

11 March 2010

Embargoed for 7am release

## CINEWORLD GROUP plc

Cineworld Group plc ("Cineworld" or "the Group") is pleased to announce its results for the 53 weeks ended 31 December 2009.

### HIGHLIGHTS

#### Financial

- Group revenue up 11.5% to £333.4m, up 9.4% on a pro-rated 52 week basis (2008: £298.9m);
- EBITDA<sup>1</sup> up 5.1% to £55.7m (2008: £53.0m);
- Operating profit increased to £39.6m (2008: £38.3m);
- Profit on ordinary activities before tax up 11.6% to £30.8m (2008: £27.6m)
- Cash generated from operations increased to £54.6m (2008: £48.4m);
- Net debt reduced to £104.3m (2008: £117.4m);
- Reported EPS<sup>2</sup>: 14.4p (2008: 14.3p); Adjusted pro-forma EPS 16.2p (based on 52 week adjusted pro-forma earnings) (2008: 14.6p);
- Proposed final dividend of 6.8p per share increases proposed full year dividend to 10.0p per share (2008: 9.5p per share).

#### Operational

- Box office up 16.9% at £230.9m, up 14.7% on a pro-rated 52 week basis (2008: £197.5m);
- Admissions increased by 8.9% to 49.1m, 6.9% on a pro-rated 52 week basis (2008: 45.1m);
- Average ticket price per admission up 7.5% to £4.71 (2008: £4.38);
- Average retail spend per person held firm at £1.72 (2008: £1.71);
- Market share at 23.9% (2008: 23.3%) (source: EDI Neilsen);
- New cinema openings at Aberdeen (10 screens) and Witney (5 screens);
- Digital Cinema Media ("DCM") had a challenging year, in line with the wider advertising industry;

Commenting on these results, Stephen Wiener, Chief Executive Officer of Cineworld Group plc, said:

"Cineworld has delivered an outstanding set of financial results this year. Going to the cinema remains not only one of the most enjoyable forms of entertainment in the UK, but also one of the best value. The excellent film slate in 2009, combined with our early investment in 3D, has contributed to an increase in our box office market share, enabling us to grow adjusted EPS by 11% and propose the first full year increase in our dividend since IPO.

The New Year has started well for the Group with some carryover of the record breaking 3D film "Avatar" and we feel well positioned to take advantage of business opportunities which may arise in the future. With an exciting film release schedule in 2010, we are confident of the prospects for the business in the forthcoming year."

#### Enquiries:

Cineworld Group plc  
Stephen Wiener  
Chief Executive Officer

Power Road Studios  
114 Power Road  
London W4 5PY  
+ 44 (0) 208 987 5000

M Communications  
Georgina Briscoe

1 Ropemaker St  
London, EC2Y 9AW  
+44 (0) 207 920 2348  
[Briscoe@MComGroup.com](mailto:Briscoe@MComGroup.com)

Richard Jones  
Chief Financial 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 Company undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

<sup>1</sup> EBITDA is defined as per the financial performance section of the Chief Executive and Chief Financial Officers' review

<sup>2</sup> See note 3 for calculation

## **Chairman's Statement**

I am pleased to report that Cineworld has delivered another successful year with strong growth in revenue and profitability and an increase in box office market share, even though 2009 was an extremely challenging year from an economic point of view. The strong performance in 2009 confirmed the robust cash generative nature of our business, resulted in record figures and is enabling us to propose an increased dividend.

Total Revenues increased by 11.5% to £333.4m and Adjusted pro-forma Earnings Per Share grew to 16.2p, an increase of 11.0% compared to the previous year. As our Balance Sheet is strong and with borrowings under control, the Board is pleased to be proposing an increase in the full year dividend to a record 10.0p per share (2008: 9.5p).

2009 was also an important year for the cinema industry in the UK which saw a major step forward in the use of digital media, evidenced by the well publicised success of 3D films. Current 3D technology, which has advanced immeasurably since the much derided technology of past, was quickly accepted by cinema goers and, I believe, has ushered in a new era for the cinema industry. Thirteen 3D films were released in 2009, compared to only 4 in 2008 and the expectation is that there will be at least eighteen 3D films in 2010. Underpinning this trend is the fact that "Avatar" has become the most successful film at the box office in the history of cinema.

The success of 3D during the year was enabled by the major conversion to digital projection within the industry. Here, Cineworld has led the way, investing in digital equipment in the early part of the year. Digital projection has also facilitated the screening of alternative content such as opera and live theatre productions. Our other key area of expansion was the opening, in the latter part of 2009, of a 10-screen cinema in Aberdeen and a five screen cinema, in Witney, both with digital projection facilities in all auditoria. At the end of the year we operated 77 cinemas with a total of 790 screens.

The continued downturn in the wider advertising market has been well publicised, but it was nevertheless disappointing to report a significant fall in screen advertising revenues. We remain optimistic about the longer term prospects for screen advertising, in light of the opportunities afforded by our digital expansion and also from the advertising industry as a whole once demand picks up.

Lawrence Guffey retired from the Board in November 2009, having served as a non-executive director since December 2004 and as Deputy Chairman since April 2007. I would like to take this opportunity to thank him for his valuable contribution to the business, and to welcome Alan Roux (who was previously Lawrence Guffey's alternate director) to the Board. Cineworld's people are at the heart of our business and on behalf of the Board I would like to thank all our management and our employees for their achievements, hard work and commitment to the Company.

There is general consensus that the economic, financial and competitive environment will again be challenging during the year ahead. Nevertheless thanks to the strength of our business which we have built over the last 15 years and the continued hard work of our management and employees, we continue to look forward to the future with confidence.

**Anthony Bloom**

**Chairman**

**2010**

## Chief Executive and Chief Financial Officers' Review

### Performance Overview

Cineworld delivered a strong financial performance for the year.

	53 week period ended 31 December 2009	Pro rated 52 week period ended 31 December 2009	52 week period ended 25 December 2008
	Total	Total	Total
Admissions	49.1m	48.2m	45.1m
	£m	£m	£m
Box office	230.9	226.5	197.5
Retail	84.4	82.8	77.0
Other	18.1	17.8	24.4
Total revenue	<b>333.4</b>	<b>327.1</b>	<b>298.9</b>

In the 53 week financial year box office revenue increased 16.9% to £230.9m (2008: £197.5m) or 14.7% on a 52 week basis, representing a box office market share of 23.9% (2008: 23.3%). The Group's admissions increased by an impressive 4.0m on the prior year (8.9% on a reported basis or 6.9% on a 52 week basis). Average ticket price per admission increased by 7.5% to £4.71 (2008: £4.38) largely reflecting an improved mix and the higher ticket prices charged on 3D films. Retail spend per person held firm at £1.72 (2008: £1.71).

Cineworld's success in 2009 was underpinned by the excellent film slate as well as the successful introduction of 3D films. Overall prices were higher, reflected by the higher box office revenues, due to modest general price increases and also the benefit of the price uplift from 3D admissions. Approximately 12.0% of market box office was from 3D for the full year, up from approximately 10.0% in 2008.

### Box Office

A combination of strong price and admissions growth in the year enabled Cineworld's box office to increase 16.9% to £230.9m (2008: £197.5m) and achieve a box office market share of 23.9% (2008: 23.3%). On a 52 week prorated basis for 2009, box office increased by 14.7%. By this measure, Cineworld is the number 2 cinema operator in the UK/Ireland, according to EDI Neilson ("EDI" an organisation which collects, reports and analyses information on the UK and Irish cinema industry). Admissions of 49.1m gave Cineworld a UK market share in admissions of 26.8% (up from 26.5% in 2008), making us the leading operator in the UK and Irish market on this basis (source: EDI). Average ticket price per admission increased 7.5% to £4.71 (2008: £4.38). The increase was partly aided by the premium pricing on 3D performances and by a larger adult audience mix during the year. The average ticket price excluding VAT of 3D was almost £5.90 compared to 2D of almost £4.54. Cineworld nevertheless continues to offer its customers compelling value with the lowest average ticket price of any of the major UK cinema groups.

There were strong performances in the year from a number of core blockbusters which included "Harry Potter and the Half Blood Prince", "Transformers: Revenge of the Fallen", "The Hangover", Twilight Saga: New Moon" and "Star Trek". All these films performed in line with industry expectations. The 2009 film highlight of the year was "Slumdog Millionaire", a relatively unknown film released in the UK at the beginning of the year, quickly catching the attention of the film industry and cinema going public and receiving much critical acclaim. It exceeded expectations by grossing over £30m in national box office and collected eight Oscar awards.

The year also saw 13 major films released in 3D, the most notable being "Avatar", the highest grossing film of all time with strong support from "Bolt", "Monsters Versus Aliens", "Ice Age 3", "UP" and "Christmas Carol in 3D". Overall Cineworld achieved a market share of 35% in 3D films. The success of these films has helped to raise the profile of this format, which in turn has supported cinema admissions and increased box office revenues. It is particularly pleasing to see the establishment of the 3D format in mainstream cinema entertainment and, given our strong position in the provision of digital facilities, enables us to give further choice to our customers.

In line with our strategy we have continued to offer customers the broadest range of films on the market. There were a number of small and mid range films which performed well during the year including “District 9”, “Paranormal Activity” and “The Time Traveller’s Wife” where we achieved higher individual market shares than our competitors. Whilst we remain the biggest exhibitor of Bollywood films in the UK with a 62% share of the UK market, the supply of product during the first half of 2009 was disrupted due to the Bollywood strike which resulted in our box office for Bollywood product falling 8% against 2008. We remain the only major chain to screen Tamil language films. In addition, we showcased a series of other successful foreign language films such as “Coco before Chanel” and “Let the Right One In” which contributed favourably to our full year results.

We made steady progress during the year in developing our alternative content offering and played a series of operas transmitted live via satellite from the New York Metropolitan Opera, opera and ballet from The Royal Opera House and theatre productions from the National Theatre. Since the year end we have also successfully screened international rugby in 3D, further widening the choice which we are able to offer our customers.

## **Retail**

Despite the tough consumer environment, retail spend per person has held firm in 2009 at £1.72 (2008: £1.71). This is a reflection of the competitive offers and strength of our promotions. As expected, our customers have become more value conscious given the tough economic backdrop, and we have responded with a number of value initiatives which have been successful.

During 2009 we refreshed and replaced a number of ice cream and general retail areas, adding 13 new Ben & Jerry’s scoop shops and refurbished a number of other retail stands. We are also pleased to report that we have renewed long-term arrangements with Coca Cola and Candyking, continuing our partnership with these recognised brands, which will help to maintain the value of our overall offer.

We also began targeting retail promotions at specific customer groups who typically spend less on retail products. Amongst the more successful initiatives were the high value “Buy One Get One Free” Coke promotion for Orange Wednesday customers and the high value Combo packages for our Unlimited customers. The results from these and other initiatives will be used to develop our offers further during 2010.

As reported at the last set of results, we have seen increased costs on key commodities but the business has a number of long-term fixed price agreements in place which have afforded us a degree of protection. We have also continued to develop new social and environmental initiatives and have reduced the paper used in the production of our popcorn bags as well as sourcing healthier cooking oil.

## **Advertising**

Digital Cinema Media Limited (“DCM”), our joint venture screen advertising business formed in July 2008, had a challenging year in line with the rest of the advertising industry. Screen advertising revenues fell 38.8% against the previous year which had benefitted from two months’ worth of revenue from the old Carlton Screen Advertising minimum guarantee, representing an additional £1.0m of revenue.

DCM’s primary function is to sell advertising time on cinema screens on behalf of Cineworld and its other clients. It also engages in related promotional work between advertisers and cinemas. The fall in revenues generated for Cineworld against the previous year largely reflected the state of the wider advertising industry with reduced levels of demand.

A new management team at DCM, formed during the end of 2008 and early 2009, has been driving operational efficiencies and effectiveness so that the business is well positioned to capitalise on the increased flexibility offered to advertisers via the digital format as well as any improvements to the overall advertising market. Cineworld believes that DCM remains an exciting prospect for us to drive future growth in revenue and profitability.

## **Investment in Digital**

At the end of December 2009, Cineworld had one of the largest digital estates of any cinema operator in the UK. Digital projection is an important part of our strategy which enables the screening of films (2D and 3D) and other content using digital media. During the first quarter of 2009 the Group installed a further 74 digital projectors, thereby consolidating its leading position in digital. A number of existing digital projectors were also redeployed to larger auditoria to satisfy customer demand while also maximising the financial benefits from

screening 3D films. Cineworld is currently installing a further 102 digital screens bringing the total number of digital screens in the estate to 265.

The film industry thrives on technological advances and the swift adoption of 3D, with thirteen 3D films shown in 2009 and at least eighteen scheduled for 2010, means the industry appears set to enjoy further growth from 3D and digital content in 2010 and beyond, with Cineworld well placed to capitalise on this trend.

### **Unlimited Card Programme**

Our unique subscription service, Unlimited, offers a competitive value proposition to our customers. The service offers customers the opportunity to pay a fixed monthly (or annual) subscription which enables them to watch standard films at our cinemas as many times as they wish. Cineworld prides itself on being the only cinema operator in the UK and Ireland to offer this service which currently has approximately 240,000 subscribers. The service is one of the pillars which underpin our strategy of growing other revenues and admissions. It brings to the Group the financial benefits of regular subscription income and reduces the level of fluctuations in our revenues. It also brings operational benefits by encouraging repeat visits, often at off peak times. This in turn, enables us to improve capacity utilisation at our cinemas, provide more retail opportunities and introduce a wider range of films than our competitors. As a result, we have delivered significant growth in market share amongst the smaller, less mainstream films in 2009.

### **Initiatives and Developments**

The investment made in our consumer website in late 2008 has generated on-line sales up 13% on the previous year and recorded over 48m visits in 2009. We also launched a mobile enabled web booking service in the year to capitalise on increased use of handheld devices by our customers and their preference to book via the web rather than by telephone.

Progress continued to be made in growing the 'My Cineworld' membership on our consumer website which stood at 200,000 at the end of the year, a 100% increase over the year. This is an important tool for us in engaging with our customers and in understanding how we can improve our offer to them, thereby improving customer retention and increasing visits to our cinemas. Our partnership with Tesco continues to flourish and over 200,000 admissions in 2009 were achieved through their Clubcard programme. Tesco has also invested in TV advertising to promote the ticket offer, raising Cineworld's brand profile. Our new gift card proposition was rolled out in the year and is being sold at many well known retail outlets. It replaces our existing paper based gift vouchers and will improve operational efficiencies on redemption at the tills as well as facilitate payment for our customers. Since the year end we have expanded our marketing team to increase focus on digital related opportunities in screenings of alternative content as well as opportunities in the Business 2 Business sector.

### **Our People**

Attracting, developing and retaining talented staff is important for our business. It is vital for our continued success that we encourage our employees' personal development and career progression. A new performance management framework was implemented during the year. It involved all senior and line managers with the aim of providing meaningful employees' objective setting and structured performance reviews. By using this framework we aim to increase further the high proportion of management and supervisory positions which are held by internally promoted employees, thereby bringing operational and financial benefits to the Group. As part of the drive to increase the efficiency and effectiveness of staff recruitment a new recruitment website was launched in the year. It provides cinema managers with a tool to select candidates efficiently and then to process the selections quickly and effectively.

### **New Openings**

In line with our strategy for growing our estate we successfully opened a 10 screen cinema in Aberdeen and a five screen cinema in Witney in October 2009, both with full digital projection facilities. Looking further ahead to 2010 and beyond, our cinema opening programme is likely to be impacted by the availability of finance for developers and therefore uncertainty over the timing of projects. Nevertheless, our national expansion remains a key strategic priority for the Group over the medium term as we seek to deliver growth for our shareholders and we continue to pursue such opportunities.

## **Key Trends and Factors Potentially Affecting the Future**

The future success of the Group in 2010 will remain principally dependent on the strength of the film releases during the year. Sequels and franchises will continue to contribute a significant number of the higher profile blockbuster films. Many such films outperform the original film or concept, so the film studios will continue to look to capitalise on proven successful formulae. The overall film release programme for 2010 is known and there is a strong line up of potential blockbuster films which include a range of sequels and new films.

The enormous success of "Avatar" has further elevated the profile of 3D films and has given the 3D format and digital technology greater impetus. More films are planned for release in 3D together with conversion of older films to 3D. To date most 3D films have tended to be of the animated, computer generated imagery variety though as 3D technology and film making and production improve, we expect to see more live films in 3D. In addition we have already successfully started to screen certain high profile rugby events in 3D in the early part of 2010 and would anticipate further opportunities to show similar alternative content.

The major product for the cinema industry will remain 2D films, though 3D and other content will continue to gain in popularity as more content is provided digitally. Our plans for digital mirror these trends and we will continue to convert our existing estate to digital.

As previously reported we enjoyed more mid week business in 2009, particularly in conjunction with our 'Bargain Tuesdays' and 'Orange Wednesdays' promotions. The two days combined now contribute over 27% of weekly admissions for the year, up from a little over 25.5% for 2008 and demonstrates that customers have been seeking greater value in the current economic climate.

An improving economy will be good all round for the business and aid the recovery of the advertising market and of our screen advertising revenues in particular. However, plans for new cinemas will remain less certain until finance for developers becomes more available. We will continue to identify and sign agreements with developers for new cinemas in anticipation of when the fiscal situation eases.

Cineworld will continue to offer a highly compelling choice within the wider range of entertainment and leisure activities. Going to the cinema will remain one of the best value forms of popular entertainment and will continue to attract audiences because of the film product and the immersive viewing experience that cannot be matched by any other media.

## Financial Performance

	53 week period ended 31 December 2009	Pro rated 52 week period ended 31 December 2009	52 week period ended 25 December 2008
	Total	Total	Total
Admissions	49.1m	48.2m	45.1m
	£m	£m	£m
Box office	230.9	226.5	197.5
Retail	84.4	82.8	77.0
Other	18.1	17.8	24.4
Total revenue	333.4	327.1	298.9
EBITDA*	55.7	54.6	53.0
Operating profit	39.6	38.9	38.1
Financial income	1.2	1.2	1.9
Financial expenses	(9.9)	(9.7)	(12.5)
Net financing costs	(8.7)	(8.5)	(10.6)
Share of profit from joint venture	(0.1)	(0.1)	0.1
Profit on ordinary activities before tax	30.8	30.3	27.6
Tax on profit on ordinary activities	(10.4)	(10.2)	(7.4)
Profit for the period attributable to equity holders of the Company	20.4	20.1	20.2

\*EBITDA is defined as operating profit before depreciation and amortisation, onerous lease and other non-recurring and non-cash property charges, transaction and reorganisation costs.

## Revenues

Total revenue for 2009 was £333.4m, a rise of 11.5% on the prior period (2008: £298.9m) or a 9.4% rise on a pro rated 52 week basis.

As a result of strong film product and maintenance of our market share, we have enjoyed very buoyant trade during the year and box office was 16.9% higher at £230.9m (2008: £197.5m). On a pro rated 52 week basis for 2009, box office was 14.7% higher than 2008 on 6.9% more admissions.

Retail sales for the year were up 9.6% at £84.4m (2008: £77.0m) or 7.5% higher on a pro rated 52 week basis. The percentage increase is less than that of box office and is reflective of the challenging consumer environment.

Other revenues were down 25.8% to £18.1m (2008: £24.4m). Excluding the additional week in 2009 the adverse variance increases to 27.0%. Income from non screen advertising such as ticket bookings, theatre hires, sponsorships and games were up 20.0% against the previous year but their performance was overshadowed by a 38.8% fall during the year in screen advertising revenue. The previous year also benefitted from two months' worth of revenue from the old Carlton Screen Advertising minimum guarantee being an additional £1.0m of revenue.

## **EBITDA\* and Operating Profit**

EBITDA was up 5.1% at £55.7m against the 2008 figure of £53.0m and was achieved through better spend levels and cost margins and continued management of operating costs. These were partly offset by increased energy costs during the year and the shortfall in screen advertising revenue. The EBITDA margin was adversely impacted by the change in the sales mix from reduced screen advertising revenue, nearly all of which feeds directly into EBITDA. Operating profit increased to £39.6m (2008: £38.1m). The estimated contribution to EBITDA from the additional week in 2009 is approximately £1.1m and approximately £0.6m to operating profit.

## **Earnings**

Overall profit on ordinary activities before tax was £30.8m compared with £27.6m in 2008. Basic earnings per share amounted to 14.4p and adjusted pro-forma earnings per share were 16.2p (using a normalised tax rate of 28.0%). This compares favourably with the 2008 adjusted pro-forma earnings per share of 14.6p. The weighted average number of shares during 2009 was 141.7m and no shares were issued during the period.

## **Finance Costs**

The falls in interest rates during the later part of 2008 benefited the Group during 2009 and the early part of 2010. The interest expense in the year relates primarily to interest on bank debt. The majority of the remaining interest charge is non-cash interest on onerous leases, the pension scheme and the finance lease.

## **Taxation**

The overall tax charge was £10.4m giving an overall effective tax rate of 33.8% for the year (2008: 26.8%). The corporation tax charge consisted of the charge in respect of the current year of £7.1m and a charge of £1.7m relating to prior years. The balance of the tax charge of £1.6m resulted from the utilisation of a deferred tax asset principally relating to capital allowances (the difference between the tax written down value of the capital allowance and the net book value of the underlying assets).

## **Cash Flow and Balance Sheet**

The Group continued to be strongly cash generative at the operating level during the year. Total cash generated from operations increased to £54.6m (2008: £48.4m). This reflects the healthy conversion rate of our profits into cash flow that is the nature of our business. There was a working capital cash inflow for the year arising from an increase in the level of creditors at the end of December, which reflects the higher level of trade during the Christmas period. The high level of internally generated cash has funded our entire capital expenditure whilst repaying debt of £9m and paying dividends of £13.5m. Furthermore the Group enjoys the security of a revolving credit facility of up to £30.0m (undrawn at the end of the year) as part of the overall bank facility which further enhances the Group's overall liquidity.

Net cash spent on capital for the year of £15.6m consisted of gross expenditure of £18.3m against which contributions of £2.7m were received from the Landlords. Of the gross amount, £4.4m related to new digital projectors and £6.5m represented equipment replacement, site refurbishments and expenditure on various initiatives such as website enhancements, upgrading of automated ticket sales points. The balance of capital expenditure of £7.4m related to the cost of opening the new 10-screen cinema at Aberdeen and the new five-screen cinema at Witney. The contributions received from the Landlords have been treated as reverse premiums and will be amortised to the profit and loss account over the terms of the respective leases.

Net debt at the end of December 2009 fell to £104.3m (2008: £117.4m), due to the repayment of £9m of the bank loan and the maintenance of a healthy cash balance. Net debt included a £3.9m liability valuation of the interest rate swap hedge on the bank loan (2008: £4.2m liability). The liability position arose because the fixed rate of interest payable on the swap was higher than the three month LIBOR rate receivable on the hedged portion of the loan for the remainder of its term.

Like the previous year, the Group remained well within its banking covenants and continued to achieve the financial targets which enabled it to benefit from a low margin on its bank debt of 0.95% above three month LIBOR. By reducing net debt and improving EBITDA during the year ahead, the Group will increase scope to reduce the margin on its bank debt further to 0.7% above three month LIBOR.



## **Dividends**

The Board continues to apply a dividend policy reflecting the long-term earnings and cash flow potential of Cineworld. In line with the above policy, the Directors are recommending to shareholders for approval a final dividend in respect of the year ended 31 December 2009 of 6.8p per share, which taken together with the interim dividend of 3.2p per share paid in October 2009, gives a total dividend in respect of 2009 of 10.0p per share, a 0.5p increase from the level in 2008. Subject to shareholder approval, the final dividend will be paid on 7 July 2010 to shareholders on the register on 11 June 2010. Going forward, subject to business performance and the Group's investment requirements, in accordance with our desire to provide shareholders with an attractive level of cash distribution, the Board expects to increase the dividend taking account growth in adjusted pro-forma earnings per share and our existing target payout ratio of 60% of underlying net income.

## **Current Trading and Looking Ahead**

2010 has started well in view of the adverse weather conditions across the UK in January. We have enjoyed some carry over of business from the Christmas blockbuster films, in particular "Avatar" which has exceeded industry expectations to become the biggest film of all time (in world box office terms), overtaking Titanic.

However, we are not complacent and will continue to work hard to improve our competitive position across the United Kingdom. We remain committed to offering our customers the broadest range of films in the most modern and comfortable of cinema multiplexes. We constantly seek to update and invest in our customer offer with a clear focus on achieving operational and financial targets.

Given the sound financial standing of the Group, we feel well positioned to take advantage of business opportunities which may arise in the future. With an exciting film release schedule in 2010, we are confident of the prospects for the business in the forthcoming year

**Stephen Wiener**  
**Chief Executive Officer**

**Richard Jones**  
**Chief Financial Officer**

**11 March 2010**

**Consolidated statement of comprehensive income**  
for the period ended 31 December 2009

	Note	53 week period ended 31 December 2009 £m	52 week period ended 25 December 2008 £m
<b>Revenue</b>		<b>333.4</b>	298.9
Cost of sales		<b>(253.8)</b>	(224.6)
<b>Gross profit</b>		<b>79.6</b>	74.3
Other operating income		<b>0.7</b>	0.6
Administrative expenses		<b>(40.7)</b>	(36.8)
<b>Operating profit</b>		<b>39.6</b>	38.1
Analysed between:			
Operating profit before depreciation and amortisation, onerous lease and other non-recurring or non-cash property charges, transaction and reorganisation costs		<b>55.7</b>	53.0
- Depreciation and amortisation		<b>(15.3)</b>	(14.0)
- Onerous leases and other non-recurring or non-cash property charges		<b>(0.4)</b>	(1.1)
- Transaction and reorganisation costs		<b>(0.4)</b>	0.2
Finance income	4	<b>1.2</b>	1.9
Finance expenses	4	<b>(9.9)</b>	(12.5)
<b>Net finance costs</b>		<b>(8.7)</b>	(10.6)
Share of (loss)/profit of jointly controlled entities using equity accounting method, net of tax		<b>(0.1)</b>	0.1
<b>Profit on ordinary activities before tax</b>		<b>30.8</b>	27.6
Tax charge on profit on ordinary activities	5	<b>(10.4)</b>	(7.4)
<b>Profit for the period attributable to equity holders of the Company</b>		<b>20.4</b>	20.2
<b>Other comprehensive income</b>			
Movement in fair value of cash flow hedge		<b>0.3</b>	(4.0)
Foreign exchange translation (loss)/gain		<b>(0.5)</b>	1.7
Actuarial gains/(losses) on defined benefit pension schemes		<b>0.8</b>	(1.5)
Income tax on other comprehensive income		<b>(0.3)</b>	1
<b>Other comprehensive income for the period, net of income tax</b>		<b>0.3</b>	(2.3)
<b>Total comprehensive income for the period attributable to equity holders of the company</b>		<b>20.7</b>	17.9
Basic and diluted earnings per share	3	<b>14.4p</b>	14.3p

**Consolidated statement of financial position**  
at 31 December 2009

	Note	31 December 2009		25 December 2008	
		£	£m	£m	£m
<b>Non current assets</b>					
Property, plant and equipment			114.6		112
Goodwill			216.1		216
Intangible assets			0.6		0
Investments in equity-accounted investee			0.9		1
Other receivables			1.4		0
Deferred tax assets			16.6		18
			<hr/>		<hr/>
<b>Total non-current assets</b>			<b>350.2</b>		<b>349</b>
<b>Current assets</b>					
Inventories		1.9		1.7	
Trade and other receivables		19.9		21.9	
Cash and cash equivalents		16.9		12.8	
			<hr/>		<hr/>
<b>Total current assets</b>			<b>38.7</b>		<b>36.4</b>
			<hr/>		<hr/>
<b>Total assets</b>			<b>388.9</b>		<b>386.3</b>
<b>Current liabilities</b>					
Interest-bearing loans, borrowings and other financial liabilities	7	(11.9)		(10.6)	
Trade and other payables		(46.5)		(46.4)	
Current taxes payable		(8.9)		(5.3)	
Provisions		(1.2)		(2.1)	
			<hr/>		<hr/>
<b>Total current liabilities</b>			<b>(68.5)</b>		<b>(64.4)</b>
<b>Non-current liabilities</b>					
Interest-bearing loans, borrowings and other financial liabilities	7	(109.3)		(119.6)	
Other payables		(53.5)		(50.5)	
Employee benefits		(0.7)		(2.6)	
Provisions		(10.6)		(10.4)	
Deferred tax liabilities		(1.8)		(1.9)	
			<hr/>		<hr/>
<b>Total non-current liabilities</b>			<b>(175.9)</b>		<b>(185.0)</b>
			<hr/>		<hr/>
<b>Total liabilities</b>			<b>(244.4)</b>		<b>(249.4)</b>
			<hr/>		<hr/>
<b>Net assets</b>			<b>144.5</b>		<b>136.9</b>
			<hr/>		<hr/>
<b>Equity attributable to equity holders of the Company</b>					
Share capital			1.4		1.4
Share premium			171.4		171.4
Translation reserves			1.6		2.1
Hedging reserves			(3.9)		(4.2)
Retained deficit			(26.0)		(33.8)
			<hr/>		<hr/>
<b>Total equity</b>			<b>144.5</b>		<b>136.9</b>
			<hr/>		<hr/>

These financial statements were approved by the Board of Directors on 11 March 2010 and were signed on its behalf by:

**SM Wiener**  
Director

**RD Jones**  
Director

**Consolidated statement of changes in equity**  
*for the period ended 31 December 2009*

	Issued capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained deficit £m	Total £m
<b>Balance at 27 December 2007</b>	<b>1.4</b>	<b>171.4</b>	<b>0.4</b>		<b>(40.0)</b>	<b>132.6</b>
Profit for the period	-	-	-	-	20.2	20.2
<b>Other comprehensive income</b>						
Actuarial loss on defined benefit scheme	-	-	-	-	(1.5)	
Tax recognised on income and expenses recognised directly in equity	-	-	-	-	1.5	1.5
Movement in fair value of cash-flow hedge	-	-	-	-	-	
Retranslation of foreign denominated subsidiaries	-	-	1.7	-		1.7
<b>Contributions by and distributions to owners</b>						
Dividends paid in period	-	-	-	-	(13.7)	(13.7)
Movements due to share-based compensation	-	-	-	-	0.1	0.1
<b>Balance at 25 December 2008</b>	<b>1.4</b>	<b>171.4</b>	<b>2.1</b>	<b>(4.2)</b>	<b>(33.8)</b>	<b>136.9</b>
Profit for the period	-	-	-	-	20.4	20.4
<b>Other comprehensive income</b>						
Movement in fair value of cash-flow hedge	-	-	-	0.3	-	0.3
Retranslation of foreign currency denominated subsidiaries	-	-	(0.5)	-	-	(0.5)
Actuarial gain on defined benefit scheme	-	-	-	-	0.8	0.8
Tax recognised on income and expenses recognised directly in equity	-	-	-	-	(0.3)	(0.3)
<b>Contributions by and distributions to owners</b>						
Dividends paid in period	-	-	-	-	(13.5)	(13.5)
Movements due to share-based compensation	-	-	-	-	0.4	0.4
<b>Balance at 31 December 2009</b>	<b>1.4</b>	<b>171.4</b>	<b>1.6</b>	<b>(3.9)</b>	<b>(26.0)</b>	<b>144.5</b>

**Consolidated statement of cash flows**  
for the period ended 31 December 2009

	Note	53 week period ended 31 December 2009 £m	52 week period ended 25 December 2008 £
<b>Cash flow from operating activities</b>			
Profit for the period		20.4	20.2
<i>Adjustments for:</i>			
Financial income	4	(1.2)	(1.9)
Financial expense	4	9.9	12.5
Taxation	5	10.4	7.4
Share of loss/(profit) of equity-accounted investee		0.1	(0.1)
		<hr/>	<hr/>
<b>Operating profit</b>		<b>39.6</b>	<b>38.1</b>
Depreciation and amortisation		15.3	14.0
Non-cash property charges		0.4	1.1
Surplus of pension contributions over current service cost		(1.6)	(1.6)
Decrease/(increase) in trade and other receivables		1.5	(3.3)
Increase in inventories		(0.2)	0
Increase in trade and other payables		2.1	3.3
Decrease in provisions and employee benefit obligations		(2.5)	(3)
		<hr/>	<hr/>
<b>Cash generated from operations</b>		<b>54.6</b>	<b>48.4</b>
Tax paid		(4.8)	(2)
		<hr/>	<hr/>
<b>Net cash flows from operating activities</b>		<b>49.8</b>	<b>45.6</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Interest received		0.1	0.7
Acquisition of property, plant and equipment		(15.6)	(10)
Investment in jointly controlled entity		-	(0.3)
Loan to jointly controlled entity		-	(0.5)
		<hr/>	<hr/>
<b>Net cash flows from investing activities</b>		<b>(15.5)</b>	<b>(11)</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Dividends paid to shareholders		(13.5)	(13.7)
Interest paid		(7.2)	(9.4)
Repayment of bank loans		(9.0)	(9.0)
Payment of finance lease liabilities		(0.5)	(0.5)
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		<b>(30.2)</b>	<b>(32.6)</b>
		<hr/>	<hr/>
Net increase in cash and cash equivalents		4.1	2.0
Effect of exchange rate fluctuations on cash held		-	0.4
Cash and cash equivalents at start of period		12.8	10.4
		<hr/>	<hr/>
<b>Cash and cash equivalents at end of period</b>		<b>16.9</b>	<b>12.8</b>
		<hr/> <hr/>	<hr/> <hr/>

# Notes to the consolidated financial statements

## 1 Accounting policies

### Basis of preparation

This financial information has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 53 week period ended 31 December 2009, and are not the Company's statutory accounts.

The comparative figures for the 52 week period ended 25 December 2008 are not the Company's statutory accounts for that financial period. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006.

## 2 Operating segments

Determination and presentation of operating segments:

Further to the adoption of IFRS 8, the Group has determined that it has one operating segment and therefore one reportable segment being cinema operations. All the disclosable operating segment information required by IFRS8 can be found in the primary statements.

Revenue by destination and by origin from countries other than the UK in all financial periods was not material. Likewise non-current assets located in other countries other than the UK in all financial periods are not material.

### Entity Wide Disclosures

Revenue by product and service provided:

	<b>53 week period ended 31 December 2009</b>	52 week period ended 25 December 2008
	<b>Total</b>	Total
	<b>£m</b>	£m
Box office	<b>230.9</b>	197.5
Retail	<b>84.4</b>	77.0
Other	<b>18.1</b>	24.4
Total revenue	<b>333.4</b>	298.9

All revenue streams are driven by admissions. The Group's internal management reporting and operations are not separated into these categories.

## Notes to the consolidated financial statements

### 3 Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, after excluding the weighted average number of non-vested ordinary shares held by the employee ownership trust. Adjusted earnings per share is calculated in the same way except that the profit for the period attributable to ordinary shareholders is adjusted by adding back the amortisation of intangible assets, the cost of share-based payments and other one-off income or expense. Adjusted pro-forma earnings per share is calculated by applying a tax charge at the statutory rate, to the adjusted profit.

Diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, after excluding the weighted average number of non-vested ordinary shares held by the employee share ownership trust and after adjusting for the effects of dilutive options, which in 2009 and 2008 was £nil.

	<b>53 week period ended 31 December 2009 £m</b>	52 week period ended 25 December 2008 £m
Earnings attributable to ordinary shareholders	<b>20.4</b>	20.2
Adjustments :		
Amortisation of intangible assets	<b>0.1</b>	0.1
Share based payments	<b>0.4</b>	0.1
Transaction and reorganisation costs	<b>0.4</b>	(0.2)
Impact of straight lining of operating leases	<b>0.9</b>	1.4
	<hr/>	<hr/>
Adjusted earnings	(53 weeks) <b>22.2</b>	(52 weeks) 21.6
Add back tax charge	<b>10.4</b>	7.4
	<hr/>	<hr/>
Adjusted pro-forma profit before tax	(53 weeks) <b>32.6</b>	(52 weeks) 29.0
Less estimated impact of 53 <sup>rd</sup> week in period	<b>(0.6)</b>	-
Less tax at 28 % (2008: 28.5%)	<b>(9.0)</b>	(8.3)
	<hr/>	<hr/>
Adjusted pro-forma profit after tax	(52 weeks) <b>23.0</b>	(52 weeks) 20.7
	<hr/> <hr/>	<hr/> <hr/>
	<b>53 week period ended 31 December 2009 Number of shares (m)</b>	52 week period ended 25 December 2008 Number of shares (m)
Weighted average number of shares in issue	<b>141.7</b>	141.7
Basic and adjusted earnings per share denominator	<b>141.7</b>	141.7
Dilutive options	-	-
	<hr/>	<hr/>
Diluted earnings per share denominator	<b>141.7</b>	141.7
	<hr/>	<hr/>
Shares in issue at period end	<b>141.7</b>	141.7
	<b>Pence</b>	Pence
Basic and diluted earnings per share	(53 weeks) <b>14.4</b>	(52 weeks) 14.3
Adjusted basic and diluted earnings per share	(53 weeks) <b>15.7</b>	(52 weeks) 15.2
Adjusted pro-forma basic and diluted earnings per share	(52 weeks) <b>16.2</b>	(52 weeks) 14.6

## Notes to the consolidated financial statements

### 4 Finance income and expense

	<b>53 week period ended 31 December 2009 £m</b>	52 week period ended 25 December 2008 £m
Interest income	<b>0.2</b>	0.7
Expected return on defined benefit pension plan assets	<b>1.0</b>	1.2
<b>Finance income</b>	<b>1.2</b>	1.9
Interest expense on bank loans and overdrafts	<b>5.3</b>	8.8
Amortisation of financing costs	<b>0.3</b>	0.4
Unwind of discount on onerous lease provision	<b>1.1</b>	0.6
Finance cost for defined benefit pension scheme	<b>1.5</b>	1.5
Interest charge as a result of change in discount rate relating to onerous lease provisions	<b>1.2</b>	-
Other financial costs	<b>0.5</b>	1.2
<b>Finance expense</b>	<b>9.9</b>	12.5
Net finance costs	<b>8.7</b>	10.6

### 5 Taxation

#### Recognised in the income statement

	<b>53 week period ended 31 December 2009 £m</b>	52 week period ended 25 December 2008 £m
<b>Current tax expense</b>		
Current year	<b>7.1</b>	6.4
Adjustments in respect of prior years	<b>1.7</b>	(0.1)
<b>Total current tax expense</b>	<b>8.8</b>	6.3
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	<b>1.6</b>	1.1
<b>Total tax charge in income statement</b>	<b>10.4</b>	7.4



## Notes to the consolidated financial statements

### 6 Dividends

The following dividends were recognised during the period:

	2009 £m	2008 £m
Interim	4.5	4.5
Final (for the preceding period)	9.0	9.2
	<u>13.5</u>	<u>13.7</u>

An interim dividend of 3.2p per share was paid on 2 October 2009 to ordinary shareholders (2008: 3.2p). The Board has proposed a final dividend of 6.8p per share, which will result in total cash payable of £9.6m on 7 July 2010 (2008: final dividend £9.0m). In accordance with IAS10 this had not been recognised as a liability at 31 December 2009.

### 7 Interest-bearing loans and borrowings and other financial liabilities

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

	31 December 2009 £m	25 December 2008 £m
<b>Non-current liabilities</b>		
Interest rate swaps	1.3	2.7
Secured bank loans, less issue costs of debt to be amortised	101.7	110.5
Liabilities under finance leases	6.3	6.4
	<u>109.3</u>	<u>119.6</u>
<b>Current liabilities</b>		
Interest rate swaps	2.6	1.5
Secured bank loans, less issue costs of debt to be amortised	8.7	8.6
Liabilities under finance leases	0.6	0.5
	<u>11.9</u>	<u>10.6</u>

## Notes to the consolidated financial statements

### 8 Analysis of net debt

	Cash at bank and in hand £m	Bank loans £m	Finance leases £m	Interest rate swap £m	Net debt £m
<b>At 27 December 2007</b>	10.4	(127.7)	(6.9)	(0.2)	(124.4)
Cash flows	2.0	9.0	0.5	-	11.5
Non cash movement	-	(0.4)	(0.5)	(4.0)	(4.9)
Effect of movement in foreign exchange rates	0.4	-	-	-	0.4
<b>At 25 December 2008</b>	12.8	(119.1)	(6.9)	(4.2)	(117.4)
Cash flows	4.1	9.0	0.5	-	13.6
Non cash movement	-	(0.3)	(0.5)	0.3	(0.5)
<b>At 31 December 2009</b>	<b>16.9</b>	<b>(110.4)</b>	<b>(6.9)</b>	<b>(3.9)</b>	<b>(104.3)</b>

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

### Directors' responsibility statement

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ended 31 December 2009. Certain parts thereof are not included within this announcement.

We confirm on behalf of the Board that to the best of our knowledge:

1. the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
2. the Chief Executive and Chief Financial Officers' Review together with the Risks and Uncertainties section, which are incorporated in the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Stephen Wiener  
Chief Executive Officer

Richard Jones  
Chief Financial Officer

### Financial information

The financial information in this preliminary announcement represents non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 31 December 2009, upon which an unqualified audit opinion has been given and which did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006, will be sent to the Registrar of Companies following the Company's Annual General Meeting.

### Annual Report and Accounts and Annual General Meeting

The 2009 Annual Report and Accounts and Notice of General Meeting will be posted to shareholders in April and published on the Group's website at [www.cineworldplc.co.uk](http://www.cineworldplc.co.uk).

The Annual General Meeting is to be held on 12 May 2010.