10 August 2017

**CINEWORLD GROUP plc interim results for 6 months ended 30 June 2017**

Cineworld Group plc ("the Group") is pleased to announce its interim results for the 6 month period ended 30 June 2017

| | 6 months ended 30 June 2017 | 6 months ended 30 June 2016 | v 2016 (statutory basis) | v 2016 (constant currency basis) (1) |
|---|---|---|---|---|
| Group revenue | £420.2m | £356.7m | + 17.8% | + 12.4% |
| EBITDA(2) | £84.3m | £70.5m | + 19.6% | + 12.9% |
| Profit before tax | £48.2m | £30.6m | + 57.5% | |
| Adjusted profit before tax(3) | £50.2m | £41.0m | +22.4 % | |
| Profit after tax | £40.3m | £24.4m | +65.2 % | |
| Adjusted profit after tax(3) | £42.0m | £34.0m | +23.5 % | |
| Diluted EPS | 14.8p | 9.1p | + 62.6% | |
| Adjusted diluted EPS | 15.4p | 12.7p | +21.3 % | |
| Interim dividend per share | 6.0p | 5.2p | + 15.4 % | |

## Key Financial Highlights

- Revenue growth of 17.8% on a statutory basis and 12.4% on a constant currency basis(1);
    - UK & Ireland revenue growth of 11.5%;
    - ROW(4) revenue growth of 28.7% on a statutory basis and 13.7% on a constant currency basis, with double digit growth in Israel, Poland, Romania, Bulgaria and Slovakia;
- Group EBITDA(2) growth of 19.6%, 12.9% on a constant currency basis;
- Adjusted profit after tax increased by 23.5% to £42.0m;
- Statutory profit after tax increased 65.2% to £40.3m;
- Adjusted diluted EPS increased by 21.3% to 15.4p;
- Interim dividend increased by 15.4% to 6.0p;
- Net cash generated from operating activities of £65.9m (2016: £44.4m); and
- Net debt increased to £309.1m following the early payment of the final 2016 dividend (£282.3m at 31 December 2016).

## Operational Highlights

- Admissions growth of 10.0% to 50.7m;
- Acquisition of the 16 screen Empire Newcastle site completed;
- Opening of two new sites, Ely in the UK (six screens) and Zichron in Israel (12 screens) taking the Group to 2,136 screens at 30 June 2017;
- Eleven further site openings planned for the second half of 2017, and;
- Refurbishment programme progressing well creating next generation cinemas of a high quality with the latest audio and visual technology.

1 To provide information on a comparable basis, where % change vs. prior period information includes trading in currencies other than sterling, the % is presented on a constant currency basis. Constant currency movements have been calculated by applying the 2017 average exchange rates to 2016 performance.
2 EBITDA is defined as operating profit before depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets and the settlement of the defined benefit pension liability.
3 Adjusted profit before tax is calculated by adding back amortisation of intangible assets (excluding acquired film distribution rights), and certain non-recurring, non-cash items and foreign exchange as set out in Note 5. Adjusted profit before tax is an internal measure used by management, as they believe it better reflects the underlying performance of the Group and therefore a more meaningful comparison of performance from period to period. Adjusted profit after tax is arrived at by applying an effective tax rate to taxable adjustments and deducting the total from adjusted profit before tax.
4 ROW is defined as Rest of the World and includes Poland, Israel, Romania, Hungary, Czech Republic, Bulgaria and Slovakia.

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

"We are very pleased to report our results for the first half of 2017 – showing strong growth in admissions, revenues, EBITDA and profit after tax.

I believe that the six months results clearly reflect our strategy and a good quality of film slate. Our strategy is based on our strong belief in the cinema experience, emphasizing our efforts on creating our cinemas in a way that will give our customers "the best way to watch a movie". We have continued opening new sites as well as refurbishing our top cinemas around the estate and taking great consideration to create better sightlines, bigger screens, better sound and great comfort around the halls in the public areas. These cinemas are being embraced by our customers and give a clear message that we believe in the theatrical experience and expect our customers to come to the cinemas again and again. This strategy combined with great blockbusters such as "Beauty and the Beast", "Guardians of the Galaxy vol. 2", "The Fate of the Furious" and more were the key reasons for this six months success.

During the period, we acquired the Empire in Newcastle (16 screens), opened new sites in Ely in the UK and Zichron in Israel with 11 more sites to come before the end of the year. We continue to enlarge our offer by implementing more IMAX, more 4DX and more VIP in order to give our customers the choice of not only which movie they want to watch, but also the choice of how they want to watch it.

We have achieved constant currency revenue growth of 12.4% and EBITDA growth of 12.9%. The Board is pleased to declare an increased interim dividend of 6.0p (2016: 5.2p).

The film release programme for the second half of the year includes a number of strong titles. The biggest titles in the summer months so far have been "Dunkirk", "Despicable Me 3" and "Spider-Man: Homecoming". Significant releases still to come in the remainder of 2017 include "Justice League", "Paddington 2", "Thor: Ragnarok", "Kingsman: The Golden Circle" and "Star Wars: Episode VIII". Based on the film slate in the second half and our first half results, we remain confident of delivering a performance for the year as a whole in line with current market expectations."

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

| | |
|---|---|
| Date: | 10 August 2017 |
| Time: | 10.00am |
| Dial in: | UK Number: 020 3059 8125<br>All other locations: +44 20 3059 8125 |
| Participant Instructions: | Please state "Cineworld Interim results" and state your name and company |
| Webcast link: | https://secure.emincote.com/client/cineworld/cineworld005 |


| **Enquiries: Cineworld Group plc** | | **Bell Pottinger** | |
|---|---|---|---|
| Israel Greidinger | 8th Floor, Vantage London | Elly Williamson | Holborn Gate |
| Nisan Cohen | Great West Road | Zara de Belder | 330 High Holborn |
| | Brentford | | London WC1V 7QD |
| | TW8 9AG | | +44(0) 203 772 2597 |
| | +44(0) 208 987 5000 | | |

# Chief Executive Officer's Statement

## Overview

The results from the first six months demonstrate that we have continued to deliver our strategy and drive value for our shareholders. The film slate was strong and we saw a positive impact of our new openings in the prior year along with the improved results from our ongoing refurbishment programme.

The film slate for the first half of 2017 began particularly well compared to 2016. The top performing titles during the period in the UK and Ireland were "Beauty and the Beast", "Guardians of the Galaxy Vol. 2" and "The Fate of the Furious". Some of the Oscar nominated films such as "La La Land" also performed ahead of expectation in the UK. Local films continue to be popular in the ROW, especially in Poland where "The Art of Loving: Story of Michalina Wislocka" was the highest grossing film for the period.

As part of our strategy to expand our estate we are always looking for appropriate acquisition opportunities and we were pleased to acquire the Empire Newcastle cinema in June. This 16 screen cinema is situated in a prime central location, in a city where we were not previously represented. We plan to commence the refurbishment of the cinema and introduce 4DX and a Superscreen by the end of 2017.

We have also opened two new sites, 18 screens, in the period to 30 June 2017. One site was opened in the UK - Ely (six screens) and one in Israel - Zichron (12 screens). We remain on track to open a further eleven cinemas, (totalling 105 screens) across the Group during the second half of the year, one of which we opened in July, Ruislip in the UK (11 screens).

As planned, we closed two sites during the period, Chelsea (UK – four screens), and MOM Park (Hungary – six screens). As part of the agreed consideration for the five Empire sites acquired in 2016, the Haymarket site (UK – three screens) was transferred to Cinema Holdings Limited during the financial period.

We made good progress with our refurbishment programme to provide high quality cinemas with the latest technology across the estate. In the UK refurbishments have started at the O2 in London, Ipswich, Northampton and Solihull. One year on from the acquisition of the five Empire cinemas we have completed the refurbishment of Hemel Hempstead, which now includes a Starbucks. The refurbishment has begun at Basildon, which now has a 4DX screen. We expect to start work on the Leicester Square site by the end of the year, which will also include a 4DX screen and new foyer area. Following the completion of the refurbishments and the new openings in the period we now have a total of 28 4DX screens and 33 IMAX screens at 30 June 2017.

We continued to expand our retail offerings across the Group to ensure we provide our customers with a wide choice of products. As at 30 June 2017 we now have a total of 25 Starbucks sites in the UK and a further four are planned to open by the end of the year. Our new Zichron cinema includes a VIP auditorium, bringing the total in the Group to ten.

Without the hard work of our employees – across all departments and territories, we would not be able to continue delivering on our vision to be "The best place to watch a movie". I would like to thank them all for their continued dedication to Cineworld.

## Current trading and outlook

The film release programme for the second half of the year includes a number of strong titles. The UK market box office in July performed well, increasing 6.3% compared to the comparative period (Source: Rentrak). The key titles in the summer months so far have been "Despicable Me 3", "Spider-Man: Homecoming" and "Dunkirk". Key releases still to come include "Justice League", "Paddington 2", "Thor: Ragnarok", "Kingsman: The Golden Circle" and "Star Wars: Episode VIII", and many more. Based on the film slate in the second half and our first half results, we remain confident of delivering a performance for the year as a whole in line with current market expectations.

## Group Performance Overview

| | 6 months to 30 June 2017 | 6 months to 30 June 2016 | v. 2016 (statutory basis) | v. 2016 (constant currency) |
|---|---|---|---|---|
| Admissions | 50.7m | 46.1m | + 10.0% | |
| | £m | £m | | |
| Box office | 267.2 | 227.0 | + 17.7% | + 12.6% |
| Retail | 103.3 | 84.7 | + 22.0% | + 16.3% |
| Other income | 49.7 | 45.0 | + 10.4% | + 3.5% |
| **Total revenue** | **420.2** | **356.7** | **+ 17.8%** | **+ 12.4%** |

Cineworld Group plc results are presented for the period ended 30 June 2017 and reflect the trading and financial position of the UK and Ireland and the Rest of the World ('ROW') operating segments (the 'Group'). The Newcastle Empire cinema acquired from Cinema Holdings Limited became part of the Group on 15 June 2017 and its results post acquisition have been included within the UK and Ireland operating segment.

Unless explicitly referenced, all percentage movements which are given reflect performance on a constant currency basis to allow a year-on-year assessment of the performance of the business without the impact of fluctuations in exchange rates over time. Constant currency movements have been calculated by applying the 2017 average exchange rates to 2016 performance.

The principal income for the Group is box office revenue. Box office revenue is a function of the number of admissions and the ticket price per admission, less VAT. In addition, the Group operates membership schemes which provide customers with access to screening in exchange for subscriptions fees, and this revenue is also reported as part of box office. Admissions (one of the Group's key performance indicators), depend on the number, timing and popularity of the films the Group are able to show in our cinemas.

Admissions are also a key driver for the two other main revenue streams for the Group. These are retail revenue, the sale of food and drink for consumption within our cinemas and screen advertising income, from advertisements shown on our screens prior to feature presentations.

Total revenue for the period ended 30 June 2017 was £420.2m, an increase of 17.8% on a statutory basis, and 12.4% on a constant currency basis. Total box office revenues increased by 12.6% driven by admissions which increased by 10.0%, and the average ticket prices increased by 2.4% to £5.27. Retail spend per person increased by 5.8% to £2.04 combined with the increase in admissions resulting in retail revenue growth of 16.3%. Other revenues increased by 3.5%.

## UK & Ireland

The results below for the UK & Ireland include the two cinema chain brands in the UK, Cineworld and Picturehouse.

| | 6 months to 30 June 2017 | 6 months to 30 June 2016 | v. 2016 (statutory basis) |
|---|---|---|---|
| Admissions | 26.3m | 24.0m | + 9.6% |
| | £m | £m | |
| Box office | 167.7 | 150.0 | + 11.8% |
| Retail | 60.8 | 53.5 | + 13.6% |
| Other income | 23.4 | 22.4 | +4.5% |
| **Total revenue** | **251.9** | **225.9** | **+ 11.5%** |

***Box Office***
Box office admissions and box office revenue increased by 9.6% and 11.8% respectively during the six month period to 30 June 2017. This is reflective of the strength of the film slate during the first half of 2017 compared to 2016 as well as the addition of the five Empire cinemas acquired in the prior year. The total UK industry box offices admissions for the six month period were 6.4% higher compared to the prior period (Source: UK Cinema Association). In the UK and Ireland as a whole the top three films in the first six months of 2017 were, "Beauty and the Beast", "Guardians of the Galaxy Vol. 2" and "The Fate of the Furious" which together grossed £143.0m. This compares to the first half of 2016 where the top three titles were "The Jungle Book", "Deadpool" and "Captain America: Civil War" and grossed £120.0m (Source: Rentrak).

The average ticket price achieved in the UK and Ireland increased 2.1% to £6.38 (2016: £6.25). The increase reflects inflationary price increases and the increased availability and popularity of premium offerings such as 4DX. The top three films in the first half were available in a range of formats - IMAX, 3D and 4DX.

***Retail***
Retail revenue increased by 13.6% from the prior period. Retail spend per person increased by 3.6% to £2.31 (2016: £2.23). Spend per person has been positively impacted by the nature of the film mix in the first half, as well as the broader range of retail offerings, including Starbucks and our VIP experience. At the end of June 2017 in the UK the Group had 25 Starbucks sites, an additional six sites compared to the prior year, and two VIP auditoriums.

***Other Income***
Other income includes all other revenue streams outside of box office and retail. The main driver for the increase in other income increasing by 4.5% was the advertising business performing strongly compared to the comparative period. Advertising performance is impacted by the nature of the film slate and the level of admissions. In February the Group disposed of a small element of the Group's distribution arm in Picturehouse. This distribution income is recorded in other income and therefore has reduced the overall growth from the prior period.

## Rest of the World

The results below for the Rest of the World ("ROW") includes Poland, Israel, Romania, Hungary, Czech Republic, Bulgaria and Slovakia.

| | 6 months to 30 June 2017 | 6 months to 30 June 2016 | v. 2016 (statutory basis) | v. 2016 (constant currency) |
|---|---|---|---|---|
| Admissions | 24.4m | 22.1m | + 10.4% | |
| | £m | £m | | |
| Box office | 99.5 | 77.0 | + 29.2% | + 14.1% |
| Retail | 42.5 | 31.2 | + 36.2% | + 20.4% |
| Other income | 26.3 | 22.6 | + 16.4% | +2.7% |
| **Total revenue** | **168.3** | **130.8** | **+ 28.7%** | **+ 13.7%** |

***Box Office***

Box office admissions and box office revenue in the ROW increased by 10.4% and 14.1% respectively compared to the prior period on a constant currency basis. Israel, Poland, Romania and Slovakia experienced double digit growth in admissions with Romania increasing 21.0% and Slovakia 23.3% respectively. Only Hungary experienced a slight decline in admissions as a result of two site closures, one in the period and one in the prior year, however on a like for like basis growth was achieved. Admissions have increased in these territories as a result of the opening of new sites in the prior year, investment in the latest technologies, the strong film slate for the period and also the growth in the local economies. During 2016, there were four new sites opened in the ROW, three in Romania, and one in Israel with a further site opened in June 2017 in Israel, Zichron.

The average ticket price increased by 3.3% to £4.08 on a constant currency basis. The increase has been driven by a mixture of expanding our premium offerings, inflationary price increases alongside the growth of the local economies and the film slate. Film performance for the first half of the year was underpinned by the success of films that also performed strongly in the UK, however other titles such as "Wonder Woman" also performed well. Locally produced films continue to contribute strongly to box office revenues – in Poland "The Art of Loving: Story of Michalina Wislocka" was the highest grossing film for the period.

***Retail***

Retail spend per person increased to £1.74 during the period – an increase of 9.0% on a constant currency basis. The growth was driven by a combination of retail initiatives, inflationary price increases and the nature of the film slate.

***Other income***

Other income includes distribution, advertising and other revenues and represents 15.6% (2016: 17.3%) of the total revenues. Forum Film is the Group's distribution business for the ROW and distributes films on behalf of the major Hollywood studios as well as owning the distribution rights to certain independent fims. Key titles distributed in the period included "Beauty and the Beast", "Guardians of the Galaxy Vol. 2" and "Pirates Of The Caribbean: Salazar's Revenge". Advertising revenues have increased but not at the same rate as admissions due to the nature and timing of the contracts.

## Statutory Financial Performance

| | 6 month period ended 30 June 2017 | | | 6 month period ended 30 June 2016 |
|---|---|---|---|---|
| | **UK & Ireland** | **ROW** | **Total Group** | Total Group |
| Admissions | 26.3m | 24.4m | **50.7m** | 46.1m |
| | £m | £m | **£m** | £m |
| Box office | 167.7 | 99.5 | **267.2** | 227.0 |
| Retail | 60.8 | 42.5 | **103.3** | 84.7 |
| Other Income | 23.4 | 26.3 | **49.7** | 45.0 |
| Total revenue | **251.9** | **168.3** | **420.2** | 356.7 |
| EBITDA(1) | **40.0** | **44.3** | **84.3** | 70.5 |
| Operating profit | | | **51.9** | 41.8 |
| Finance income | | | **1.4** | 0.5 |
| Finance expenses | | | **(5.0)** | (11.6) |
| Net finance costs | | | **(3.6)** | (11.1) |
| Share of loss from joint venture | | | **(0.1)** | (0.1) |
| Profit on ordinary activities before tax | | | **48.2** | 30.6 |
| Tax on profit on ordinary activities | | | **(7.9)** | (6.2) |
| Profit for the period attributable to equity holders of the Company | | | **40.3** | 24.4 |

(1) EBITDA is defined as Operating Profit before depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets and the settlement of the defined benefit pension liability.

***EBITDA and Operating Profit***

Group EBITDA has increased by 19.6% to £84.3m (2016: £70.5m). The Group EBITDA margin of 20.1% is 0.3% higher than the comparative period.

EBITDA generated by the UK & Ireland of £40.0m has increased by 6.1% compared to the prior period (2016: £37.7m). The EBITDA margin of 15.9% represents a slight decline of 0.8% from 2016. The margin in the UK was impacted by the cessation of the VPF income in the second half of 2016 and increases in business rates. The ROW generated EBITDA of £44.3m, (2016: £32.8m) on a constant currency basis representing growth of 19.7%. The EBITDA margin of 26.3% for the ROW is an improvement of 1.2% compared to the prior period, driven by the increase in admission levels due to the film slate, including the popularity of locally produced films and the growing economies.

There are translation exchange differences arising when presenting the year on year performance of the ROW in the reporting currency of the Group. During the period EBITDA of £84.3m was £0.8m higher than it would have been had it been translated by applying the exchange rates at the start of the year and £5.0m higher based on the average rate for the comparable 2016 period.

Operating profit at £51.9m was 24.2% higher than the prior period (2016: £41.8m). Operating profit included a number of non-recurring and non-trade related items that have a net positive impact of £0.3m (2016: negative £1.7m). These primarily related to:

- A charge of £0.6m (2016: £nil) for non-recurring property costs;
- Impairment costs of £0.6m (2016: £0.7m) during the period;
- A one off gain of £2.2m relating to the profit on disposal of Picturehouse Entertainment of £1.8m and the gain on the transfer of Haymarket of £0.4m (2016: £nil); and
- Transaction and reorganisation costs of £0.7m (2016: £1.0m).

The total depreciation and amortisation charge (included in administrative expenses) in the period totaled £32.7m (2016: £27.0m). Of this, £16.4m related to the UK & Ireland and £16.3m related to the ROW. The charge continues to increase primarily as a result of the number of new sites across the Group.

***Net finance costs***
Net financing costs totaled £3.6m during the period (2016: £11.1m).

Finance income of £1.4m (2016: £0.5m) mainly related to interest income of £0.4m (2016: £0.3m) and £1.0m of foreign exchange gains on monetary assets. In the prior period there was a £0.2m gain in respect of the defined benefit pension scheme.

The finance expense of £5.0m (2016: £11.6m) included £3.6m in respect of interest on bank loans and overdrafts (2016: £4.3m). In the prior year there was a £6.1m negative impact on foreign exchange, primarily relating to the translation of the Euro Term loan at the balance sheet date. In the second half of 2016 the Group entered into a net investment hedge in respect of the Euro Term loan and the gains and losses are now recognised directly in other comprehensive income, in line with current accounting practice and standards. Other net finance costs of £1.4m (2016: £1.2m) included amortisation of prepaid finance costs of £0.7m (2016: £0.7m), £0.5m (2016: nil) in respect of the unwind of the discount and interest charges on property-related leases and £0.2m (2016: £0.3m) of other financial costs.

***Taxation***
The overall tax charge during the period was £7.9m giving an overall effective tax rate of 16.4% (Full year 2016: 16.5%). The effective tax rate has remained consistent overall, however, the charge reflects an increase due to non-tax deductible one off transaction costs which are offset by the initial recognition of deferred tax assets on brought forward tax losses which are now expected to be utilised against future profits.

***Earnings***
Profit on ordinary activities after tax in the period was £40.3m, an increase of £15.9m compared to the comparative period (2016: £24.4m). The increase year on year is primarily attributable to increased admissions across the Group generating additional EBITDA of £13.8m. The depreciation and amortization charge has increased by £5.7m year on year predominantly as a result of new sites in the Group. The one off items in the period generated income of £0.3m compared to a charge of £1.7m in 2016 and there are no losses on the Euro Term loan in the period compared to the loss of £6.1m in the prior period. Basic earnings per share amounted to 14.9p (2016: 9.2p). Eliminating the one-off, non-trade related items totaling £2.0m, adjusted diluted earnings per share were 15.4p (2016: 12.7p).

***Business Combinations***
On the 15 June 2017 the Group completed the acquisition of the Newcastle cinema from Cinema Holdings Limited by means of an acquisition of 100% of the shares. Cash consideration was paid on acquisition and there is also an element of contingent consideration to be paid based on the performance of the site over a 24 month period post completion of the refurbishment.

***Disposals***
On the 7 February 2017 the Group sold 100% of the shares in Picturehouse Entertainment Limited, a Company which operated an element of the Group's distribution arm in the UK. The consideration received was £2.0m, resulting in a gain on disposal of £1.8m.

***Cash Flow and Balance Sheet***
Overall, net assets increased by £52.2m, to £715.6m since 31 December 2016. Total assets increased by £26.9m of which the main elements were property, plant and equipment additions and increases to goodwill as a result of the Empire Newcastle acquisition in the period and movements in the in foreign exchange rates since the 2016 balance sheet date.

The Group continued to be cash generative at the operating level. Total net cash generated from operations in the period was £65.9m (2016: £44.4m). Net cash outflows in investing activities were £49.5m during the period (2016: £38.4m).

Net debt of £309.1m at the period end is higher than the balance at 31 December 2016 of £282.3m. Of the net increase of £26.8m, £24.3m related to the decrease in cash during the period as a result of the capital expenditure, financing and payment of dividends in the period. The remaining movement relates to £0.6m net foreign exchange losses on cash held and bank debt denominated in currencies other than sterling and £1.9m of other non-cash movements.

## Risks and uncertainties

The Board retains ultimate responsibility for the Group's Risk Management Framework, and continues to undertake on-going monitoring to review the effectiveness of the Framework and ensure the principal risks of the Group are being appropriately mitigated in line with its risk appetite.

The principal risks and uncertainties which could impact the Group for the remainder of the current financial year remain those detailed on pages 22-27 of the Group's Annual Report for 2016, a copy of which is available from the Group's website www.cineworldplc.com. A summary of the principal risks is included after the Independent Review Report.

## Related party transactions

Details of related party transactions are set out in Note 11 of the interim financial statements.

## Going concern

The Group has a single currency revolving credit facility of £215.0m and two term loans, one in sterling and one in Euros. The facility remains 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 or EURIBOR. The margins currently applicable to Group are 1.40% on the term loans and 1.15% on the revolving credit facility.

At 30 June 2017 the Group had drawn down £162.0m of the RCF and the term loans outstanding were £115.0m and €51.0m. The Group has been in compliance with the covenants throughout the period and at the period end.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within its current facility, including compliance with the bank facility covenants. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated interim financial statements.

## Dividends

The Board is declaring an interim dividend of 6.0p per share (2016: 5.2p per share), reflecting the strong performance in the first half of the year and the strength of the Balance Sheet. The dividend will be paid on 21 September 2017 to ordinary shareholders on the register at the close of business on 25 August 2017.

Mooky Greidinger
Chief Executive Officer

**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.

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*for the period ended 30 June 2017*

| | Note | Period ended 30 June 2017 (unaudited) £m | Period ended 30 June 2016 (unaudited) £m | Year ended 31 December 2016 (audited) £m |
|---|---|---|---|---|
| **Revenue** | | **420.2** | 356.7 | 797.8 |
| Cost of sales | | (316.4) | (267.7) | (584.8) |
| **Gross profit** | | **103.8** | 89.0 | 213.0 |
| Other operating income | | 1.5 | 1.2 | 2.7 |
| Administrative expenses | | (53.4) | (48.4) | (102.9) |
| **Operating profit** | | **51.9** | 41.8 | 112.8 |
| Analysed between: | | | | |
| EBITDA as defined in note 1 | | 84.3 | 70.5 | 175.8 |
| - Depreciation and amortisation | | (32.7) | (27.0) | (58.6) |
| - Onerous leases and other non-recurring charges | | (0.6) | - | 1.5 |
| - Impairments and reversals of impairments | | (0.6) | (0.7) | 0.4 |
| - Profit on disposal of assets and liabilities | | 2.2 | - | - |
| - Transaction and reorganisation costs | | (0.7) | (1.0) | (1.5) |
| -Settlement of defined benefit pension liability | | - | - | (4.8) |
| Finance income | 4 | 1.4 | 0.5 | 3.0 |
| Finance expenses | 4 | (5.0) | (11.6) | (17.6) |
| **Net financing costs** | | **(3.6)** | (11.1) | (14.6) |
| Share of loss of jointly controlled entity using equity accounting method, net of tax | | (0.1) | (0.1) | - |
| **Profit before tax** | | **48.2** | 30.6 | 98.2 |
| Taxation | 3 | (7.9) | (6.2) | (16.2) |
| **Profit for the period attributable to equity holders of the Company** | | **40.3** | 24.4 | 82.0 |
| **Other comprehensive income** | | | | |
| *Items that will not subsequently be reclassified to profit or loss* | | | | |
| Re-measurement of the defined benefit asset | | - | 1.5 | (5.1) |
| Income tax (charge)/credit recognised on other comprehensive income | | - | (0.3) | 1.0 |
| *Items that will subsequently be reclassified to profit or loss* | | | | |
| Foreign exchange translation gain | | 27.4 | 57.0 | 88.2 |
| Movement in fair value of cash flow hedges | | 1.0 | (0.9) | 0.5 |
| Net change in fair value of cash flow hedges recycled to profit or loss | | - | - | (1.9) |
| Movement in fair value of net investment hedge | | (1.3) | - | (1.3) |
| **Other comprehensive income for the period, net of income tax** | | **27.1** | 57.3 | 81.4 |
| **Total comprehensive income for the period attributable to equity holders of the company** | | **67.4** | 81.7 | 163.4 |
| Basic earnings per share | | 14.9p | 9.2p | 30.8p |
| Diluted earnings per share | | 14.8p | 9.1p | 30.4p |

The notes on pages 13 to 19 are an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 30 June 2017*

| | | 30 June 2017 (unaudited) | | 30 June 2016 (unaudited) | | 31 December 2016 (audited) |
|---|---|---|---|---|---|---|
| | £m | £m | £m | £m | £m | £m |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | | 481.3 | | 380.3 | | 445.4 |
| Goodwill | | 674.4 | | 573.0 | | 650.6 |
| Other intangible assets | | 51.4 | | 53.4 | | 54.2 |
| Investment in equity-accounted investee | | 1.0 | | 0.7 | | 0.9 |
| Other receivables | | 6.2 | | 6.5 | | 6.0 |
| Employee benefits | | - | | 12.8 | | - |
| **Total non-current assets** | | **1,214.3** | | 1,026.7 | | 1,157.1 |
| **Current assets** | | | | | | |
| Inventories | 10.8 | | 9.7 | | 9.8 | |
| Trade and other receivables | 68.3 | | 65.8 | | 74.0 | |
| Cash and cash equivalents | 30.2 | | 32.5 | | 55.8 | |
| **Total current assets** | | **109.3** | | 108.0 | | 139.6 |
| **Total assets** | | **1,323.6** | | 1,134.7 | | 1,296.7 |
| **Current liabilities** | | | | | | |
| Interest-bearing loans, borrowings and other financial liabilities | (15.4) | | (17.8) | | (16.8) | |
| Trade and other payables | (138.0) | | (119.2) | | (175.8) | |
| Current taxes payable | (15.6) | | (9.6) | | (10.5) | |
| Bank overdraft | (1.1) | | - | | - | |
| Provisions | (7.2) | | (5.9) | | (6.3) | |
| **Total current liabilities** | | **(177.3)** | | (152.5) | | (209.4) |
| **Non-current liabilities** | | | | | | |
| Interest-bearing loans, borrowings and other financial liabilities | (322.9) | | (265.0) | | (321.3) | |
| Other payables | (86.6) | | (70.2) | | (76.5) | |
| Employee benefits | (1.9) | | (1.4) | | (1.8) | |
| Provisions | (8.8) | | (17.8) | | (11.6) | |
| Deferred tax liabilities | (10.5) | | (10.6) | | (12.7) | |
| **Total non-current liabilities** | | **(430.7)** | | (365.0) | | (423.9) |
| **Total liabilities** | | **(608.0)** | | (517.5) | | (633.3) |
| **Net assets** | | **715.6** | | 617.2 | | 663.4 |
| **Equity attributable to equity holders of the Company** | | | | | | |
| Share capital | | 2.7 | | 2.7 | | 2.7 |
| Share premium | | 327.5 | | 295.9 | | 306.4 |
| Translation reserve | | 66.3 | | 7.7 | | 38.9 |
| Merger reserve | | 207.3 | | 207.3 | | 207.3 |
| Hedging reserve | | (2.7) | | (0.6) | | (2.4) |
| Retained earnings | | 114.5 | | 104.2 | | 110.5 |
| **Total equity** | | **715.6** | | 617.2 | | 663.4 |

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

*for the period ended 30 June 2017*

| | Issued capital £m | Share premium £m | Merger Reserve £m | Translation reserve £m | Hedging reserve £m | Retained earnings £m | Total £m |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2017** | **2.7** | **306.4** | **207.3** | **38.9** | **(2.4)** | **110.5** | **663.4** |
| Profit for the period | - | - | - | - | - | 40.3 | 40.3 |
| **Other comprehensive income** | | | | | | | |
| *Items that will subsequently be reclassified to profit or loss* | | | | | | | |
| Movement in fair value of cashflow hedges | - | - | - | - | 1.0 | - | 1.0 |
| Retranslation of foreign currency denominated subsidiaries | - | - | - | 27.4 | - | - | 27.4 |
| Movement in net investment hedge | - | - | - | - | (1.3) | - | (1.3) |
| **Contributions by and distributions to owners** | | | | | | | |
| Dividends | - | - | - | - | - | (37.4) | (37.4) |
| Movements due to share-based compensation | - | - | - | - | - | 1.1 | 1.1 |
| Issue of shares* | - | 21.1 | - | - | - | - | 21.1 |
| **Balance at 30 June 2017** | **2.7** | **327.5** | **207.3** | **66.3** | **(2.7)** | **114.5** | **715.6** |

*Within the issue of shares during the period, £21.0m relates to the deferred consideration for the 2016 Empire acquisition

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)**
*for the period ended 30 June 2017*

| | Issued capital £m | Share premium £m | Merger Reserve £m | Translation reserve £m | Hedging reserve £m | Retained earnings £m | Total £m |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2016** | **2.7** | **295.7** | **207.3** | **(49.3)** | **0.3** | **78.0** | **534.7** |
| Profit for the period | - | - | - | - | - | 24.4 | 24.4 |
| **Other comprehensive income** | | | | | | | |
| *Items that will not subsequently be reclassified to profit or loss* | | | | | | | |
| Re-measurement of the defined benefit asset | - | - | - | - | - | 1.5 | 1.5 |
| Tax recognised on items that will not be reclassified to profit or loss | - | - | - | - | - | (0.3) | (0.3) |
| *Items that will subsequently be reclassified to profit or loss* | | | | | | | |
| Movement in fair value of cashflow hedges | - | - | - | - | (0.9) | - | (0.9) |
| Retranslation of foreign currency denominated subsidiaries | - | - | - | 57.0 | - | - | 57.0 |
| Tax recognised on items that will be subsequently reclassified to profit or loss | - | - | - | - | - | - | - |
| **Contributions by and distributions to owners** | | | | | | | |
| Dividends | - | - | - | - | - | - | - |
| Movements due to share-based compensation | - | - | - | - | - | 0.6 | 0.6 |
| Issue of shares | - | 0.2 | - | - | - | - | 0.2 |
| **Balance at 30 June 2016** | **2.7** | **295.9** | **207.3** | **7.7** | **(0.6)** | **104.2** | **617.2** |

| | Issued capital £m | Share premium £m | Merger Reserve £m | Translation reserve £m | Hedging reserve £m | Retained earnings £m | Total £m |
|---|---|---|---|---|---|---|---|
| **Balance at 1 January 2016** | **2.7** | **295.7** | **207.3** | **(49.3)** | **0.3** | **78.0** | **534.7** |
| Profit for the year | - | - | - | - | - | 82.0 | 82.0 |
| 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* | | | | | | | |
| Re-measurement of the defined benefit asset | - | - | - | - | - | (5.1) | (5.1) |
| Tax recognised on items that will not be reclassified to profit or loss | - | - | - | - | - | 1.0 | 1.0 |
| *Items that will subsequently be reclassified to profit or loss* | | | | | | | |
| Movement in fair value of cash flow hedge | - | - | - | - | 0.5 | - | 0.5 |
| Movement in net investment hedge | - | - | - | - | (1.3) | - | (1.3) |
| Retranslation of foreign currency denominated subsidiaries | - | - | - | 88.2 | - | - | 88.2 |
| **Contributions by and distributions to owners** | | | | | | | |
| Dividends | - | - | - | - | - | (47.0) | (47.0) |
| Movements due to share-based compensation | - | - | - | - | - | 1.6 | 1.6 |
| Issue of shares* | - | 10.7 | - | - | - | - | 10.7 |
| **Balance at 31 December 2016** | **2.7** | **306.4** | **207.3** | **38.9** | **(2.4)** | **110.5** | **663.4** |

*Within the issue of shares during the period, £10.5m relates to the deferred consideration for the 2016 Empire acquisition

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

*for the period ended 30 June 2017*

| | Period ended 30 June 2017 (unaudited) £m | Period ended 30 June 2016 (unaudited) £m | Year ended 31 December 2016 (audited) £m |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the period | **40.3** | 24.4 | 82.0 |
| *Adjustments for:* | | | |
| Financial income | (1.4) | (0.5) | (3.0) |
| Financial expense | 5.0 | 11.6 | 17.6 |
| Taxation charge | 7.9 | 6.2 | 16.2 |
| Share of loss of equity-accounted investee | 0.1 | 0.1 | - |
| **Operating profit** | **51.9** | 41.8 | 112.8 |
| Depreciation and amortisation | 32.7 | 27.0 | 58.6 |
| Non-cash property, pension and remuneration credit/(charges) | 0.6 | (1.2) | (0.1) |
| Impairments and reversals of impairments | 0.6 | 0.7 | (0.4) |
| Surplus of pension contributions over current service cost | - | (0.8) | (0.8) |
| Decrease/(increase) in trade and other receivables | 5.3 | 1.4 | (6.0) |
| Increase in inventories | (1.1) | (0.5) | (0.6) |
| Decrease in trade and other payables | (17.1) | (20.3) | (2.0) |
| (Decrease)/increase in provisions and employee benefits | (1.4) | (0.1) | (1.6) |
| **Cash generated from operations** | **71.5** | 48.0 | 159.9 |
| Tax paid | (5.6) | (3.6) | (9.8) |
| **Net cash flows from operating activities** | **65.9** | 44.4 | 150.1 |
| **Cash flows from investing activities** | | | |
| Interest received | 0.4 | 0.2 | 0.7 |
| Acquisition of subsidiaries net of acquired cash | (7.0) | - | (47.0) |
| Acquisition of property, plant and equipment and intangible assets | (44.9) | (38.6) | (83.7) |
| Proceeds from sale of property, plant and equipment | 2.0 | - | - |
| Investment in equity accounted investee | - | - | (0.3) |
| **Net cash flows used in investing activities** | **(49.5)** | (38.4) | (130.3) |
| **Cash flows from financing activities** | | | |
| Proceeds from share issue | 0.1 | 0.1 | 0.3 |
| Dividends paid to shareholders | (37.4) | - | (47.0) |
| Interest paid | (3.6) | (4.0) | (7.8) |
| Repayment of bank loans | (5.1) | (36.1) | (6.4) |
| Proceeds from bank loans | 4.3 | - | 28.0 |
| Payment of finance lease liabilities | (1.0) | (0.5) | (1.0) |
| **Net cash used in financing activities** | **(42.7)** | (40.5) | (33.9) |
| Net decrease in cash and cash equivalents | (26.3) | (34.5) | (14.1) |
| Effect of exchange rate fluctuations on cash held | 0.7 | 4.5 | 7.4 |
| Cash and cash equivalents at start of period | 55.8 | 62.5 | 62.5 |
| **Cash and cash equivalents at end of period** | **30.2** | 32.5 | 55.8 |

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. Basis of preparation

### Reporting entity

Cineworld Group plc (the "Company") is a company domiciled in the United Kingdom. The interim condensed consolidated financial statements of the Company as at and for the period ended 30 June 2017 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities.

The consolidated financial statements of the Group as at and for the year ended 31 December 2016 are available upon request from the Company's registered office at 8th Floor, Vantage London, Great West Road, Brentford,TW8 9AG.

### Statement of compliance

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements 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 year ended 31 December 2016. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2016.

The comparative figures for the financial year ended 31 December 2016 are not the Company's statutory accounts for that financial year. 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) or (3) of the Companies Act 2006.

### Significant accounting policies

These condensed consolidated interim financial statements are unaudited and, have been prepared on the basis of accounting policies consistent with those applied in the consolidated financial statements for the year ended 31 December 2016.

### Use of non-GAAP Profit and Loss Measures

The Group believes that along with operating profit, the following measures, provide additional guidance to the statutory measures of the performance of the business during the financial year:

- EBITDA
- Adjusted profit before tax
- Adjusted profit after tax

The Group defines EBITDA as reported in the Consolidated Statement of Profit and Loss as Operating profit before depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets and the settlement of the defined benefit pension liability. EBITDA is considered an accurate and consistent measure of the Groups trading performance, items adjusted to arrive at EBITDA are considered to be outside the Groups ongoing trading activities.

Adjusted profit before tax is calculated by adding back amortisation of intangible assets (excluding acquired film distribution rights), and certain non-recurring, non cash items and foreign exchange as set out in Note 5. Adjusted profit before tax is an internal measure used by management, as they believe it better reflects the underlying performance of the Group and therefore a more meaningful comparison of performance from period to period.

Adjusted profit after tax is arrived at by applying an effective tax rate to taxable adjustments and deducting the total from adjusted profit before tax.

## 2. Operating segments

Determination and presentation of operating segments

The Group has determined that is has two operating segments: UK and Ireland aggregation and the Rest of the World aggregation.

| | UK and Ireland | Rest of the World | Total |
|---|---|---|---|
| | £m | £m | £m |
| **Period ended 30 June 2017** | | | |
| Total revenues[1] | 251.9 | 168.3 | 420.2 |
| EBITDA as defined in Note 1 | 40.0 | 44.3 | 84.3 |
| Segmental operating profit | 24.4 | 27.5 | 51.9 |
| Net finance costs | (5.0) | 1.4 | (3.6) |
| Share of loss of jointly controlled entities using equity method, net of tax | (0.1) | - | (0.1) |
| Depreciation and amortisation | 16.4 | 16.3 | 32.7 |
| Transaction and reorganisation costs | 0.7 | - | 0.7 |
| **Profit before taxation** | **19.3** | **28.9** | **48.2** |
| **Segmental total assets** | **540.6** | **783.0** | **1,323.6** |
| **Period ended 30 June 2016** | | | |
| Total revenues[1] | 225.9 | 130.8 | 356.7 |
| EBITDA | 37.7 | 32.8 | 70.5 |
| Segmental operating profit | 15.1 | 26.7 | 41.8 |
| Net finance costs | 10.3 | 0.8 | 11.1 |
| Share of loss of jointly controlled entities using equity method, net of tax | (0.1) | - | (0.1) |
| Depreciation and amortisation | 13.6 | 13.4 | 27.0 |
| Transaction and reorganization costs | 1.0 | - | 1.0 |
| **Profit before taxation** | 4.6 | 26.0 | 30.6 |
| **Segmental total assets** | 483.6 | 651.1 | 1,134.7 |
| **Year ended 31 December 2016** | | | |
| Total revenues[1] | 494.0 | 303.8 | 797.8 |
| EBITDA as defined in Note 1 | 97.1 | 78.7 | 175.8 |
| Segmental operating profit | 60.2 | 52.6 | 112.8 |
| Net finance costs | 13.4 | 1.2 | 14.6 |
| Depreciation and amortisation | 28.9 | 29.7 | 58.6 |
| Transaction and reorganisation costs | 1.5 | - | 1.5 |
| **Profit before taxation** | 46.8 | 51.4 | 98.2 |
| **Segmental total assets** | 571.4 | 725.3 | 1,296.7 |

[1] All revenues are from third parties

### 3. Taxation

The taxation charge has been calculated by reference to the expected effective corporation tax rates in the UK for the year ending on 31 December 2017 applied against the profit before tax for the period ended 30 June 2017. Recognised in the income statement:

| | Period ended 30 June 2017 (unaudited) £m | Period ended 30 June 2016 (unaudited) £m | Year ended 31 December 2016 (audited) £m |
|---|---|---|---|
| **Current year tax expense** | | | |
| Current period | 10.4 | 3.8 | 16.5 |
| Adjustments in respect of prior periods | - | - | (4.1) |
| **Total current year tax expense** | **10.4** | 3.8 | 12.4 |
| **Deferred tax (credit)/charge** | | | |
| Current period | (2.5) | 2.4 | 1.3 |
| Adjustments in respect of prior periods | - | - | 2.5 |
| **Total deferred tax (credit)/expense** | **(2.5)** | 2.4 | 3.8 |
| **Total tax charge in the income statement** | **7.9** | 6.2 | 16.2 |
| Effective tax rate | 16.4% | 20.2% | 16.5% |
| Current year effective tax rate | 16.4% | 20.2% | 18.1% |

### 4. Finance income and expense

| | Period ended 30 June 2017 (unaudited) £m | Period ended 30 June 2016 (unaudited) £m | Year ended 31 December 2016 (audited) £m |
|---|---|---|---|
| Interest income | 0.4 | 0.3 | 0.7 |
| Defined benefit pension scheme net finance income | - | 0.2 | 0.4 |
| Net foreign exchange gain | 1.0 | - | - |
| Amounts reclassified from equity to profit or loss in respect of settled cash flow hedges | - | - | 1.9 |
| **Financial income** | **1.4** | 0.5 | 3.0 |
| Interest expense on bank loans and overdrafts | 3.6 | 4.3 | 7.8 |
| Amortisation of financing costs | 0.7 | 0.7 | 1.4 |
| Unwind of discount on onerous lease provision | 0.1 | 0.3 | 0.6 |
| Unwind of discount on finance lease liability | 0.5 | - | 0.7 |
| Unwind of discount on market rent provision | 0.1 | - | 0.4 |
| Other financial costs | - | 0.2 | - |
| Net foreign exchange loss | - | 6.1 | 6.7 |
| **Financial expense** | **5.0** | 11.6 | 17.6 |
| **Net financial expense** | **3.6** | 11.1 | 14.6 |

## 5. 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 year attributable to ordinary shareholders is adjusted by adding back the amortisation of intangible assets recognised as part of business combinations 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 year. 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 year 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.

| | **Period ended 30 June 2017 (unaudited)** | **Period ended 30 June 2016 (unaudited)** | **Year ended 31 December 2016 (audited)** |
|---|---|---|---|
| | £m | £m | £m |
| **Profit after tax for the period attributable to ordinary shareholders** | **40.3** | 24.4 | 82.0 |
| Adjustments: | | | |
| Amortisation of intangible assets(1) | 2.3 | 3.0 | 4.6 |
| Transaction and reorganisation costs | 0.7 | 1.0 | 1.5 |
| Impairments and reversals of impairments | 0.6 | 0.7 | (0.4) |
| Onerous lease cost and other non-recurring charges | 0.6 | - | (1.5) |
| Settlement of defined benefit pension scheme | - | - | 4.8 |
| Impact of foreign exchange translation gains and losses(2) | - | 5.7 | 6.1 |
| Profit on disposal of assets | (2.2) | - | - |
| Exceptional finance credit | - | - | (1.9) |
| Total adjustments | 2.0 | 10.4 | 13.2 |
| **Adjusted profit** | **42.3** | 34.8 | 95.2 |
| Tax effect of above items | (0.3) | (0.8) | (1.4) |
| **Adjusted profit after tax** | **42.0** | 34.0 | 93.8 |
| | **Number of shares** | **Number of shares** | **Number of shares** |
| | **m** | **m** | **m** |
| Weighted average number of shares in issue | **269.3** | 265.4 | 266.2 |
| Basic and adjusted earnings per share denominator | 269.3 | 265.4 | 266.2 |
| Dilutive options | 2.6 | 1.8 | 4.4 |
| Diluted earnings per share denominator | **271.9** | 267.2 | 270.6 |
| Shares in issue at period end | **271.4** | 265.6 | 267.6 |
| | **Pence** | Pence | Pence |
| Basic earnings per share | **14.9** | 9.2 | 30.8 |
| Diluted earnings per share | **14.8** | 9.1 | 30.3 |
| Adjusted basic earnings per share | **15.6** | 12.8 | 35.2 |
| Adjusted diluted earnings per share | **15.4** | 12.7 | 34.7 |

(1) 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 Cinema City business combination. It does not include amortisation of purchased distribution rights.
(2) Exceptional finance credits of £1.9m in 2016 were made up of the net change in fair value of cash flow hedges reclassified from equity, no such charges were incurred in 2017.
(3) In 2016 net foreign exchange gains and losses included within earnings comprises of £6.1m foreign exchange loss recognised on translation of the Euro term loan at 30 June 2016. No such gains or losses were recognized in 2017 as a result of the net investment hedge taken out in the second half of 2016 in respect of the Euro term loan. Adjusted EPS has been amended as at 30 June 2016 as it previously included £1.6m in foreign exchange gains recognised on translating overseas operations into the reporting currency of the Group. From 31 December 2016 Management no longer considered these movements should be excluded.

## 6. Dividends

A final dividend of 13.8p per share was paid on 22 June 2017 to ordinary shareholder (2016: 12.5p paid on 7 July 2016). The board have declared an interim dividend of 6.0p per share (2016: 5.2p). This will result in total cash payable of approximately £16.3m (2016:£13.8m) on 21 September 2017 to ordinary shareholders on the register at the close of business on 25 August 2017. In accordance with IAS 10, this will be recognised in the reserves of the Group when the dividend is paid.

## 7. Analysis of net debt

| | Cash at bank and in hand £m | Bank overdrafts £m | Bank loans £m | Finance leases £m | Interest rate swaps £m | Net debt £m |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2017** | 55.8 | - | (322.0) | (15.0) | (1.1) | (282.3) |
| Cash flows | (26.3) | (1.1) | 2.1 | 1.0 | - | (24.3) |
| Non cash movement | - | - | (0.7) | (2.2) | 1.0 | (1.9) |
| Effect of movement in foreign exchange rates | 0.7 | - | (1.3) | - | - | (0.6) |
| **Balance at 30 June 2017** | **30.2** | **(1.1)** | **(321.9)** | **(16.2)** | **(0.1)** | **(309.1)** |

Fair Value Hierarchy of Financial Instruments:

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

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

| | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
|---|---|---|---|---|
| **30 June 2017** | | | | |
| Derivative financial instruments | – | **0.1** | – | **0.1** |
| **30 June 2016** | | | | |
| Derivative financial instruments | – | 2.5 | – | 2.5 |
| **31 December 2016** | | | | |
| Derivative financial instruments | – | 1.1 | – | 1.1 |

There have been no transfers between levels in 2017 (2016: no transfers). No other financial instruments are held at fair value.

The carrying amount of the Group's financial assets and liabilities are generally the same as their fair value, with the exception of the interest rate swaps which have a fair value liability as disclosed above.

## 8. Property, plant and equipment

During the period to 30 June 2017, the Group purchased assets of £51.1m (period ended 30 June 2016: £40.6m; year ended 31 December 2016: £76.5m).

## 9. Business combinations

**2016 Acquisition of five Empire cinemas**

On 28 July 2016 Cineworld Group Plc (the "Group") announced the acquisition of five Cinemas from Cinema Holdings Limited by means of an acquisition of 100% of the shares, including all of the voting rights.

**Consideration Transferred**

The acquisition was completed on 11 August 2016, at which point the consideration equated to £94.5m which would be settled equally in cash, and in Cineworld Group plc ordinary shares in addition to the transfer of the trade and assets of the Group's Haymarket cinema to Cinema Holdings Limited. The shares were to be issued in five instalments during a 12 month period, based on an issue price reflecting 20 days' average trading price prior to the date of each issuance. The first three issues of shares took place on 18 November 2016, 13 February 2017 and 12 May 2017.

**Fair Value of Consideration Transferred**

| | £m |
|---|---|
| Cash consideration | 47.0 |
| Share consideration | 47.0 |
| Transfer of cinema assets | 0.5 |
| **Total fair value of consideration transferred** | **94.5** |

**Identifiable Assets Acquired and Liabilities Assumed**

At the time of the 2016 Annual Report, management were in the final stages of assessing the fair value of the acquired identifiable property, plant and equipment and finance lease liabilities and as a result their respective value were measured on a provisional basis. This exercise is now complete. The finalisation of the fair values reflects new information obtained about factors and circumstances that existed at the acquisition date which has resulted in an increase in the value of property, plant and equipment and finance lease liabilities by £1.5m.

**Identifiable Assets Acquired and Liabilities Assumed**

| | £m |
|---|---|
| **Fair value of total net identifiable assets upon acquisition** | |
| Property, plant and equipment: | 43.7 |
| Finance lease liability | (9.7) |
| Deferred tax provisions | (0.2) |
| Provisions for liabilities | (0.5) |
| Working capital | 0.6 |
| **Total net identifiable assets** | **33.9** |
| Goodwill | 60.6 |
| **Consideration transferred** | **94.5** |

**The Key Judgments considered were as follows:**

**Property and leases**

The fair value of property, plant and equipment of £43.7m included a number of adjustments. Old cinema equipment and assets which were previously held at their residual value of £3.2m were fully depreciated as the residual value is not expected to be realised. A fair value adjustment of £3.0m was made in respect of the Bromley site in recognition of the residual value in the sellers books being below the current market value.

As well as considering the fair value of acquired property, plant and equipment, management also considered the lease contract for each of the cinemas. Where leases include options to extend beyond the existing contracted term this was taken into consideration. Two leases held on the Leicester Square site were classified as finance leases and a liability for the fair value of the minimum expected lease payments on each recognized, a corresponding asset was recognized in respect of the fair value of the lease within Property, Plant and Equipment.

**Tax**
The acquired deferred tax liability of £0.2m reflects taxable temporary differences on fixed assets at acquisition.

No income tax liability is recognised on acquisition as future tax charges are not expected to arise in respect of tax positions open at the date of acquisition.

**Identifiable Intangible Assets**
There were no identifiable intangible assets recognized on acquisition. Management consider the residual Goodwill of £60.6m to represent a number of factors including the strategic location of the sites acquired, the established benefit of an established site, the value the acquired sites can add to Cineworld's existing brand and products as well as synergies expected to be realised post acquisition. None of the goodwill is expected to be deductible for income tax purposes.

**2017 Acquisition of Empire Newcastle Cinema**
On the 15 June 2017 the Group completed the acquisition of the Newcastle cinema from Cinema Holdings Limited by means of an acquisition of 100% of the shares. Cash consideration was paid on acquisition and there is also an element of contingent consideration to be paid based on the performance of the site over a 24 month period post completion of the refurbishment.

## 10. Capital commitments

Capital commitments at the end of the financial period for which no provision has been made were £56.9m (30 June 2016: £35.9m and 31 December 2016: £44.7m). Capital commitments at 30 June 2017 related primarily to new sites (£27.2m), cinema equipment and leasehold improvements (£28.5m) and distribution rights (£1.2m).

## 11. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Total compensation for the Directors during the period to 30 June 2017 was £1.6m (30 June 2016 was £1.6m; year ended 31 December 2016: £5.3m). At 30 June 2017 the balance owed to directors was £nil (30 June 2016: £nil; 31 December 2016: £nil).

Digital Cinema Media (DCM) is a joint venture between the Group and Odeon Cinemas Holdings Limited Revenue receivable from DCM in the period to 30 June 2017 was £9.0m (period ended 30 June 2016 £7.7m and year ended 31 December 2016: £18.3m) and as at 30 June 2017 £1.5m was due from DCM in respect of trade receivables (30 June 2016: £nil; 31 December 2016 £nil). In addition the Group has a working capital loan outstanding from DCM of £0.5m (30 June 2016: £0.5m; 31 December 2016 £0.5m).

During the year the Group incurred property charges of £4.3m (30 June 2016: £3.7m; 31 December 2016: £7.8m) from companies under the ownership of Global City Holdings N.V. ("GCH"), which is considered a related party of the Group as Moshe Greidinger and Israel Greidinger are directors of both groups.

# INDEPENDENT REVIEW REPORT TO CINEWORLD GROUP PLC

**Conclusions**

We have been engaged by the company to review the condensed set of financial statements in the interim results announcement for the six months ended 30 June 2017 which comprises the Condensed Consolidated statement of Profit or Loss and Other Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim results announcement for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the interim results announcement and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Directors' responsibilities**

The interim results announcement is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the interim results announcement in accordance with IAS 34 as adopted by the EU.

**Our responsibility**

Our responsibility is to express to the company a conclusion on the condensed set of financial statements in the interim results announcement based on our review.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the company in accordance with the terms of our engagement to assist the company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company for our review work, for this report, or for the conclusions we have reached.

Hugh Green
for and on behalf of KPMG LLP
Chartered Accountants
15 Canada Square
London
E14 5GL
10 August 2017

**RISKS AND UNCERTAINTIES**

A summary of the Principal Risks which are set out in detail on pages 22-27 of the Group's Annual Report for 2016, a copy of which is available from the Group's website www.cineworldplc.com.

| | |
|---|---|
| 1. Technology and Data Control | Critical system interruption and or breach (cyber or otherwise) of data protection rules or security measures surrounding the storage of confidential and proprietary information. |
| 2. Availability and Performance of Film Content | Quality of the distributors' film slates, the timeliness of their release and the appeal of such films to our customers. |
| 3. Expansion and Growth of Our Cinema Estate | Expansion of operations through the development of new sites or acquiring existing cinemas. |
| 4. Viewer Experience and Competition | Maintaining the quality services from the ease of booking, the technology we use, to a friendly farewell on departure. |
| 5. Revenue from Retail/Concession Offerings | Reduction in admissions and or changes in customer preferences, decreased disposable income or other economic and cultural factors. |
| 6. Cinema operations | Ensuring management understand their local market (film scheduling, pricing and retail offerings), effectively manage their employees, maintain service standards, and are able to react to incidents should they occur. |
| 7. Regulatory Breach | The Group's business and operations are affected by regulations covering such matters as planning, the environment, health and safety (cinemas and construction sites), licensing, food and drink retailing, data protection and the minimum wage. |
| 8. Strategy and Performance | Delivery of our long-term objectives requires effective setting, communicating, monitoring and executing a clear strategy. |
| 9. Retention and Attraction of Senior Management and Key Employees | The Group's ability to recruit, develop and retain senior management and other key employees. |
| 10. Governance and Internal Control | Maintaining corporate governance standards and an effective and efficient risk management and internal control system proportionate to the needs of the Group. |
| 11. Terrorism and Civil Unrest | Civil unrest or terrorist acts/threats, resulting in the public avoiding going to the cinemas. |

**RESPONSIBILITY STATEMENT OF THE DIRECTORS' IN RESPECT OF THE INTERIM REPORT**

The directors confirm that to the best of our knowledge:

The condensed set of financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

The Chief Executive Officer's Review report includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The directors of Cineworld Group plc are listed on the Cineworld Group plc website (www.cineworldplc.com).

By order of the Board

| | |
|---|---|
| Moshe Greidinger<br>Director | Israel Greidinger<br>Director |

10 August 2017

# Shareholder Information

**Registered and Head Office**
8$^{th}$ Floor
Vantage London
Great West Road
Brentford
TW8 9AG

**Telephone Number**
0208 987 5000

**Website**
www.cineworldplc.com

**Company Number**
Registered Number: 5212407

**Place of incorporation**
England and Wales

**Joint Brokers**
Barclays Bank plc
1 Churchill Place
London
E14 5HP

Investec Bank plc
2 Gresham Street
London
EC2V 7QP

**Legal Advisers to the Company**
Slaughter and May
1 Bunhill Row
London
EC1Y 8YY

**Auditor**
KPMG LLP
15 Canada Square
London
E14 5GL