raising net funds of £107.2m with the residual cash consideration being funded within the Group's new debt facility. The Group issued to GCH shares in Cineworld Group plc which were valued at £208.0m when the combination completed on 28 February 2014. The consideration shares represented 24.9% of the post rights issue share capital of the Group.

Fair Value of Consideration Transferred

	£m
Cash consideration	302.6
Share consideration	208.0
Total fair value of consideration transferred	510.6

The fair value of the 65.6m ordinary shares issued to GCH as part of the consideration was based on the published share price of 317p at the close of business on 27 February 2014.

Identifiable Assets Acquired and Liabilities Assumed

At the time of the June 2014 Interim Report, management were in the final stages of valuing the fair value of the acquired identifiable intangible assets, property, plant and equipment and assets and liabilities and as a result their respective fair values were measured on a provisional basis. This exercise is now complete. The finalisation of the fair values to reflect new information obtained about factors and circumstances that existed at the acquisition date resulted in an increase in goodwill of £0.8m. The impact of the changes on the acquired assets and liabilities is detailed below.

Identifiable assets acquired and liabilities assumed

	£m
Fair value of total net identifiable assets upon acquisition	
Intangible assets	53.0
Property, plant and equipment:	132.8
Asset in respect of favourable lease contracts	5.2
Deferred tax assets	5.0
Other non-current assets	0.4
Inventory	3.5
Trade and other receivables	23.1
Cash and cash equivalents	24.1
Provision in respect of unfavourable lease contracts	(10.9)
Other provisions in respect of properties and leases	(5.4)
Other long-term liabilities	(1.7)
Deferred tax liabilities	(7.2)
Trade and other payables	(47.7)
Total net identifiable assets	**174.2**
Goodwill	336.4
Consideration transferred	**510.6**

Property and leases

The fair value of property, plant and equipment of £132.8m includes a number of adjustments. Old cinema equipment and assets from non-trading sites which were previously held at their residual value of £10.8m have been fully depreciated as the residual value is not expected to be realised. Assets with a net book value of £7.1m at the date of acquisition have been provided for due to the fact that they relate to loss-making cinemas. A further £9.9m (£10.7m stated previously on a provisional basis, based on certain assumptions until all the information was available) fair value write down has been recognised where the site-specific forecasted cash flows (discounted by applying a country specific market participant discount rate) did not support the net book value of the sites' assets at the date of acquisition.

As well as considering the fair value of acquired property, plant and equipment, management have also considered the lease contract for each of the cinemas. A provision of £3.6m has been made in respect of onerous lease contracts. The provision reflects the present value of the future lease payments under these contracts at the date of acquisition to the extent that the contract results in the site becoming loss making. A smaller number of leases were identified with future contractual fixed increases in rent. A provision of £1.8m (£1.3m stated previously on a provisional basis, before the detailed lease review was completed) has been recognised in respect of these contractual increases in line with IAS 17's: "Leases" requirement to recognise the future minimum payments on a straight-line basis over the life of the lease. An exercise was conducted to compare the current rentals of each of the sites to the current assumed average market rental rate. Accordingly, a net provision of £5.7m (£6.6m stated previously on a provisional basis, whilst further evidence of market rental rates was obtained) has been recognised in respect of a number of sites where the current rental rate is either above or below the assumed average market rental rate. An asset in respect of future deduction against rent payments in Poland of £2.4m has been written-down by £2.0m (£2.4m stated previously on a provisional basis), as its full recovery is doubtful.

Tax

The acquired deferred tax asset of £5.0m is stated after a fair value reduction of £0.9m of deferred tax assets which are not expected to be recoverable following the acquisition, and included additional tax assets of £3.5m resulting from temporary tax differences arising on the fair value adjustments made to acquired assets and liabilities (an increase of £0.3m following the changes in fair value of other assets and liabilities). The deferred tax liabilities of £7.2m also include £5.4m in respect of temporary tax differences arising on the fair value adjustments made to acquired assets and liabilities.

Included within trade and other payables in an income tax liability of £3.4m recognised on acquisition (£3.2m stated previously on a provisional basis, adjusted to reflect additional information regarding the tax position of the acquired business at the date of acquisition). The liability reflects expected future tax charges in respect of tax positions open at the date of acquisition.

Other Fair Value Adjustments

Other fair value adjustments include £3.1m accelerated amortisation of distribution rights and intellectual property where full recovery is considered doubtful.

Prepaid debt arrangement fees in respect of Cinema City's old financing totalling £4.8m were released following the extinguishment of the loans at the date of acquisition.

A provision of £5.5m has been recognised (£4.7m stated previously on a provisional basis) has been recognised in respect of open litigation and termination payments to employees for which obligations were in place at the date of acquisition.

Trade receivables comprise gross contractual amounts due of £10.4m, of which £10.2m are expected to be collectable at the acquisition date and the fair value of the trade receivables recognised reflects this position.

Identifiable Intangible Assets

Acquired identifiable intangible assets include £24.4m in respect of brands, £10.3m relating to distribution relationships and £11.4m in respect of advertising relationships.

Management consider the residual of £337.6m to represent a number of factors including the skills and industry knowledge of Cinema City's management and workforce, synergies expected to be realised post acquisition and the future value expected to be generated by the Group from Cinema City's pipeline of new sites and entry into new territories. None of the goodwill is expected to be deductible for income tax purposes.

The revenue included in the consolidated statement of profit or loss since 28 February 2014 contributed by Cinema City was £192.0m. Cinema City also contributed £25.8m profit before tax over the same period. Had Cinema City been consolidate from 27 December 2014 (the commencement of the current financial period), the consolidated statement of profit or loss would show revenue of £681.1m and profit before tax of £72.8m.

Acquisition related costs of £5.5m have been charged to administrative expenses in the consolidated statement of profit or loss for the period ended 1 January 2015. In addition, acquisition costs of £6.1m in respect of the transaction were charged to administrative expenses in the income statement for the year ended 26 December 2013.

Following the business combination, GCH and its subsidiary companies ("GCH Group") are considered to be related parties of the Cineworld Group as Mooky Greidinger and Israel Greidinger are directors of both groups.

12. Risk and uncertainties

The business environment in which the Group operates presents a number of risks and uncertainties which continue to be the focus of the Board's ongoing attention. The consolidation of Cineworld and Cinema City Holdings during the year has significantly changed the scale and structure of the business and as a result, the Board have reviewed the Group's risk management and internal control framework in order to ensure that it remains fit for purpose. A number of enhancements to the Group's risk management framework were deemed appropriate from this review and are in the process of being implemented across the enlarged Group.

In addition, the Board is aware of the increased focus on risk management introduced by the issue of the revised Corporate Governance Code during the year. Although compliance against the revised Code will not impact the Group until the 2015 full year disclosure, the Code's requirements have been taken into account as we continue to enhance our current focus in this area.

The Board has reviewed the principal risks and uncertainties faced by the Group in pursuit of its business objectives and these are summarised as follows. Cineworld's approach to risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore, where possible the Group have implemented mitigation strategies to reduce our overall risk exposure in line with the Board's risk appetite.

Principal Risk and impact	**Example mitigation**
Integration of the enlarged Cineworld Group The combination of Cineworld with the cinema assets of Cinema City International N.V. during the year has meant an increase in the complexity of the operations of the newly formed Group and the need to integrate systems, people and processes. Effective management of the integration process is key to ensure the newly formed Group can maximise the benefits and synergies of the enlarged business and reduce the risk exposure to operational inefficiencies and or potential internal control failings.	The strategy adopted by the Group has been to focus on integrating Group wide support functions, systems and processes. This has included the creation of newly formed Group wide teams for IT, HR, Finance and Construction and, where required, the recruitment of senior staff. The Deputy Chief Executive has taken overall responsibility for the process and he reports at each Board meeting on progress.
Film distributor relationships, the release window and alternative media Cinema going is driven primarily by output from Hollywood, which is dominated by six film studios. Maintaining the Groups relationships with the large Hollywood film studios, but also with distributors across the globe is critical to ensure timely access to first-run films, favourable film hire terms and agreements for on-going film distribution. Any deterioration in these relationships could	Cineworld continues to work hard to ensure it has good working relationships with a wide range of film studios, both major and independent. Dedicating time and resources to ensure we build and maintain relationships that operate as successful partnerships is a key part of our strategy in this area. A further part of the Group strategy has been to establish exclusive distribution relationships with certain film studios in some Central and Eastern European ("CEE") countries and Israel.

have a significant direct impact on our access to film content as well as the potential for the film distributers to consider alternative film delivery methods and/or, a reduction or elimination of the release window. Furthermore, the continuing development of existing and new technology (such as 3D television and internet streaming) is also introducing increasing competitive forces as they offer alternative ways to release films.	Cineworld continually seeks to enhance its offer to customers so maintaining visitor numbers and making our cinemas an attractive way for distributors to release films.
Availability and performance of film content Underpinning the overall success of the Group is the quality of the distributors' film slates, the timeliness of their release and the appeal of such films to our customers. A year in which the film distributors do not produce the level of expected films or films underperform has a direct impact on cinema attendance and therefore, the principal box office revenue for the Group could decline. Economic factors in terms of the availability of capital for financing film productions can also have an impact on the supply of films and/or their production.	We work closely with the film distributors to understand as early as possible the upcoming film slate and therefore, forecast likely film performance. The film slates for 2015 and 2016 look good and stronger than those of recent years. Although access to the latest Hollywood film slate is reliant on our partnership with the large film distributors, the Cineworld Group strategy is to have access to a wider range of films over and above the traditional Hollywood Blockbusters. This allows us to reduce our overall exposure to reduced attendance by meeting specific local area demand for type and content of films shown. The operating flexibility of having digital projection technology available in all our cinemas has also been a key strategy that has enhanced the capacity utilisation of the Group. Digital film content can be easily moved to and from auditoriums in our cinemas to maximise admissions.
Customer experience and competition Although Cinema admissions are predominantly driven by the quality and availability of movie product, ensuring that the Group continually aims to enhance the viewer experience through the quality of the products and services offered is also key to our focus of being the Cinema of choice. Any decrease in the quality of the services we offer, from the ease of booking, the technology we use, to a friendly farewell on departure, could result in loss of our customers to competitors and or other leisure/entertainment attractions.	Our strategy is focussed on continually improving the quality of services we offer to customers such as enhancing our approach to on-line booking, removing clutter from our foyers, investing in technical innovation through premium formats such as IMAX, 3D and other large screen formats across the Group, upgrading our seating options and improving our retail offerings. The customer interaction with the Group outside of the Cinema environment is also important and that is why we have continued to enhance our subscription and membership programmes to offer added-value though offers and information.
Revenue from retail sales Retail sales generally fluctuate in line with admissions, therefore, if admissions were to	A key strategy for the group is to maintain a strong relationship with our principal retail suppliers as this

fall, revenue from retail sales could decrease. Retail spend may also decrease due to changes in customer preferences, decreased disposable income or other economic and cultural factors. In addition, the price of items such as energy and foodstuffs has a direct impact on costs which we may not be able to pass on to customers. The ability of the Group to understand and react quickly to the changing customer need is a key part to maintaining and increasing this revenue effectively.	allows us to work with them to enhance our ability to continually run targeted promotions as well as bring in differing ranges of products to meet changing customer demand.
Revenue from screen advertising The level of revenues earned is directly affected by the overall demand for advertising, the competitive pressures for that advertising spend and then ultimately by cinema admissions.	Our offering to advertisers is being continually enhanced by exploiting the benefits of, and particularly the flexibility provided by, digital projection.
Expansion and growth of Cinema estate Our estate growth is dependent on our ability to effectively expand operations through the development of new sites or acquiring existing cinemas. Planning laws, economic environment, availability of capital for developers and location choice are some of the factors that may impact the Group's development and growth initiatives. This is particularly heightened if the Group continues to expand in emerging markets as the risk of doing business in these areas is higher.	As we now operate in more countries, there are more opportunities to expand. The Group devotes a considerable amount of time assessing new site opportunities and this, along with further acquisitions, is a key part of our future growth strategy. We also focus a significant amount of time and effort on maintaining good relationships with potential key partners so we are aware of the availability of space in new developments and to ensure factors such as local planning laws, and demographic changes are continually understood and monitored.
Retention and attraction of senior management and key employees The Group's performance and its ability to mitigate significant risks within its control depend on its employees and management teams. Therefore, reliance is placed on the Groups ability to recruit, develop and incentivise senior management and other key employees. If the Group loses the services of key people this is likely to have a direct impact on the ability to deliver business objectives.	The Group uses a variety of techniques to attract, retain and motivate its staff, with particular attention paid to those in key roles to help ensure the long term success of the Group. These techniques include the regular review of remuneration packages, including share incentive schemes, regular communication with staff and an annual performance review process.
Technology and data control	The Group IT function monitor, manage and optimise our

The Group continues to grow in its reliance on IT systems and data control from booking tickets on the website to managing financial information and everything in between. Therefore, any critical system interruption for a sustained period could have a significant impact on the Group performance. In addition, any breach (cyber or otherwise) of Data Protection rules or in security measures surrounding the storage of confidential or proprietary information held by the Group could result in access, loss or disclosure of this information leading to legal claims, regulatory penalties, disruption of operations of the Group and ultimately reputational damage.	systems, including ensuring their resilience through back-up systems and implementing security measures. Additional external experts are employed where necessary to oversee, and help manage, major projects involving the upgrading or replacement of key systems. The Group continually reviews its approach to information security, specifically controlling the sensitive data it holds through restricted access. A specific focus is on being fully compliant with Payment Card Industry - Data Security Standards.
Regulatory breach The Group's business and operations are affected by regulations covering such matters as planning, the environment, health and safety, licensing, food and drink retailing, data protection and the minimum wage. Failure to ensure on-going compliance across the wide breadth of regulation/legislation may result in fines and/or suspension of the activity or entire business operation.	Management operate an ongoing Cinema compliance programme which is then supplemented by a programme of independent assurance reviews. Our Group support functions use a combination of on-going staff professional development and updates from professional advisors to ensure the Group are aware of the latest regulations in key areas.
Film Piracy Film piracy (aided by technological advances) has long-term implications for the industry as a whole. If the Group is seen not to be proactively supporting the film distributors in combatting this, there could be a direct impact on our relationship with them and therefore, affect our access to film content. Additionally if cinemas are the source of pirated copies of films, distributors will consider alternative means of release.	We proactively work with groups targeting film piracy such as the Cinema Exhibitors' Association and The Federation Against Copyright Theft in the UK. These relationships ensure the Group can stay up to date with the latest piracy techniques used by individuals entering our cinema's and therefore, allow us to continually review our approaches to monitoring and detection.

Terrorism and Civil Unrest Cinema businesses could be affected by civil unrest or terrorist acts/threats which could cause the public to avoid cinemas. This could be due to incidents in the locations in which the Group operates, such as Israel, or in other areas that increase general unease in the locations in which it operates. The Group may additionally be subject to an increased risk of boycott, targeted civil unrest or terrorist action/threat as a result of operating in and being linked to certain countries or types of film. This could adversely impact the results of operations and financial condition of the Group.	We receive communications from relevant government authorities and law enforcement agencies that keep us informed and allow us, when needed, to monitor any potential impact external events could have on the security of our Cinema estate. Business continuity and disaster recovery plans are in place to ensure we can react appropriately should an incident occur at a Group site and appropriate insurance is in place to mitigate the financial consequences.
Extreme weather conditions Unusual weather patterns such as unseasonably warm summers or extreme snowfalls in winter can impact attendances at cinemas and, particularly where this coincides with a major film release could have a significant effect on revenues.	Most of the Group's cinemas are air conditioned and therefore temperatures within the cinemas can be controlled as necessary.

13. Financial Information

The financial information in this preliminary announcement represents non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 26 December 2013, upon which an unqualified audit opinion has been given and which did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006, will be sent to the Registrar of Companies following the Company's Annual General Meeting.

14. Annual Report and Accounts and Annual General Meeting

The 2014 Annual Report and Accounts and Notice of the General Meeting will be posted to shareholders and published on the Group's website at www.cineworldplc.com in April.

The Annual General Meeting is to be held on 26 May 2015.