08 August 2019

CINEWORLD GROUP plc

Interim Results for the period ended 30 June 2019

Cineworld Group plc ("the Group") is pleased to announce its interim results for the 6 month period ended 30 June 2019. The comparative period includes the four months results of Regal Entertainment Group ("Regal") following the completion of its acquisition on the 28 February 2018. These results are presented in US Dollars.

Highlights

- **As anticipated, Group revenue performance was softer during the period as compared to the prior year due to the timing of major film releases**
- **Trading performance for the full year remains in line with our expectations**
- **Debt reduction ahead of schedule with repayment of $570.0m on term loans**
- **On track to achieve expected synergies of $150.0m. Management will continue to identify further cost saving opportunities and initiatives**
- **Regal refurbishment and integration programme progressing well with the impact of refurbishment to be reflected in 2020 and beyond**
- **Compelling film slate scheduled for H2 following the recent strong performance of "The Lion King" in July**
- **Unlimited membership scheme successfully launched in the US in July 2019**

Financial Highlights

	Results for the 6 months ended 30 June 2019 (under IAS 17[1])	Pro-forma[2] results for the 6 months ended 30 June 2018	2019 results under IAS 17 versus 2018 pro-forma results[2]	Statutory results for the 6 months ended 30 June 2019 (under IFRS 16[1])	Statutory results for the 6 months ended 30 June 2018
Admissions	136.0m	158.8m	-14.4%	136.0m	123.0m
Revenue	$2,151.2m	$2,420.6m	-11.1%	$2,151.2m	$1,862.9m
Adjusted EBITDA[3]	$488.5m	$553.8m	-11.8%	$758.6m	$413.6m
Profit before tax	$251.7m			$139.7m	$160.2m
Adjusted profit before tax[3]	$202.0m			$156.1m	$190.2m
Profit after tax	$200.8m			$117.4m	$128.4m
Adjusted profit after tax[3]	$162.5m			$128.6m	$152.4m
Basic EPS	14.7c			8.6c	11.1c
Diluted EPS	14.7c			8.6c	11.1c
Adjusted diluted EPS[3]	11.8c			9.4c	13.1c

- Revenue decrease of 11.1% compared with prior period on a pro-forma[2] basis due to the timing of major film releases in 2019 compared to 2018
  - US pro-forma[2] revenue decrease of 13.8%;
  - UK & Ireland constant currency[2] revenue decrease of 5.2%; and,
  - Rest of the World constant currency[2] revenue increase of 3.4%.
- Completed two sale and leaseback transactions for a total of $556.3m relating to 35 US-based sites in line with the Group's operating model;
- Announced a special dividend of 20.27 cents per ordinary share ($278.1m); and,
- Repaid $550.0m on the USD term loan and reduced Adjusted net debt[3] to $3.3bn (excluding leases) from $3.8bn at 31 December 2018 and $4.0bn at the time of the acquisition of Regal. The Adjusted Net Debt to LTM[3] Adjusted EBITDA is 3.3x as of 30 June 2019.

1. From 1 January 2019, the Group has adopted IFRS 16 "Leases", applying the modified retrospective approach. To provide comparability of the underlying results year on year, the results to 30 June 2019 have also been presented excluding the impact of IFRS 16 and have been prepared in accordance with the previous leasing standard IAS17. A reconciliation of the IFRS 16 H1 2019 results to IAS 17 is provided in the Financial Review.
2. Pro-forma results reflect the Group and US performance had Regal been consolidated for the entirety of the comparative period from 1 January 2018 to 30 June 2018. Revenue is shown on a constant currency basis for the UK&I and the ROW reporting segments by applying the 2019 average exchange rates to the 2018 performance. Refer to Note 3 for the full reconciliation.
3. Refer to Note 3 and Note 7 for the full definition and reconciliation.

Anthony Bloom, Chairman of Cineworld Group plc, said:
"As expected, revenue was softer on a comparative basis for the first half of the year due to the difference in timing of major releases. We are pleased with the progress in achieving the synergies and costs savings in the US and anticipate achieving full year results in line with our expectations.

During the first six months of the year, we completed two sale and lease-back transactions for a total of $556.3m and announced a one-off special dividend of 20.27 cents per share. The combination of strong cash flow from operations and the proceeds from the sale and leaseback transactions enabled us to further strengthen our balance sheet by repaying $550.0m on the USD term loan. Following the successful acquisition of Regal in 2018, Management will continue to focus on generating further cost savings as well as develop our long term refurbishment plans in the United States, all of which will continue to bring significant benefits and returns to the Group and shareholders for years to come."

Commenting on these results, Mooky Greidinger, Chief Executive Officer of Cineworld Group plc, said:
"The business is performing as expected and we are confident in meeting our expectations for the full year. We remain focused on implementing our strategy, with refurbishments and synergies on track.

Investing in technology and customer experience continues to be a key pillar of our strategy. In July, we launched our highly anticipated Unlimited membership program in the US, using our proven and successful experience with Unlimited in the UK to deliver value for cinema lovers everywhere.

Supported by a strong box office performance in July and a very encouraging second half release schedule, we maintain our outlook for the full year performance of the business. Very strong admissions for "The Lion King" demonstrated the ongoing popularity of the theatrical business around the globe, while "Avengers: Endgame" was the highest grossing movie of all time. Still to come are "It Chapter Two", "Joker", "Frozen 2", and one of the most anticipated movies in recent years, "Star Wars: The Rise of Skywalker."

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: 8 August 2019
Time: 09:30am
Webcast link: https://secure.emincote.com/client/cineworld/cineworld010

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Chief Executive Officer's Statement

Overview

Our results for the first half of the year were as expected, with admissions softer due to the difference in timing of major releases compared to the prior period. Our US and European markets had a very strong comparative film slate, which included "Black Panther", "Avengers: Infinity War" and "Jurassic World", the top grossing films of 2018.

Our strategy and vision remains the same, to be "The Best Place to Watch a Movie" by continually focusing on providing the best customer experience, maintaining technological leadership, expanding and upgrading the estate, and training and retaining highly motivated, experienced and loyal staff.

During the period, we opened seven sites (90 screens – 56 in the US, 22 in the UK and 12 in Bulgaria). As at 30 June 2019, the Group had a total of 786 sites and 9,494 screens. We expect to open a further 9 sites (86 screens) by the end of 2019. We closed 11 sites (114 screens) during the period, all in the US as we continue to proactively manage the estate post acquisition. Subsequent to the period end one site was opened in the UK.

Our refurbishment program is progressing well. We have started the refurbishment plans in the US with six sites currently under refurbishment and over 60 further development agreements signed combined with a number of landlord incentives. Four refurbishments were completed in the UK, in addition to the extension at The O2 in London – which is now London's largest cinema with 19 screens and 4,500 seats. By combining new sites with refurbished sites to enhance the "cinema experience" for our customers, we are ensuring that Cineworld remains "The Best Place to Watch a Movie". All of our new projects so far have been very well received by our customers.

The successful integration of Regal and delivery of synergies to date increases our confidence in our ability to leverage decades of experience across the estate. In July 2019 we launched the highly anticipated Unlimited program in the US to deliver extraordinary value to consumers. The initial subscription rate has exceeded our expectations.

Investment in technology is a key pillar of our strategy. During the period we announced significant new agreements with Barco and Christie to purchase over 2,000 laser projectors to ensure our customers continue to receive a superior and enhanced viewing experience while also delivering significant operational and maintenance cost savings. During the period 14 ScreenX and 13 4DX screens were opened with many more to be opened this year.

Without the dedication of our great management team and 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". As always, our people are key to our success and I would like to thank them, especially during the integration period for their sharing of best practices and continued hard work.

Current trading and outlook

The record breaking results of "Avengers: Endgame", the highest grossing movie of all time and "The Lion King", continue to demonstrate the importance of the theatrical business and its ongoing popularity around the globe.

The second half of 2019 has started well with the release in July of "Spiderman: Far From Home", "The Lion King" and "Fast and Furious: Hobbs & Shaw". Still to come in 2019 there is "It Chapter Two", "Joker", "Maleficent: Mistress of Evil", "Terminator: Dark Fate", "Frozen 2", "Jumanji: The Next Level", "Star Wars: The Rise of Skywalker" and many more. Based on the film slate in the second half and our first half results, we remain confident in delivering a performance for the full year in line with management's expectations.

Financial Review

Group Revenue

	6 months to 30 June 2019	6 months to 30 June 2018	v 2018 (statutory basis)	Pro-forma[1] 6 months to 30 June 2018 (Constant currency)	v 2018 (Pro-forma constant currency)
Admissions	136.0m	123.0m	+10.6%	158.8m	-14.4%
	$m	$m		$m	
Box office	1,268.8	1,146.0	+10.7%	1,491.8	-14.9%
Retail	623.9	517.5	+20.6%	676.3	-7.7%
Other Income	258.5	199.4	+29.6%	252.5	2.4%
Total revenue	**2,151.2**	**1,862.9**	**+15.5%**	**2,420.6**	**-11.1%**

Cineworld Group plc results are presented for the period ended 30 June 2019 and reflect the trading and financial position of the US, UK & Ireland ("UK&I") and Rest of the World ("ROW") reporting segments (the "Group"). Regal Entertainment Group ("Regal") became part of the Group from 1 March 2018 and their post-acquisition results are reflected within the US reporting segment.

Pro-forma results reflect the Group and US performance had Regal been consolidated for the entirety of the comparative period from 1 January 2018 to 30 June 2018 to provide a comparable basis to understand the performance year-on-year. Pro-forma results have also been adjusted to reflect acquisition-related adjustments for the entire pro-forma period. 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 2019 average exchange rates to 2018 performance.

Total admissions decreased by 14.4% to 136.0m on a pro-forma basis reflecting the difference in timing of major releases year on year. Total revenue for the period was $2,151.2m, a decrease of 11.1% on a pro-forma constant currency basis. On a statutory basis revenue increased by 15.5% compared with the prior year where Regal was only included for four months.

The principal revenue stream for the Group is box office, which made up 59.0% (2018: 61.6%) of total revenue. Box office revenue is a function of the number of admissions and the ticket price per admission, less sales tax. In addition, the Group operates membership schemes, which provide customers with access to screenings in exchange for subscriptions fees, and this revenue is reported as part of box office. Admissions depend on the number, timing and popularity of the films the Group is able to show in its cinemas.

The Group's second most significant source of revenue is from retail sales of food and drink for consumption within cinemas, which made up 29.0% (2018: 27.9%) of total revenue in the period. Retail revenue across the Group is driven by admissions trends within each operating territory.

Other Income represents 12.0% (2018: 10.5%) of total Group revenue. Other Income is made up of all income other than box office and retail, predominantly revenue from advertisements shown on screen prior to film screenings and revenue from booking fees associated with the purchase of tickets online. The Group also generates some distribution revenue in the UK and ROW, which is included within Other Income.

1. Pro-forma results reflect the Group and US performance had Regal been consolidated for the entirety of the comparative period from 1 January 2018 to 30 June 2018. Revenue is shown on a constant currency basis for the UK&I and the ROW reporting segments by applying the 2019 average exchange rates to the 2018 performance. Refer to Note 3 for the full reconciliation.

US Revenue

The results below show the Group's performance in the United States (US). For consistency, the 2018 information for the US has been presented on a pro-forma basis by including the two months pre-acquisition results for 2018, adjusted to reflect acquisition-related adjustments as well as the post-acquisition financial information for six month period to 30 June 2018. For the purposes of percentage movements, the same comparative period and acquisition accounting adjustments have been applied.

	6 months to 30 June 2019	4 months to 30 June 2018	v 2018 (statutory basis)	Pro-forma[1] 6 months to 30 June 2018	v 2018 (Pro-forma)
Admissions	89.7m	74.3m	+20.7%	110.1m	-18.5%
	$m	$m		$m	
Box office	941.8	779.3	+20.9%	1,147.7	-17.9%
Retail	487.8	373.4	+30.6%	541.1	-9.9%
Other Income	184.3	127.2	+44.9%	184.2	+0.1%
Total revenue	**1,613.9**	**1,279.9**	**+26.1%**	**1,873.0**	**-13.8%**

Box Office

Box office admissions and revenue decreased by 18.5% and 17.9% respectively on a pro-forma basis during the six month period to 30 June 2019. These results reflect the strength of the US cinema market in the first half of 2018, which included "Black Panther", "Avengers: Infinity War", "Incredibles 2" "Deadpool 2" and "Jurassic World: Fallen Kingdom" which together grossed $2,122.4m (Source: Comscore) and the these were the highest grossing films for 2018 overall. The top five films in the first six months of 2019 were "Avengers: Endgame", "Captain Marvel", "Aladdin", "Toy Story 4" and "Us" which grossed $1,786.8m (Source: Comscore). Admissions have also been partly impacted by the closure of 11 sites, 114 screens in the first half of 2019 as part of the active estate management following the acquisition. The average ticket price achieved in the US increased 0.8% on a pro-forma basis to $10.50 (2018: $10.42).

Retail

Retail revenue decreased by 9.9% from the prior period on a pro-forma basis. The retail revenue decreased as a result of the lower admissions in the period but this was partly offset by the increase in retail spend per person which increased by 10.8% on a pro-forma basis to $5.44 (2018: $4.91). The increase in spend per person was due to selective price increases as well as an increase in popcorn and beverage sales. In the second half of 2018 and in the first half of 2019 alcoholic beverage availability was added to 43 sites, as well as food offerings in 14 sites. With the introduction of reserved seating and the growth in online bookings is also having a positive impact on dwell time and spend per person.

Other Income

Other Income in the US is made up of on-screen advertising revenue and other corporate and theatre income. Advertising revenue is earned through the Group's agreements with National CineMedia ("NCM") and direct contracts with concession vendors and distributors. NCM operates on behalf of a number of US exhibitors to sell advertising time prior to screenings. Advertising revenues are driven primarily by admissions levels and the value of advertising sold. Other Income also includes revenue from online booking fees charged on the purchase of tickets for screenings, which is driven by the demand for tickets and the propensity of customers to book tickets online. Less significant elements of Other Income in the US include revenue related to the gift card and bulk ticket programmes and the hire of theatres for events. Despite the impact of lower admissions, on a pro-forma basis the Other Income has increased by 0.1% due to the decrease in advertising income net of the increase in Other Income following the continued uptake for bookings online.

1. Pro-forma results reflect the US performance had Regal been consolidated for the entirety of the comparative period from 1 January 2018 to 30 June 2018. Refer to Note 3 for the full reconciliation.

UK & Ireland Revenue

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

	6 months to 30 June 2019	6 months to 30 June 2018	v 2018 (statutory basis)	Constant Currency[(1)] 6 months to 30 June 2018	v 2018 (Constant Currency)
Admissions	23.5m	25.6m	-8.2%		
	$m	$m		$m	
Box office	200.4	232.7	-13.9%	219.7	-8.8%
Retail	76.8	84.1	-8.7%	79.4	-3.3%
Other Income	39.2	36.9	+6.2%	34.8	+12.6%
Total revenue	**316.4**	**353.7**	**-10.5%**	**333.9**	**-5.2%**

Box Office

Box office admissions decreased by 8.2% during the six-month period to 30 June 2019. Box Office revenue decreased by 8.8% on a constant-currency basis. Similar to the US, the performance for the six-month period follow a very strong comparative period in 2018. In the UK and Ireland, the top five grossing films in the first six months of 2019 were, “Avengers: Endgame”, “Captain Marvel”, “Aladdin”, “Toy Story 4” and “Dumbo” which grossed $213.7m (Source: Comscore). This compares to the first half of 2018 where the top five titles were “Avengers: Infinity War”, “Black Panther”, “The Greatest Showman”, “Peter Rabbit” and “Jurassic World: The Fallen Kingdom” which grossed $237.5m (Source: Comscore). The average ticket price achieved in the UK and Ireland decreased 0.7% on a constant currency basis to $8.52 (2018: $8.58). The slight decrease is mainly due to the admissions trend effecting premium offerings such as IMAX and 4DX.

Retail

Retail revenue decreased by 3.3% from the prior period on a constant-currency basis. This was driven by the decrease in admissions net of the 5.5% increase in retail spend per person on a constant currency basis to $3.27 (2018: $3.10). Spend per person was positively impacted by the broad range of retail offerings, including Starbucks and our VIP offering. As at 30 June 2019, the Group had 33 Starbucks sites, an additional four sites compared to June 2018, and three sites with a VIP offering.

Other Income

Other income includes all other revenue streams outside of box office and retail. The main driver for the increase in Other Income was through event hire, which performed strongly compared to the comparative period. Advertising and distribution income were also slightly up year on year.

1. Revenue is shown on a constant currency basis by applying the 2019 average exchange rates to the 2018 performance. Refer to Note 3 for the full reconciliation.

Rest of the World Revenue

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

	6 months to 30 June 2019	6 months to 30 June 2018	v 2018 (statutory basis)	Constant Currency[1] 6 months to 30 June 2018	v 2018 (Constant Currency)
Admissions	22.8m	23.1m	-1.3%		
	$m	$m		$m	
Box office	126.6	134.0	-5.5%	124.4	+1.8%
Retail	59.3	60.0	-1.2%	55.8	+6.3%
Other Income	35.0	35.3	-0.8%	33.5	+4.5%
Total revenue	**220.9**	**229.3**	**-3.7%**	**213.7**	**+3.4%**

Box Office

Box office admissions in the ROW decreased by 1.3% and box office revenue increased 1.8% compared to the prior period on a constant currency basis. Admissions in Czech Republic, Bulgaria and Slovakia increased from the prior year; however, admissions in Romania remained flat, Poland and Hungary saw slight reductions and Israel experienced a slightly larger reduction. Poland had very strong comparatives in 2018 supported by the results of local release "Kobiety Mafii". The most successful films in the period across the ROW were "Avengers: Endgame", "Captain Marvel" and "Aladdin". "How to Train Your Dragon: The Hidden World" was in the top three films for Czech Republic, Bulgaria and Hungary. In the Czech Republic, the second highest performing film in the period was a local release, "Ženy v běhu" demonstrating the continued popularity of local movies. The average ticket price increased by 3.0% to $5.55 (2018: $5.39) on a constant currency basis. The increase is partly due to inflationary price rises and the increasing popularity of premium offerings such as 4DX and IMAX.

Retail

Retail spend per person increased to $2.60 (2018: $2.42) during the period – an increase of 7.4% on a constant currency basis. The continued growth has been driven by a combination of retail initiatives and inflationary price increases.

Other income

Other income includes distribution, advertising and other revenues. The main increase was driven from advertising revenues in the period. 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 films. Key titles distributed in the period included "Avengers: Endgame", "Aladdin" and "Aquaman".

1. Revenue is shown on a constant currency basis by applying the 2019 average exchange rates to the 2018 performance. Refer to Note 3 for the full reconciliation.

Financial Performance

	6 month period ended 30 June 2019				6 month period ended 30 June 2018
	US	UK & I	ROW	**Total Group**	Total Group
Admissions	89.7m	23.5m	22.8m	**136.0m**	123.0m
	$m	$m	$m	$m	$m
Box office	941.8	200.4	126.6	**1,268.8**	1,146.0
Retail	487.8	76.8	59.3	**623.9**	517.5
Other Income	184.3	39.2	35.0	**258.5**	199.4
Total revenue	**1,613.9**	**316.4**	**220.9**	**2,151.2**	1,862.9
Adjusted EBITDA excluding IFRS 16 impact	**385.0**	**50.9**	**52.6**	**488.5**	413.6
IFRS 16 impact on Adjusted EBITDA	206.9	38.5	24.7	270.1	-
Adjusted EBITDA as defined in note 3	**591.9**	**89.4**	**77.3**	**758.6**	413.6
Operating profit				**389.2**	207.2
Finance income				**6.6**	39.4
Finance expenses				**(263.2)**	(92.6)
Net finance costs				**(256.6)**	(53.2)
Share of profit from joint ventures				**7.1**	6.2
Profit on ordinary activities before tax				**139.7**	160.2
Tax on profit on ordinary activities				**(22.3)**	(31.8)
Profit for the period attributable to equity holders of the Company				**117.4**	128.4

Impact of IFRS 16 "Leases"

From 1 January 2019, the Group has adopted IFRS 16 "*Leases*", applying the modified retrospective approach. The new accounting standard requires that lease agreements with a fixed or minimum rent are recognised in the Group's Balance Sheet as a right-of-use asset and a lease liability. IFRS 16 has a significant impact on the Group's Balance Sheet and Statement of Comprehensive Income. Adjusted EBITDA has increased significantly as the reported cost of operating leases decreased while depreciation of the right-of-use assets and interest expenses for the lease liability increased. With the current portfolio of lease agreements, the Group's profit after tax for the six months to 30 June 2019 has been negatively affected by $83.4m.

	Pre IFRS 16 Results	**Impact of IFRS 16**	**Gain Related to sale and leaseback**	**Statutory Results**
	$m	$m	$m	$m
Revenue	2,151.2	-	-	2,151.2
Cost of sales	(1,626.4)	269.8	-	(1,356.6)
Other operating income	3.0	(0.3)	-	2.7
Administrative expenses	(159.4)	(185.8)	(62.9)	(408.1)
Operating Profit	**368.4**	**83.7**	**(62.9)**	**389.2**
Adjusted EBITDA as defined in Note 3	**488.5**	**270.1**	**-**	**758.6**
Net financing costs	(123.8)	(132.8)	-	(256.6)
Share of profit from joint ventures	7.1	-	-	7.1
Profit on ordinary activities before tax	**251.7**	**(49.1)**	**(62.9)**	**139.7**
Tax on profit on ordinary activities	(50.9)	12.3	16.3	(22.3)
Profit for the period attributable to equity holders of the Company	**200.8**	**(36.8)**	**(46.6)**	**117.4**

The implementation of IFRS 16 increased total assets as at 1 January 2019 by $2.8bn due to the right-of-use assets being recognised. The total liabilities also increased as a result of the corresponding lease liability. The equity was affected negatively by $0.1bn.

	31 December 2018	Impact of IFRS 16	1 January 2019
	$m	$m	$m
Total assets	9,703.7	2,776.8	12,480.5
Total liabilities	(6,283.4)	(2,849.9)	(9,133.3)
Net assets	**3,420.3**	**(73.1)**	**3,347.2**
Total equity	**3,420.3**	**(73.1)**	**3,347.2**

Adjusted EBITDA (excluding the impact of IFRS 16)

On a pro-forma basis, excluding the impact of IFRS 16, the Adjusted EBITDA has decreased by 11.8% to $488.5m (2018: $553.8m), following the reduction in admissions due to timing differences in major releases year on year with a positive impact of the post-acquisition synergies. The Adjusted EBITDA margin of 22.7% is 0.2% higher on a pro-forma basis (excluding currency effects).

On a statutory basis Adjusted EBITDA has increased by 18.1% to $488.5m (2018: $413.6m). The increase is due to the contribution of Regal for six months in 2019 compared to four months in 2018.

Adjusted EBITDA generated by the US was $385.0m in the period, an increase of 28.0%. On a pro-forma basis the Adjusted EBITDA has decreased by 12.7%. The Adjusted EBITDA margin has increased by 0.4% to 23.9% resulting from the impact of lower admissions in the period net of the post-acquisition synergies.

Adjusted EBITDA generated by the UK & Ireland of $50.9m has decreased by 11.9% compared to the prior period (2018: $57.8m). The Adjusted EBITDA margin of 16.1% represents a 0.2% decrease from 2018. The ROW has generated Adjusted EBITDA of $52.6m, a decrease of 4.4% on the prior year (2018: $55.0m). The Adjusted EBITDA margin of 23.8% for the ROW represents a decrease of 0.2% compared to the prior period. The decreases for both UK & Ireland and the ROW are driven by the lower admission levels.

Adjusted EBITDA

The Adjusted EBITDA has increased to $758.6m (2018: $413.6m) primarily as a result of adopting IFRS 16 on 1 January 2019 and the additional two months contribution from Regal in 2019 compared to 2018.

Operating Profit

Operating profit at $389.2m was 87.8% higher than the prior period (2018: $207.2m). Operating profit included an additional two months results from Regal in 2019 and also the impact of IFRS 16 from 1 January 2019.

Within operating profit there are a number of non-recurring and non-trade related items that have a net positive impact of $15.4m (2018: net negative impact $51.0m). These primarily related to:

- $17.5m a one off gain from the sale and lease back transaction (accounted for in accordance with IFRS 16) – on 15 May 2019 the Group announced the signing and completion of a sale and leaseback transaction relating to 18 US-based multi-screen cinemas totaling 255 screens. On 13 June 2019, the Group announced the signing and completion of the second sale and leaseback transaction relating to a further 17 US-based multi-screen cinemas totaling 251 screens.
  The transactions are consistent with the Group's existing business model of operating a predominantly leasehold estate and long-term strategy of crystalizing value for its shareholders. The two transactions were entered into with different counter parties, the first with Realty Income Corporation "Realty Income" and the second with EPR Properties "EPR". The properties had a book value of $462.0m at the sale date and the total sales proceeds from the two transactions was $556.3m.
- $3.2m in relation to the profit on disposal of assets. (2018: $1.4m).
- $3.2m of re-organisation costs following the Regal acquisition (2018: $49.8m transaction costs associated with the acquisition of Regal);

- $0.3m charge in respect of respect of non-recurring property related charges (2018: credit of $1.8m); and,
- $1.8m share based payment charges (2018: $1.6m).

Following a successful negotiation with suppliers there has been a release of a $15.0m provision in the period. The provision was recorded as part of the IFRS 3, purchase price accounting on acquisition of Regal.

The total depreciation and amortisation charge (included in administrative expenses) in the period totaled $360.1m (2018: $144.4m). The charge is higher year on year due to additional two months charge for Regal and the impact of IFRS 16 from 1 January 2019.

Net finance costs

The Group's financing facilities consist of a USD and Euro term loan and a revolving credit facility. During the period, $550.0m was repaid on the USD term loan, in addition to the regular repayments made on the term loans of $20.0m. In April, the revolving credit facility ("RCF") was extended by $162.5m to $462.5m. The RCF is subject to floating interest rate with a margin of 2.75% added to the LIBOR. The term loans are subject to floating interest rates - a margin of 2.25% for the USD denominated element and 2.375% for the EUR denominated element is added to the LIBOR and EURIBOR respectively. A floor of 0.0% is applied to the LIBOR and EURIBOR to calculate the interest charge. At 30 June 2019 the term loan balance outstanding was $3.4bn and the RCF was undrawn.

Net financing costs totaled $256.6m during the period (2018: $53.2m).

Finance income of $6.6m (2018: $39.4m) related to interest income of $4.3m (2018: $2.0m) and $2.3m (2018: $37.3m) of foreign exchange gains on monetary assets and non-USD$ denominated loans. In the prior year the foreign exchange gains arose mainly on the retranslation of the Euro denominated portion of the Group's term loan. No such gains or losses were recognized in 2019, as the term loan has been designated as a hedge of the net investment of the foreign operations. In 2018 there was $0.1m reclassified from equity to profit or loss in respect of settled cash flow hedges.

The finance expense of $263.2m (2018: $92.6m) has predominantly increased following the adoption of IFRS 16, with a $142.4m charge in respect of the unwind of discount on lease liabilities. In 2018 the total in respect of the unwind of the discount and interest charges on property-related leases was $8.0m.

Interest on bank loans and overdrafts in the period totaled $88.7m (2018: $61.2m). The other finance costs of $32.1m (2018: $23.4m) included:

- $6.5m (2018: $6.3m) amortisation of prepaid finance costs;
- $25.6m (2018: $13.6m) in respect of the unwind of discount on deferred revenue.

In 2018 there was a one-off gain of $3.5m reclassified from equity to profit or loss in respect of settled net investment hedge.

Taxation

The overall tax charge for the period was $22.3m giving an overall effective tax rate of 15.9% (20.2% excluding the impact of IFRS 16, H1 2018: 19.9% and full year 2018: 18.5%). The increase in the comparative rate (excluding the impact of IFRS 16) reflects changes in the Group's geographical mix of profits, in particular the US rate which is higher than that of our other markets and included the gain from the sale and leaseback transaction in the period.

Earnings

Profit on ordinary activities after tax in the period was $117.4m, a decrease of $11.0m compared to the comparative period (2018: $128.4m). The decrease is the net result of the including two additional months results from Regal in the period compared to 2018, the one off adjusting items in the period which generated a gain of $15.4m compared to a loss of $51.0m in 2018, the softer admissions and the impact of IFRS 16 which has had a negative impact on the results for the period.

Basic earnings per share amounted to 8.6c (2018: 11.1c). Eliminating the one-off, non-trade related items totaling $16.4m, adjusted diluted earnings per share were 9.4c (2018: 13.1c).

Cash Flow and Balance Sheet

Overall, net assets have decreased by $93.2m, to $3,327.1m since 31 December 2018. Total assets increased by $2,739.3m, this predominantly relates to the adoption of IFRS 16 and the $2,923.1m right-of-use assets which have been brought onto the Group's balance sheet from 1 January 2019. The total liabilities have also increased by $2,832.5m, primarily due to recognizing $3,351.7m in respect of finance leases under IFRS 16.

The Group continued to be strongly cash generative at the operating level. Total net cash generated from operations in the period was $589.4. Net cash inflows from investing activities were $397.2m during the period, with $561.8m from the sale and

leaseback transaction. Capital expenditure during the period was $183.5m (2018: 73.8m).

Net debt of $7,011.3m at the period end is higher than the balance at 31 December 2018 by $3,278.1m. Of the net increase $3,351.7m related to impact of IFRS 16. During the period $550.0m was repaid on the Group's USD term loan in addition to the regular repayments made on the USD and Euro term loans.

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 2018, 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 17 of the interim financial statements.

Going concern

The Group's financing arrangements consist of a USD and Euro term loan totalling $3.4bn at 30 June 2019 and a revolving credit facility of $462.5m. The revolving credit facility was undrawn at 30 June 2019 and is subject to springing covenants, which are only triggered above 35% utilisation.

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 the level of its current facilities for at least 12 months from the approval date of these interim consolidated financial statements. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated financial statements.

Dividends

The Board now pays four interim dividends for each financial year. Payments in relation to the first three quarters of the year are equal to 25% of the full year dividend of the prior year, with the final payment reflective of the Group's full year earnings performance and resulting in a full year dividend payment aligned with the Group's pay-out ratio.

The final dividend for 2018 of 10.15 cents per share was paid on 5 July 2019 to ordinary shareholders. The total cash paid was $139.3m. As the final 2018 dividend was formally approved by the shareholders at the AGM in May 2019, a liability was recognized at 30 June 2019.

On 13 June 2019, the Group announced a special dividend of 20.27 cents per ordinary share which was paid on 5 July 2019, along with the first quarterly payment for 2019 of 3.75 cents per share. The total cash payable for these dividends was $329.5m. In accordance with IAS10, the special dividend and the first quarterly payments for 2019 were not recognized as a liability at 30 June 2019.

The second and third interim dividend payments for the year ended 31 December 2019 are set out below. The Group expects to announce the fourth interim dividend at the time of the Group's 2019 full year announcement.

Dividend payment	3.75c being 25% of FY18
Ex-Dividend Date	12 September 2019
Record Date	13 September 2019
Final Date for Currency Election	13 September 2019
Interim Dividend Exchange Rate Determined	20 September 2019
Payment Date	4 October 2019

Dividend payment	3.75c being 25% of FY18
Ex-Dividend Date	12 December 2019
Record Date	13 December 2019
Final Date for Currency Election	13 December 2019
Interim Dividend Exchange Rate Determined	20 December 2019
Payment Date	10 January 2020

Moshe 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 and Loss and Other Comprehensive Income

for the period ended 30 June 2019

	Note	6 month period ended 30 June 2019 (unaudited) $m	6 month period ended 30 June 2018 (unaudited) $m	Year ended 31 December 2018 $m
Revenue		2,151.2	1,862.9	4,119.1
Cost of sales		(1,356.6)	(1,411.5)	(3,125.4)
Gross profit		**794.6**	451.4	993.7
Other operating income		2.7	2.5	5.3
Administrative expenses		(408.1)	(246.7)	(506.1)
Operating profit		**389.2**	207.2	492.9
Adjusted EBITDA as defined in note 3		**758.6**	413.6	925.4
Finance income	6	6.6	39.4	53.9
Finance expenses	6	(263.2)	(92.6)	(225.2)
Net financing costs		**(256.6)**	(53.2)	(171.3)
Share of profit of jointly controlled entity using equity accounting method, net of tax		7.1	6.2	27.4
Profit before tax		**139.7**	160.2	349.0
Taxation	5	(22.3)	(31.8)	(64.7)
Profit for the period attributable to equity holders of the Company		**117.4**	128.4	284.3
Other comprehensive income				
Items that will not subsequently be reclassified to profit or loss net of tax				
Equity investments at fair value through other comprehensive income "FVOCI" – net change in fair value		0.5	-	(6.9)
Items that will subsequently be reclassified to profit or loss net of tax				
Foreign exchange translation loss		(2.8)	(79.9)	(126.1)
Movement in fair value of cash flow hedges		(0.2)	-	(0.8)
Net change in fair value of cash flow hedges recycled to profit or loss		-	(0.1)	(0.1)
Net change in fair value of net investment hedge recycled to profit or loss		-	3.5	3.5
Movement in fair value of net investment hedge		4.3	-	
Income tax (charge)/credit recognised on other comprehensive income		(1.6)	-	0.3
Other comprehensive income /(loss) for the period, net of income tax		**0.2**	(76.5)	(130.1)
Total comprehensive income for the period attributable to equity holders of the Company		**117.6**	51.9	154.2
Basic earnings per share	7	8.6	11.1	22.5
Diluted earnings per share	7	8.6	11.1	22.4

The notes on pages 16 to 29 are an integral part of these interim condensed consolidated financial statements.

Condensed Consolidated Balance Sheet

As at 30 June 2019

	30 June 2019 (unaudited)		31 December 2018	
	$m	$m	$m	$m
Non-current assets				
Property, plant and equipment	1,914.2		2,446.3	
Right-of-use assets	3,335.4		-	
Goodwill	5,481.5		5,482.4	
Other intangible assets	529.5		542.3	
Investment in equity-accounted investee	301.9		308.5	
Financial assets at FVOCI	18.0		7.5	
Deferred tax asset	230.2		31.6	
Other receivables	63.9		206.7	
Total non-current assets		**11,874.6**		9,025.3
Current assets				
Assets classified as held for sale	2.2		2.5	
Inventories	34.0		35.1	
Trade and other receivables	224.1		324.5	
Cash and cash equivalents	308.1		316.3	
Total current assets		**568.4**		678.4
Total assets		**12,443.0**		9,703.7
Current liabilities				
Interest-bearing loans, borrowings and other financial liabilities	(43.1)		(63.9)	
Lease liabilities	(352.0)		(17.5)	
Trade and other payables	(792.6)		(836.4)	
Dividends payable	(139.3)		-	
Current taxes payable	(102.9)		(51.0)	
Provisions	(15.5)		(90.6)	
Total current liabilities		**(1,445.4)**		(1,059.4)
Non-current liabilities				
Interest-bearing loans, borrowings and other financial liabilities	(3,315.6)		(3,885.3)	
Lease liabilities	(3,608.7)		(83.0)	
Other payables and deferred income	(733.1)		(965.6)	
Employee benefits	(3.5)		(3.2)	
Provisions	(0.6)		(277.2)	
Deferred tax liabilities	(9.0)		(9.7)	
Total non-current liabilities		**(7,670.5)**		(5,224.0)
Total liabilities		**(9,115.9)**		(6,283.4)
Net assets		**3,327.1**		3,420.3
Equity attributable to equity holders of the Group				
Share capital		20.1		20.1
Share premium		516.0		513.8
Foreign currency translation reserve		(266.2)		(263.4)
Hedging reserve		3.5		(0.6)
Fair value reserve		(6.4)		(6.9)
Retained earnings		3,060.1		3,157.3
Total equity		**3,327.1**		3,420.3

Condensed Consolidated Statement of Changes in Equity

for the period ended 30 June 2019

	Share capital	Share premium	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
	$m	$m	$m	$m	$m	$m	$m
Balance at 31 December 2018	**20.1**	**513.8**	**(263.4)**	**(0.6)**	**(6.9)**	**3,157.3**	**3,420.3**
Change in accounting policy (Note 2)	-	-	-	-	-	(73.1)	(73.1)
Restated total equity at 1 January 2019	**20.1**	**513.8**	**(263.4)**	**(0.6)**	**(6.9)**	**3,084.2**	**3,347.2**
Profit for the period	-	-	-	-	-	117.4	117.4
Other comprehensive income							
Items that will not subsequently be reclassified to profit or loss							
Equity investments at FVOCI – net change in fair value	-	-	-	-	0.5	-	0.5
Items that will subsequently be reclassified to profit or loss							
Movement in net investment hedge	-	-	-	4.3	-	-	4.3
Retranslation of foreign currency denominated subsidiaries	-	-	(2.8)	-	-	-	(2.8)
Movement in fair value of cash flow hedge	-	-	-	(0.2)	-	-	(0.2)
Income tax charge recognized within other comprehensive income	-	-	-	-	-	(1.6)	(1.6)
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(139.3)	(139.3)
Issue of shares	-	2.2	-	-	-	-	2.2
Movement due to share based payment	-	-	-	-	-	(0.6)	(0.6)
Balance at 30 June 2019	**20.1**	**516.0**	**(266.2)**	**3.5**	**(6.4)**	**3,060.1**	**3,327.1**

Condensed Consolidated Statement of Changes in Equity

for the period ended 30 June 2018

	Share capital	Share premium	Merger reserve	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
	$m	$m	$m	$m	$m	$m	$m	$m
Balance at 1 January 2018	**5.0**	**548.1**	**407.4**	**(137.7)**	**(3.4)**	**-**	**225.2**	**1,044.6**
Profit for the period	-	-	-	-	-	-	128.4	128.4
Other comprehensive income								
Items that will not subsequently be reclassified to profit or loss								
Equity investments at FVOCI – net change in fair value	-	-	-	-	-	-	-	-
Items that will subsequently be reclassified to profit or loss								
Movement in fair value of cash flow hedge	-	-	-	-	(0.1)	-	-	(0.1)
Retranslation of foreign currency denominated subsidiaries	-	-	-	(79.9)	-	-	-	(79.9)
Settlement of net investment hedge	-	-	-	-	3.5	-	-	3.5
Income tax charge recognized within other comprehensive income	-	-	-	-	-	-	-	-
Contributions by and distributions to owners								
Issue of shares	15.1	2,324.7	-	-	-	-	-	2,339.8
Capital reduction	-	(2,194.3)	(407.4)	-	-	-	2,601.7	-
Balance at 30 June 2018	**20.1**	**678.5**	**-**	**(217.6)**	**-**	**-**	**2,955.3**	**3,436.3**

Condensed Consolidated Statement of Cash Flows

for the period ended 30 June 2019

	6 month period ended 30 June 2019 (unaudited)	6 month period ended 30 June 2018 (unaudited)	Year ended 31 December 2018
	$m	$m	$m
Cash flows from operating activities			
Profit for the period	**117.4**	**128.4**	284.3
Adjustments for:			
Financial income	(6.6)	(39.4)	(53.9)
Financial expenses	263.2	92.6	225.2
Taxation	22.3	31.8	64.7
Profit of equity-accounted investee	(7.1)	(6.2)	(27.4)
Operating profit	**389.2**	**207.2**	492.9
Adjustments for			
Depreciation and amortisation	360.1	144.4	320.5
Share based payments charge	1.8	1.6	3.2
Non-cash property, pension and remuneration (charges)/credit	(8.0)	3.8	(30.2)
Impairments and reversals of impairments	0.3	0.4	18.3
(Gain)/loss on sale of assets	(20.7)	1.4	1.0
Exceptional transaction costs	-	49.8	50.6
Decrease/(increase) in trade and other receivables	24.7	14.0	(54.9)
Increase in inventories	1.2	1.6	1.8
Decrease in trade and other payables	(91.3)	(47.5)	(113.8)
(Decrease)/increase in provisions and employee benefits	(28.0)	15.5	(2.0)
Cash generated from operations	**629.3**	**392.2**	687.4
Tax paid	(39.9)	(25.0)	(55.5)
Net cash flows from operating activities	**589.4**	**367.2**	631.9
Cash flows from investing activities			
Interest received	4.2	1.6	0.9
Acquisition of subsidiaries net of acquired cash	-	(3,325.9)	(3,356.6)
Acquisition of property, plant and equipment and intangible assets	(183.5)	(73.8)	(160.5)
Proceeds from sale of property, plant and equipment	561.8	-	3.3
Investment in joint ventures	(10.0)	(0.6)	(78.4)
Distributions received from equity accounted investees	24.7	11.1	32.2
Net cash flows from investing activities	**397.2**	**(3,387.6)**	(3,559.1)
Cash flows from financing activities			
Proceeds from share issue	-	2,339.8	2,341.0
Dividends paid to shareholders	-	-	(122.9)
Interest paid	(94.7)	(62.5)	(146.7)
Repayment of bank loans	(593.3)	(2,842.0)	(2,895.0)
Draw down of bank loans	-	3,982.6	3,982.6
Payment of lease liabilities[1]	(310.9)	(5.0)	(13.4)
Net cash from financing activities	**(998.9)**	**3,412.9**	3,145.6
Net (decrease)/ increase in cash and cash equivalents	(12.3)	392.5	218.4
Exchange gains/(losses) on cash and cash equivalents	4.1	(6.5)	6.9
Cash and cash equivalents at start of period	316.3	91.0	91.0
Cash and cash equivalents at end of period	**308.1**	**477.0**	316.3

1. Payment of lease liabilities includes $142.4m of interest payment and $168.5m of principal lease payments.

Notes to the Interim Condensed Consolidated Financial Statements

1. Basis of preparation

Reporting entity
Cineworld Group plc (the "Company") is a Company both incorporated and domiciled in the United Kingdom. The interim condensed consolidated financial statements of the Company as at and for the period ended 30 June 2019 comprises the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities. These interim condensed consolidated financial statements have been presented in US dollars.

The consolidated financial statements of the Group as at and for the year ended 31 December 2018 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 interim condensed set of financial statements have 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 2018 with the exception of the adoption of new and amended standards as set out below and the following policies which are specific for the interim report:

Taxation
Taxes on income in the interim condensed consolidated financial statements are accrued using the tax rate that would be applicable to the expected full financial year results for the Group.

The interim condensed consolidated financial statements 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 2018 and any public announcements made by the Group during the interim reporting period.

The comparative figures for the financial year ended 31 December 2018 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.

New and amended standards adopted by the Group
A number of new or amended standards became applicable for the current reporting period. The following standards have been adopted by the Group in the period.

- IFRIC 23 "*Uncertainty over Income Tax Treatments"*
- IFRS 16 "*Leases*"

The Group has changed its accounting policies as a result of adopting IFRS 16 "*Leases*". The impact of the adoption of the standard and the new accounting policies are disclosed in note 2 below. The other standards did not have a material impact on the Group's accounting policies and did not result in retrospective adjustments being made.

2. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 "*Leases*" on the Group's interim condensed consolidated financial statements and discloses the new accounting policies that have been applied from 1 January 2019. The Group has adopted "IFRS 16", applying the modified retrospective approach, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 "*Leases*". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the property lease liabilities on 1 January 2019 was 8.0% for property and 4.5% for other leases.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after that date.

	$m
Operating lease commitments disclosed as at 31 December 2018	5,373.4
Less discounting using the lessee's incremental borrowing rate of at the date of initial application	(1,664.8)
Less short-term leases recognised on a straight-line basis as expense	(2.8)
Less adjustments as a result of a different treatment of extension and termination options	(354.1)
Plus existing finance lease liability at 31 December 2019	100.5
Lease liability recognised as at 1 January 2019	3,452.2
Of which are:	
Current lease liabilities	**321.2**
Non-current lease liabilities	**3,131.0**

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. Other right-of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. Previous onerous lease contracts have been offset on a lease by lease basis against the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to property and other assets classes.

	30 June 2019 (unaudited)	**1 January 2019**
	$m	$m
Properties	3,333.7	2,920.9
Other	1.7	2.2
Total right-of-use assets	**3,335.4**	**2,923.1**

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- property, plant and equipment – decrease by $101.6m
- right-of-use assets – increase by $2,923.1m
- deferred tax assets – increase by $122.0
- prepayments and other receivables – decrease by $166.7m
- lease liabilities – increase by $3,351.7m
- provisions – decrease by $325.4m
- other liabilities – decrease by $176.4m

The impact on total assets was $2,776.8m and total liabilities $2,849.9m. The net impact on retained earnings on 1 January 2019 was a net decrease of $73.1m, which includes $23.6m of impairments.

Impact on segment disclosures and earnings per share

Adjusted EBITDA, segment assets and segment liabilities for 2019 all increased as a result of the change in accounting policy. The following segments were affected by the change in policy:

	Adjusted EBITDA	**Segment Assets**	**Segment Liabilities**
	$m	**$m**	**$m**
US	591.9	10,053.7	7,954.3
UK and Ireland	89.4	1,211.4	813.3
ROW	77.3	1,177.9	348.3
Total	**758.6**	**12,443.0**	**9,115.9**

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous, on a lease by lease basis;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the accounting for operating leases with a value of $5,000 of less when new as low value leases;
- on a lease by lease basis adjust the right-of-use asset on transition by the amount of any previously recognised onerous lease provision, as an alternative to performing an impairment review;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 "*Determining whether an Arrangement contains a Lease".*

Group leasing activities and accounting treatment

The Group's leases predominantly relate to property leases for each of the cinema sites, however the Group's lease portfolio also includes leasing of other assets such as motor vehicles. Rental contracts are typically made for fixed periods of on average 15 years but may have extension options as described below. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. The depreciation is being charged to administration expenses in the Group's Statement of Profit and Loss, in-line with where depreciation has previously been recorded.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office and cinema equipment.

Variable lease payments

Estimation uncertainty arising from variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a particular cinema site. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Extension and termination options
Extension and termination options are included in a number of property leases across the Group. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Critical judgements in determining the lease term
In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended on similar terms (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

3. Alternative Performance Measures
The Group uses a number of Alternative Performance Measures ("APMs") in addition to those measures reported in accordance with IFRS. Such APMs are not defined terms under IFRS and are not intended to be a substitute for any IFRS measure. The Directors believe that the APMs are important when assessing the underlying financial and operating performance of the Group. The APMs improve the comparability of information between reporting periods by adjusting for factors such as fluctuations in foreign exchange rates, one off items and the timing of acquisitions.

The APMs are used internally in the management of the Group's business performance, budgeting and forecasting, and for determining Executive Directors' remuneration and that of other management throughout the business. The APMs are also presented externally to meet investors' requirements for further clarity and transparency of the Group's financial performance.
Where items of profits or costs are being excluded in an APM, these are included elsewhere in our reported financial information as they represent actual profits or costs of the Group, except where amounts are recalculated to reflect constant currency.

Other commentary, including the Finance Review, as well as the Interim Condensed Consolidated Financial Statements and their accompanying notes, should be referred to in order to fully appreciate all the factors that affect our business.

The methodology applied to calculating the APMs has not changed during the year for any measure other than Adjusted Net Debt. The APMs applied by the Group are detailed as follows:

Adjusted EBITDA
Adjusted EBITDA is defined as operating profit adjusted for profits of jointly controlled entities using the equity accounting method net of tax and excess cash distributions, depreciation and amortisation, one-off property related charges and releases, transaction and reorganisation costs, gains/losses on disposals of assets and subsidiaries and share based payment charges. LTM Adjusted EBITDA is defined as the Adjusted EBITDA for the last 12 months.

A reconciliation of operating profit to Adjusted EBITDA is provided as follows:

	6 month period ended 30 June 2019 (unaudited)	**6 month period ended 30 June 2018 (unaudited)**	**Year ended 31 December 2018**
Operating profit	**389.2**	207.2	492.9
Share of profit of jointly controlled entity using equity accounting method net of tax	7.1	6.2	27.4
Excess cash distributions from jointly controlled entities	17.6	4.8	4.8
Depreciation and amortization	360.1	144.4	320.5
Non recurring property related charges and releases	0.3	(1.8)	16.8
(Profit)/Loss on disposal of assets and liabilities	(20.7)	1.4	1.0
Transaction and reorganisation costs	3.2	49.8	58.8
Share based payment charges	1.8	1.6	3.2
Adjusted EBITDA	**758.6**	413.6	925.4

Constant Currency

The Group measures revenue on both a reported and a constant currency basis. For the constant currency basis the Group re-translates the prior period financial information at the current period exchange rates to eliminate the effect of exchange rate translation differences when comparing information year -on-year.

Pro-forma

Pro-forma results reflect the Group and US performance had Regal been consolidated for the full six months in 2018. Regal's previously reported results for the two months to 28 February 2018 have been converted to IFRS and the impact of acquisition fair value adjustments has been based on the adjustments made for the final 10 months of 2018, pro-rated over the length of each period.

The following table shows the reconciliation between the statutory results at 30 June 2018 to the pro-forma basis and the UK&I and ROW results adjusted to show the Group results on a constant currency basis.

	2018					
	Statutory Results	**Pro-forma Adjustments $m**	**Adjustments for Acquisition Accounting**	**Pro-forma results**	**Constant Currency Adjustments $m**	**Pro-forma Constant Currency Results**
Box office revenue	1,146.0	368.4	-	1,514.4	(22.6)	1,491.8
Concession revenue	517.5	167.7	-	685.2	(8.9)	676.3
Other income	199.4	51.2	5.8	256.4	(3.9)	252.5
Total Revenue	**1,862.9**	587.3	5.8	**2,456.0**	(35.4)	**2,420.6**
Adjusted EBITDA	**413.6**	141.0	(0.8)	**553.8**		

Adjusted Profit

Adjusted profit is defined as profit after tax net of one off property related charges and releases, transaction and reorganisation costs, gains/losses on disposal of assets and subsidiaries, share based payment charges, the amortisation of intangible assets arising on acquisition and certain non-cash items and foreign exchange differences arising on non US Dollar denominated monetary assets and liabilities.

Adjusted profit after tax is arrived at by applying an effective tax rate to the taxable adjustments and deducting the total from adjusted profit before tax. The detailed reconciliation from profit after tax to Adjusted profit after tax is disclosed in the Note 7.

Adjusted Net Debt

Adjusted Net Debt is defined as Net Debt (which is reconciled in Note 10) excluding lease liabilities and including the $202.0m in respect of consideration payable to dissenting shareholders of Regal Entertainment Group. The $202.0m represents the price of $23 per share, the transaction price for Regal. Management's view is that the petitioners' claim is meritless and that the fair value for the transaction is no higher than the transaction price.

4. Operating segments

The Group has determined that it has three reporting operating segments: US, UK and Ireland ("UK&I") and Rest of the World ("ROW"). These segments are made up of operating territories that are geographically close to one another, the principal format by which management makes operational decisions and the directors review operating performance. The results for the US include the three cinema chain brands Regal, United Artists and Edwards theatres. UK and Ireland include the two cinema chain brands, Cineworld and Picturehouse. For the ROW they include the cinema chain brands Cinema City in Central and Eastern Europe territories and Yes Planet and Rav-Chen in Israel. The operating segments included in the ROW reporting segment include Poland, Romania, Hungary, Czech Republic, Bulgaria, Slovakia and Israel.

	US	**UK&I**	**ROW**	**Group**
	$m	$m	$m	$m
Period ended 30 June 2019				
Total revenues	1,613.9	316.4	220.9	**2,151.2**
Adjusted EBITDA as defined in Note 3	591.9	89.4	77.3	**758.6**
Segmental operating profit	311.0	39.7	38.5	**389.2**
Net finance costs	(217.2)	(31.2)	(8.2)	**(256.6)**
Share of profit / (loss) of jointly controlled entities using equity method, net of tax	7.6	(0.1)	(0.4)	**7.1**
Depreciation and amortization	274.8	46.0	39.3	**360.1**
Transaction and reorganisation costs	1.0	2.1	0.1	**3.2**
Profit before taxation	101.4	8.4	29.9	**139.7**
Segmental total assets	**10,053.7**	**1,211.4**	**1,177.9**	**12,443.0**
Period ended 30 June 2018				
Total revenues[(1)]	1,279.9	353.7	229.3	1,862.9
Adjusted EBITDA as defined in Note 3	300.8	57.8	55.0	413.6
Segmental operating profit	191.6	(21.3)	36.9	207.2
Net finance (costs) / income	(44.8)	(8.7)	0.3	(53.2)
Share of profit / (loss) of jointly controlled entities using equity method, net of tax	6.6	(0.4)	-	6.2
Depreciation and amortization	95.1	24.1	25.2	144.4
Transaction and reorganization costs	1.7	47.9	0.2	49.8
Profit /(loss) before taxation	153.4	(30.4)	37.2	160.2
Segmental total assets	7,848.2	1,159.5	1,008.5	10,016.2
Year ended 31 December 2018				
Total revenues	2,933.1	697.7	488.3	4,119.1
Adjusted EBITDA as defined in Note 3	670.4	125.9	129.1	925.4
Segmental operating profit	415.4	10.8	66.7	492.9
Net finance costs	(165.3)	(5.4)	(0.6)	(171.3)
Share of profit / (loss) of jointly controlled entities using equity method, net of tax	38.4	(10.7)	(0.3)	27.4
Depreciation and amortization	223.8	47.9	48.8	320.5
Transaction and reorganisation costs	3.3	53.3	2.2	58.8
Profit / (loss) before taxation	288.5	(5.3)	65.8	349.0
Segmental total assets	7,599.4	1,114.6	989.7	9,703.7

5. Taxation

Tax recognised in the income statement during the period is as follows:

	Period ended 30 June 2019 (unaudited)	Period ended 30 June 2018 (unaudited)	Year ended 31 December 2018
	$m	$m	$m
Current year tax expense			
Current period	99.7	28.7	77.3
Adjustments in respect of prior periods	-	-	(4.6)
Total current year tax expense	**99.7**	28.7	72.7
Deferred tax (credit)/charge			
Current period	(77.4)	3.1	(11.1)
Adjustments in respect of prior periods	-	-	5.8
Adjustments from change in tax rates	-	-	(2.7)
Total deferred tax (credit)/expense	**(77.4)**	3.1	(8.0)
Total tax charge in the income statement	**22.3**	31.8	64.7
Effective tax rate	15.9%	19.9%	18.5%
Current year effective tax rate	15.9%	19.9%	19.9%

Tax uncertainties and risks are increasing for all multinational groups which could affect the future tax rate. The Group takes a responsible attitude to tax, recognising that it affects all our stakeholders. The Group seeks at all times to comply with the law in each of the jurisdictions in which we operate, and to build open and transparent relationships with those jurisdictions' tax authorities. The Group's tax strategy is aligned with the commercial activities of the business, and within our overall governance structure the governance of tax and tax risk is given a high priority by the Board.

In April 2019 the European Commission completed a State Aid investigation into the UK's Controlled Foreign Company regime. It decided that the rules constitute State Aid in some but not all circumstances and instructed the UK government to identify and recover any State Aid given. The UK Government has appealed the decision. In common with other UK based international companies the Group applies this regime. The Group is monitoring developments and assessing our specific circumstances following the decision. At 30 June 2019 there is a contingent liability for between $nil - $8.0m.

6. Finance income and expense

	Period ended 30 June 2019 (unaudited) $m	Period ended 30 June 2018 (unaudited) $m	Year ended 31 December 2018 $m
Interest income	4.3	2.0	6.8
Foreign exchange gain	2.3	37.3	47.0
Amounts reclassified from equity to profit or loss in respect of settled cash flow hedges	-	0.1	0.1
Financial income	**6.6**	39.4	53.9
Interest expense on bank loans and overdrafts	88.7	61.2	146.7
Amortisation of financing costs	6.5	6.3	11.0
Unwind of discount on onerous lease provision	-	0.3	0.8
Unwind of discount on lease liability	142.4	2.8	6.9
Unwind of discount on market rent provision	-	4.9	10.2
Unwind of discount of deferred revenue	25.6	13.6	44.2
Amounts reclassified from equity to profit or loss in respect of settled net investment hedge	-	3.5	3.5
Foreign exchange loss	-	-	1.9
Financial expense	**263.2**	92.6	225.2
Net financial expense	**256.6**	53.2	171.3

7. 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/non-exercised ordinary shares. Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares plus any non-vested/non-exercised ordinary shares.

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 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 period. The performance of adjusted earnings per share is used to determine awards to Executive Directors under the Group Performance Share Plan ("PSP").

	6 month period ended 30 June 2019 (unaudited)	**6 month period ended 30 June 2018 (unaudited)**	**Year ended 31 December 2018**
	$m	$m	$m
Profit after tax for the period attributable to ordinary shareholders	**117.4**	128.4	284.3
Adjustments:			
Amortisation of intangible assets[(1)]	**14.2**	11.0	25.0
Transaction and reorganisation costs	**3.2**	49.8	58.8
Impairments	**0.3**	0.4	18.3
Onerous reversals	**-**	(2.2)	(1.5)
Share based payment charges	**1.8**	1.6	3.2
Foreign exchange translation gains on financial liabilities [(2)]	**-**	(35.5)	(45.1)
(Profit) / loss on disposal of assets	**(20.7)**	1.4	1.0
Recycle of fair value on hedging reserve	**-**	3.5	3.5
Excess cash distributions from jointly controlled entities	**17.6**	-	4.8
Total adjustments	**16.4**	30.0	68.0
Adjusted profit	**133.8**	158.4	352.3
Tax effect of above items	**(5.2)**	(6.0)	(7.0)
Adjusted profit after tax	128.6	152.4	345.3

	Number of shares	**Number of shares**	**Number of shares**
	m	m	m
Weighted average number of shares in issue	1,371.3	1,158.4	1,265.5
Basic earnings per share denominator	**1,371.3**	1,158.4	1,265.5
Dilutive options	**2.6**	3.1	2.8
Diluted earnings per share denominator	**1,373.9**	1,161.5	1,268.3
Shares in issue at period end	**1,371.8**	1,370.6	1,371.0
	Cents	Cents	Cents
Basic earnings per share	**8.6**	11.1	22.5
Diluted earnings per share	**8.6**	11.1	22.4
Adjusted basic earnings per share	**9.4**	13.2	27.3
Adjusted diluted earnings per share	**9.4**	13.1	27.2

(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 and Regal acquisition (from 1 March 2018). It does not include amortisation of purchased distribution rights.

(2) In 2018 a foreign exchange loss of $35.5m was recognized on the retranslation on the Euro term loan. No such gains or losses were recognized in 2019, as the term loan has been designated as a hedge of the net investment of the foreign operations.

8. Dividends

The Board now pays four interim dividends for each financial year. Payments in relation to the first three quarters of the year are equal to 25% of the full year dividend of the prior year, with the final payment reflective of the Group's full year earnings performance and resulting in a full year dividend payment aligned with the Group's pay-out ratio.

The final dividend for 2018 of 10.15 cents per share was paid on 5 July 2019 to ordinary shareholders. The total cash paid was $139.3m. As the final 2018 dividend was formally approved by the shareholders at the AGM in May 2019, a liability was recognized at 30 June 2019. The final dividend for 2017 of 4.1 cents per share, which amounted to $56.3m, was paid on 6 July 2018 to ordinary shareholders.

On 13 June 2019, the Group announced a special dividend of 20.27 cents per ordinary share which was paid on 5 July 2019, along with the first quarterly payment for 2019 of 3.75 cents per share. The total cash payable for these dividends was $329.5m. In accordance with IAS10 the special dividend and the first quarterly payments for 2019 were not recognized as a liability at 30 June 2019.

9. Loans and borrowings

	30 June 2019 $m	31 December 2018 $m
Non-current liabilities		
Bank loans, less issue costs of debt to be amortised	3,315.6	3,885.3
Lease liabilities	3,608.7	83.0
	6,924.3	3,968.3
Current liabilities		
Bank loans, less issue costs of debt to be amortised	41.7	60.9
Loan Note	1.4	3.0
Lease liabilities	352.0	17.5
	395.1	81.4

10. Net debt

	Cash at bank and in hand $m	Bank Overdraft $m	Bank loans $m	Loan Notes $m	Lease Liabilities $m	Interest rate swap $m	Net debt $m
At 31 December 2017	91.0	(0.6)	(444.6)	-	(21.6)	-	(375.8)
Additions through acquisition	330.8	-	(4,062.4)	(3.0)	(93.2)	0.2	(3,827.6)
Cash flows	(99.1)	0.6	530.7	-	19.9	-	452.1
Non-cash movement	-	-	(13.2)	-	(5.6)	-	(18.8)
Effect of movement in foreign exchange rates	(6.4)	-	43.3	-	-	-	36.9
At 31 December 2018	**316.3**	**-**	**(3,946.2)**	**(3.0)**	**(100.5)**	**0.2**	**(3,733.2)**
Change in accounting policy (Note 2)	-	-	-	-	(3,351.7)	-	(3,351.7)
Restated net debt 1 January 2019	**316.3**	**-**	**(3,946.2)**	**(3.0)**	**(3,452.2)**	**0.2**	**(7,084.9)**
Cash flows	(12.3)	-	591.7	1.6	310.9	-	891.9
Non-cash movement	-	-	6.5	-	(823.4)	(0.2)	(817.1)
Effect of movement in foreign exchange rates	4.1	-	(9.3)	-	4.0	-	(1.2)
At 30 June 2019	**308.1**	**-**	**(3,357.3)**	**(1.4)**	**(3,960.7)**	**-**	**(7,011.3)**

The non-cash movements relating to bank loans represent the amortisation of debt issuance costs ($6.5m). The non-cash movements relating to finance leases relate to the unwind of lease liabilities ($142.4m), in addition to the impact of entering leases on both new and existing sites and the accounting impact of the sale and leaseback transaction during the period ($681.0m).

11. Fair value measurement of financial instruments

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements. Short-term debtors, creditors and cash and cash equivalents have been excluded from the following disclosures on the basis that their carrying amount is a reasonable approximation to fair value.

	Carrying amount 30 June 2019	**Fair value 30 June 2019 $m**	Carrying amount 31 December 2018 $m	Fair value 31 December 2018 $m
Secured bank loans	3,345.2	3,418.6	3,912.5	3,990.6
Secured bank loans	12.1	12.1	33.6	33.6
Lease liabilities	3,960.7	3,960.7	100.5	100.5
Loan notes	1.4	1.4	3.0	3.0
Equity investments	(18.0)	(18.0)	(7.5)	(7.5)
Interest rate swaps	-	-	(0.2)	(0.2)

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 2019				
Derivative financial instruments	-	-	-	-
Equity investments	(3.0)	-	(15.0)	(18.0)
Loan notes	-	1.4	-	1.4
Interest-bearing loans and borrowings	-	3,430.7	-	3,430.7
Lease liabilities	-	3,960.7	-	3,960.7
31 December 2018				
Derivative financial instruments	-	0.2	-	0.2
Equity investments	(2.5)	-	(5.0)	(7.5)
Loan notes	-	3.0	-	3.0
Interest-bearing loans and borrowings	-	4,024.2	-	4,024.2
Lease liabilities	-	100.5	-	100.5

There have been no transfers between levels in 2019 (2018: no transfers). No other financial instruments are held at fair value.

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.
- The carrying amount of bank loans is stated net of debt issuance costs and the fair value is stated gross of debt issuance costs and is calculated using the market interest rates.
- The fair value of investments has been calculated by reference to quoted market values. The Group holds two unquoted equity investment and have concluded that the cost of these investments represents its fair value at 30 June 2019.
- The fair value of lease liabilities has been calculated by reference to lease terms and interest rates implicit in the lease.

All of the resulting fair value estimates are included in level 2 except for listed equity investment (Level 1) and unlisted equity investments (Level 3).

The difference between net carrying amount and estimated fair value reflects unrealised gains or losses inherent in the instruments based on valuations at 30 June 2019 and 31 December 2018. The volatile nature of the markets means that values at any subsequent date could be significantly different from the values reported above.

12. Property, plant and equipment

During the period to 30 June 2019, the Group purchased assets of $179.4m (year ended 31 December 2018: $218.2m), this predominately related to the acquisition of land and buildings as a result of the opening of seven sites and the ongoing refurbishment of the US estate.

13. Business combinations

2018 Acquisition of Regal Entertainment Group

On the 5 December 2017, the Group announced the proposed acquisition of Regal by means of an acquisition of the entire issued, and to be issued, share capital of Regal. The acquisition was based on an implied enterprise value of $5.8bn. The acquisition of Regal completed on 28 February 2018

Consideration Transferred

Of the total consideration for the acquisition, $3.4bn was settled fully in cash, funded by the proceeds of the fully underwritten Rights Issue at the Rights Issue Price of 157.0 pence per New Ordinary Share, which raised $2.3bn, plus an additional $4.1bn was raised through committed Debt Facilities. The restructured debt arrangement consists of a US Dollar and Euro term loan totaling $4.1bn and a $300.0m revolving credit facility. The previous financing arrangements in place as at 31 December 2017 for the Group and Regal have been terminated and superseded by the new financing arrangements from 28 February 2018. As the consideration was entirely paid in cash the acquisition is being accounted for as an acquisition under IFRS 3 rather than as a reverse takeover acquisition under IFRS 3, notwithstanding the size of the acquisition.

Fair Value of Consideration Transferred

	$m
Cash consideration	3,727.6
Total fair value of consideration transferred	**3,727.6**

Identifiable Assets Acquired and Liabilities Assumed

	$m
Fair value of total net identifiable assets upon acquisition	
Intangible assets	508.9
Property, plant and equipment	1,881.8
Investments	223.4
Deferred tax assets	27.6
Inventory	23.8
Trade and other receivables	372.9
Asset held for sale	2.5
Cash and cash equivalents	333.2
Lease liability	(86.7)
Loans and borrowings	(2,436.8)
Provisions for liabilities	(363.2)
Trade and other payables	(1,385.6)
Total net identifiable assets	**(898.2)**
Goodwill	4,625.8
Consideration transferred	**3,727.6**

Management provisionally assessed the fair value of the acquired identifiable intangible assets and acquired property, plant and equipment and as a result their respective fair values are measured on a provisional basis at 30 June 2018. Subsequent changes in the valuation of the intangible assets or property, plant and equipment resulted in a reallocation between the assets and goodwill. A number of adjustments were made to the book values of the acquired assets in order to reflect their fair value. The material adjustments are summarized below.

Property and Leases

The fair value of property, plant and equipment (including assets held for sale) of $1,884.3m included a number of adjustments. Land and buildings assets at 55 sites were revalued to reflect open market at the date of acquisition, resulting in a fair value uplift of $235.0m. Assets with a value of $105.2m were written down where the forecast cash flows of a cash-generating unit (discounted by applying an indicative acquisition internal rate of return) did not support its value at the date of acquisition. A fair value uplift of $27.2m on right-of-use assets, included within Property, Plant and Equipment, in respect of finance leases was recognised as a result of forecast income at the lease sites exceeding the recorded value of the assets.

As well as considering the fair value of acquired property, plant and equipment, management also considered the lease contract or each of the acquired sites. A provision of $35.3m was recognised in respect of onerous lease contracts. The provision reflected the present value of the future lease payments under these lease contracts to the extent that the contract resulted in the site making a loss. An exercise was conducted to compare the current rentals of each of the sites to the current market rental rate. Accordingly, a net provision of $162.0m was recognised in respect of a number of sites where the current rental rate was either above or below the assumed average market rental rate. Deferred income of $196.0m in respect of landlord contributions received by Regal prior to the acquisition were written off as no further benefit was expected to be received. A liability of $87.0m in respect of contractual increments in rent was written off.

Fair Value Adjustments

An assessment of the expected fair value of revenue attributable to performance obligations under advertising contracts was derived by generating an expected fair value of the contract using current market advertising prices. This resulted in a fair value uplift of $245.7m being applied to deferred revenue. The fair value of the Groups investment in a listed Joint Venture was increased by $51.0m, reflecting the Group's holding and the share price of the entity at the acquisition date.

14. Equity securities issued

	2019 Shares (thousands)	**2018 Shares** (thousands)	**2019** $m	**2018** $m
Issues of ordinary shares during the period ended 30 June				
Exercise of options issued under the Employee share scheme and employee performance plan	**786**	986.9	**2.2**	0.2
Rights issue (net of transaction costs)	**-**	1,095,704.2	**-**	2,339.6
	786	1,096,691.1	**2.2**	2,339.8

15. Provisions

	30 June 2019 (unaudited)	**31 December 2018**
	$m	**$m**
Property provisions	0.6	326.3
Other provisions	15.5	41.5
	16.1	367.8

Property provisions at 31 December 2018 related to onerous leases, dilapidations, market rent adjustments and other property liabilities. Market rent provisions related to the fair value of liabilities on leases acquired, which are assessed on acquisition and released over the remaining life of the lease. Following the adoption on 1 January 2019 of IFRS 16, the accounting for onerous leases, market rent and other property liabilities has changed and these items are no longer accounted for as provisions.

Other provisions include amounts in respect of open claims by suppliers, which have been assessed by applying the expected payments based on settlement of historic claims, and legal claims which have been assessed based on legal advice received.

16. Capital commitments

Capital commitments at the end of the financial period for which no provision has been made were $161.9m (year ended 31 December 2018: $322.3m). Capital commitments at 30 June 2019 related to new sites under construction ($72.0m) and refurbishment projects, which have commenced ($89.9m).

17. 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 2019 was $3.2m (period ended 30 June 2018: $2.7m; year ended 31 December 2018: $8.5m). At 30 June 2019 the balance owed to directors was nil (year ended 31 December 2018: nil).

National Cine Media (NCM) is a joint venture set up between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and NCM. The revenue receivable from NCM during the period to 30 June 2019 was $9.2m (year ended 31 December 2018: $80.1m). As at 30 June 2019 $5.1m was due to NCM in respect of trade payables (year ended 31 December 2018: $1.3m) and $3.0m was due from NCM in respect of trade receivables (year ended 31 December 2018; $2.7m).

Fathom AC JV is a joint venture between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and NCM. There were no transactions during the period. As at 30 June 2019 $1.3m was due to Fathom AC in respect of trade payables (year ended 31 December 2018; $3.0m).

Digital Cinema Distribution Coalition (DCDC) is also a Group joint venture. No transactions occurred during the period with this related parties. There were no amounts owing from or owing to these related parties at 30 June 2018.

At the period end, the Group holds a minority interest in iPic Entertainment LLC, Atom Tickets LL and Spyglass Media Group, LLC. At 30 June 2019 $2.2m was due from Atom in respect of trade receivables (year ended 31 December 2018: $5.5m). There were no transactions with iPic Entertainment LLC and Spyglass Media Group, LLC during the period.

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 2019 was $10.9m (year ended 31 December 2018: $25.2m) and as at 30 June 2019 $2.8m was due from DCM in respect of trade receivables (year ended 31 December 2018: $3.3m). In addition the Group has a working capital loan outstanding from DCM of $0.6m (year ended 31 December 2018: $0.6m).

During the period the Group incurred property charges of $1.9m (period ended 30 June 2018: $5.8m; 31 December 2018: $9.6m) and had amounts receivable of $nil (year ended 31 December 2018: $nil) from companies under the ownership of Global City Theatres B.V. (“GCT”), 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

Report on the interim financial statements

Our conclusion

We have reviewed Cineworld Group plc's interim results (the "interim financial statements") in the half-yearly financial report of Cineworld Group plc for the 6 month period ended 30 June 2019. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated Balance Sheet as at 30 June 2019;
- the condensed consolidated statement of profit and loss and other comprehensive income for the period then ended;
- the condensed consolidated statement of cash flows for the period then ended;
- the condensed consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half-yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half-yearly financial report, including the interim financial statements, 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 Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

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 United Kingdom. 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.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) 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. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
8 August 2019

Risk and Uncertainties

The principal risks and uncertainties which could have a material impact on the Group's performance in the remaining six months of 2019 are largely the same as those described in detail pages 22-27 of the Group's Annual Report for 2018, a copy of which is available from the Group's website www.cineworldplc.com.

These include:

Risk	Description
1. Technology and Data Control	A critical system interruption or major IT security breach encountered
2. Availability and Performance of Film Content	Lack of access to high quality, diverse and well publicised movie product
3. Provision of next Generation Cinemas	Maintaining/refurbishing existing sites and/or developing new sites fails to provide a circuit of next generation cinemas.
4. Viewer Experience and Competition	The quality of products and services offered fails to meet the needs of the customer and deliver an enhanced viewer experience
5. Revenue from Retail/Concession Offerings	Delivery of a retail/concession offering that does not meet the requirements and preferences of our customers
6. Cinema operations	Failure to maintain and operate well run and cost effective cinemas
7. Regulatory Breach	A major statutory, regulatory or contractual compliance breach
8. Strategy and Performance	The approach to setting, communicating, monitoring and executing a clear strategy fails to deliver long-term objectives
9. Retention and Attraction	Failure to attract and retain Senior Management and/or other key personnel
10. Governance and Internal Control	A critical internal control and/ or governance failing occurs
11. Major incident	Inability to respond to a major incident
12. Integration with Regal	Failure to deliver expected benefits from the Regal acquisition and/or integrate the business into the Cineworld Group effectively
13. Treasury Management	Ineffective treasury management slows down our ability to service our debt obligations and deliver against our planned strategic initiatives (e.g. refurbishment programmes)

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 Director	Nisan Cohen Director

8 August 2019

Shareholder Information

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