

Cineworld
Group plc



**The best place
to watch a movie**

Annual Report and Accounts
2014

We are a business with a simple philosophy

Our Vision...

To be the best place to watch a movie

Our Strategy is to...

- 1 Deliver a great cinema experience for all cinemagoers, every time**
- 2 Continue to expand our estate and look for profitable opportunities to grow**
- 3 Ensure that we enhance our existing estate so we deliver a consistent level of quality across the Group**
- 4 Be leaders in the industry by offering customers the latest audio and visual technology**
- 5 Drive shareholders value by delivering our growth plans in an efficient and effective way**

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Highlights 2014⁽¹⁾

Group revenue (£m) 53 weeks v 52 weeks (2013)	+52.5%	EBITDA⁽²⁾ (£m) 53 weeks v 52 weeks (2013)	+75.1%	Dividend per share⁽³⁾ (p) 53 weeks v 52 weeks (2013)	+33.7%
	619.4		126.6		13.5
	406.1		72.3		10.1
Profit before tax (£m) 53 weeks v 52 weeks (2013)	+117.8%	Profit after tax (£m) 53 weeks v 52 weeks (2013)	+159.5%	Diluted EPS (p) 53 weeks v 52 weeks (2013)	+58.7%
	67.3		54.5		21.9
	30.9		21.0		13.8
Adjusted profit before tax⁽⁴⁾ (£m) 53 weeks v 52 weeks (2013)	+72.8%	Adjusted profit after tax⁽⁴⁾ (£m) 53 weeks v 52 weeks (2013)	+95.5%	Adjusted diluted EPS⁽⁵⁾ (p) 53 weeks v 52 weeks (2013)	+31.2%
	75.0		61.2		24.4
	43.4		31.3		18.6

Other Key Highlights

- ✎ **Combination with Cinema City Holding B.V. ("Cinema City") completed on 28 February 2014.**
- ✎ **Group revenue growth of 52.2% on a statutory basis and 1.7% on a pro-forma⁽⁶⁾ basis.**
- ✎ **UK & Ireland revenue growth of 1.8% on 52 week v 52 week basis, maintaining market share of 27.1% (2013: 27.0%) (Source: Rentrak).**
- ✎ **CEE⁽⁷⁾ & Israel revenue growth of 1.4% on a pro-forma basis.**
- ✎ **EBITDA growth of 75.1% on a statutory basis and 7.4% on a pro-forma basis.**
- ✎ **Profit before tax of £67.3m is stated after non-recurring costs and amortisation of £7.7m resulting in adjusted profit before tax of £75.0m, growth of 72.8%.**
- ✎ **Profit after tax of £54.5m is stated after tax adjusted non-recurring costs and amortisation of £6.7m resulting in adjusted profit after tax of £61.2m, growth of 95.5%.**
- ✎ **Adjusted diluted EPS⁽⁵⁾ growth of 31.2%.**
- ✎ **Full year dividend increased by 33.7% to 13.5p on a rights adjusted basis⁽³⁾.**
- ✎ **Net cash generated from operating activities of £86.1m, representing growth of 54.9%.**
- ✎ **As reported at the end of H1, annualised synergies from Cinema City combination now expected to be £5m; £2m target already surpassed.**

(1) The statutory results for Cineworld Group plc the "Group" include the results of Cineworld Cinemas and Picturehouse for the 53 week period ended 1 January 2015 and the results of Cinema City for the 44 week period ended 1 January 2015.

(2) EBITDA is defined as operating profit before depreciation and amortisation, impairment charges, onerous lease and other non-recurring charges, transaction and reorganisation costs and refinancing costs.

(3) The 2013 interim dividend per share has been adjusted to take account of the rights issue of 8 for 25 on 14 February 2014. The interim dividend per share for 2013 as previously reported was 4.1p, which resulted in a 2013 total dividend per share of 10.5p (10.1p on a rights adjusted basis).

(4) Adjusted profit before tax is calculated by adding back amortisation of intangible assets (excluding acquired movie distribution rights) and other one-off income or expense totalling £7.7m. Adjusted profit after tax is calculated by adding back amortisation of intangible assets (excluding acquired movie distribution rights) and other one-off income or expense totalling £7.7m and adjusting for the tax impact of such items (£1.0m) and the Group's current year effective tax rate (20.3%) (please refer to Note 5 to the financial statements).

(5) The 2014 adjusted diluted earnings per share have been adjusted for the first 48 days of the period to take into account of the rights issue of 8 for 25 shares on 14 February 2014. The 2013 adjusted diluted earnings per share have also been adjusted to take account of the rights issue in order to present a comparator.

(6) Pro-forma results refer to the Group's performance had Cinema City been consolidated for the entirety of the period and have been calculated by reference to the acquired management accounts of Cinema City. For the purposes of percentage movements, the impact of the 53rd week has been eliminated and movements in performance have been calculated on a constant currency basis.

(7) CEE is defined as Central and Eastern Europe and includes Poland, Hungary, Romania, Czech Republic, Bulgaria and Slovakia.

At a Glance

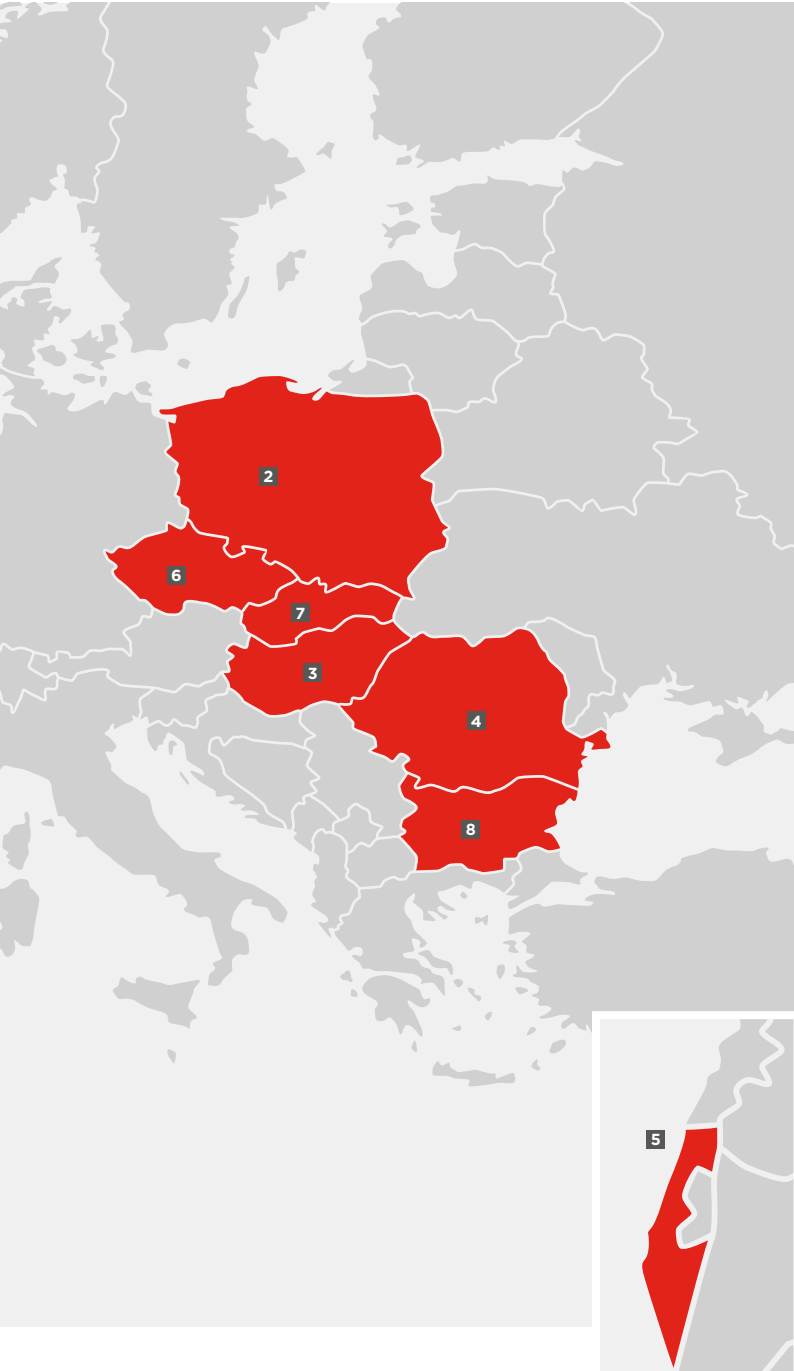
Cineworld operates in nine different countries. We have 203 cinemas with 1,875 screens. We are the second largest cinema business in Europe and the number one or two (by number of screens) in each country of operation.



Brands

Cineworld's four principal brands are:





Theatre Operations UK, Ireland and Central Europe

In 2014, there were over 82 million customer admissions across all our cinemas. We are currently scheduled to open 504 screens over the next three years, 328 in CEE/Israel and 176 in the UK.

	Country	No. of Cinemas	Screens
1	UK & Ireland	102	897
2	Poland	31	339
3	Hungary	20	176
4	Romania	17	154
5	Israel	11	104
6	Czech Republic	13	111
7	Slovakia	3	29
8	Bulgaria	6	65
	Total	203	1,875



Chairman's Statement

The Cineworld Group is now Europe's second largest cinema chain. By the end of the year the Group was operating 1,875 screens in 203 cinemas in nine different countries.

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

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

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

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

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

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

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

Following a diligent search process we have made an offer to Julie Southern to join the Board as a Non-Executive Director, and she will accordingly stand for election at the AGM. If so elected, it is intended that Julie Southern will succeed David Maloney as the Chair of the Audit Committee. Julie has an extensive background both in finance and consumer facing businesses and is well qualified to assume this role, which she also holds at Rentokil-Initial plc.

It is also intended that Martina King, an existing independent Non-Executive Director, will succeed Peter Williams as the Chair of the Remuneration Committee. Martina has a great deal of experience in this area and has sat on the remuneration committees for a number of UK Listed businesses. A further Board appointment is anticipated presently and we will announce the revised composition of the respective Board Committees in due course. I am confident that these appointments will bring significant benefits to the Group and widen the skill set on the Board.

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

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

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

Anthony Bloom
Chairman
12 March 2015

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



Anthony Bloom
Chairman

The best place to watch a movie...

841
SCREENS

83
SITES

cineworld
CINEMAS

Cineworld

Cineworld is the UK's leading cinema chain by Box Office revenues. The cinemas are modern, well designed multiplexes with stadium and allocated seating, situated mostly in leisure and retail parks. Cineworld provides a high level of customer service to a large volume and wide demographic of customers and shows a very broad range of films; it is also unique in offering the highly successful 'Unlimited' card which allows customers access to unlimited films for one monthly subscription. During the year Cineworld opened more IMAX screens as well as introducing a new Superscreen, new seats and a UK first: 4DX.



56
SCREENS

19
SITES



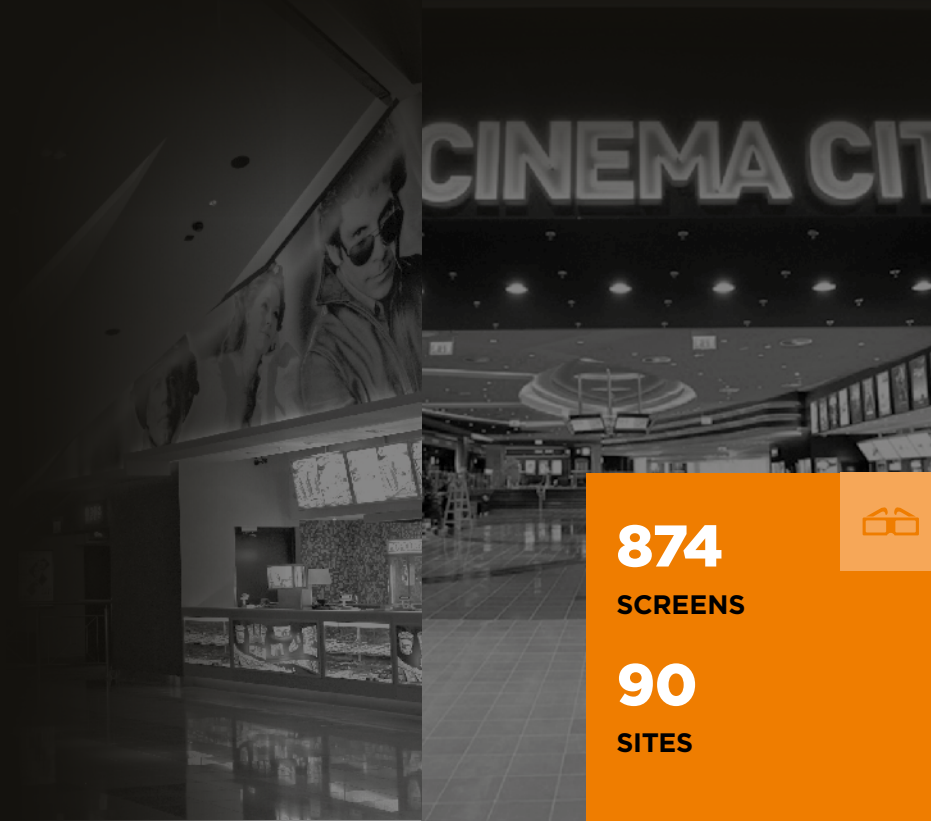
Picturehouse

Picturehouse

Picturehouse provides a unique, local and intimate film viewing experience having created cinemas of high quality and of architectural merit. Picturehouse operates in 12 towns and cities, with seven located in London 'villages', and continues to focus on cinemagoers aged 25 and over, students and those in the more affluent demographics. These audiences are reached by showing a mix of quality blockbusters, alternative content and specialised films. With five screens or fewer, Picturehouse Cinemas create a cosy atmosphere, offering freshly-cooked food, bars and other special events, making the experience a bit different to the big multiplexes.



Central & Eastern Europe and Israel



874

SCREENS

90

SITES


**CINEMA
CITY™**
Cinema City

Cinema City operates in six Central and Eastern European countries and is one of the leading cinema chains in all the markets in which it operates. The cinemas are all modern, well designed multiplexes with four or more screens, have market leading technologies such as IMAX, 4DX and VIP and cater for a high volume of customers. The cinemas tend to have larger foyers than those in the UK, giving an impressive and welcoming feel and its proud local teams provide a great experience to their customers. All cinemas have allocated seating as standard and offer a wide range of popular films, many of which are local to the country in which the cinemas are situated.


104
SCREENS

11
SITES

PLANET

Yes Planet

Yes Planet and Rav-Chen are the two brands the Cineworld Group operates within Israel. Yes Planet is the market leader, offering IMAX, 4DX and VIP screens to its customers. The styles and designs of the cinemas are a mixture of modern, multiplexes and local community cinemas, some of which were the first cinemas to be built in Israel. All cinemas have stadium seating, big screens and the latest digital technology. The cinemas show a range of popular films in comfortable surroundings to a large number of customers.



Market Overview

The Group operates in nine countries and, measured by number of screens, is either the number one or two operator in each.

External Factors

The cinema industry is dependent upon the customer choosing to spend their disposable income on watching a movie. Customer support has been assisted by developments in technology such as digitalisation of cinemas, which have enabled a greater range of films to be offered, as well as streaming of live events such as opera and ballet. Superior experiences offered by technologies such as IMAX and 4DX are also ensuring that watching a movie in the cinema continues to be a unique experience which cannot be replicated at home or on a portable electronic device. Value for money also remains an important factor and cinema has tended to be a less expensive form of entertainment in the wider leisure markets in which the Group competes.

Characteristics of the Cinema Market

The Group operates in nine countries and, as measured by number of screens, is either the number one or two operator in each. The nine countries are a blend of mature and growth markets which provides the Group with both organic and acquisition growth opportunities.

Mature markets tend to be characterised by higher admissions per capita, higher average ticket prices and a much lower population per screen ratio. Mature markets in which the Group operates include UK and Israel. Growth markets have the opposite characteristics and provide great investment potential for the Group. Romania is an example of such a growth market.

Structure of the Market and Competitive Landscape

There are four cinema chains in Europe with over 1,000 screens, representing 20%⁽¹⁾ of the total European market. The rest of the market is represented by smaller multiplex operators, which may only operate in one or two countries, and independent operators which are specific to local markets.

European Cinema Industry⁽¹⁾

Rank	Company	No. of screens
1.	Odeon	2,236
2.	Cineworld Group	1,875
3.	Vue	1,787
4.	Pathé	1,008
5.	Showcase	850
6.	Cinemaximum	589
7.	UGC	488
8.	Yelmo	413
9.	CGR	433
10.	Kinopolis	401

(1) Source: Dodona 2013.

Over recent years key players have invested in growth markets where there is considered to be greater opportunities – for instance Vue, predominately UK based, acquiring Multikino in Poland. However the availability of funds to execute on an aggressive overseas expansion strategy remains a barrier to entry for most.

Market Performance

The industry is dependent on the availability of films for screening and the appeal of such films to the cinema-going public. Box office revenue is driven by admissions and average ticket price. Admissions depend on the number, timing and popularity of films. The average ticket price is driven by film mix, the demographics of admissions and local economic factors such as local levels of disposable income and competition.

Box office performance during the year has been mixed, with no global blockbusters grossing over £1bn. The largest global release during the year was “Transformers: Age of Extinction” which grossed £0.7bn globally. There have been notable performances from a number of popular franchises including the final Hobbit film, “The Hobbit: The Battle of Five Armies” and the third Hunger Games title, “Hunger Games: Mockingjay Part 1”. Hollywood titles, such as these, tend to be popular across all the countries in which the Group operates. However in certain countries, especially Poland and the Czech Republic, local films are also popular and account for a greater percentage of annual admissions.

Future Market Trends

Underpinning the overall success of the cinema industry, regardless of territory, is the need for a strong film slate. There is a promising release programme for 2015 which includes “Fifty Shades of Grey”, “Avengers: The Age of Ultron”, “Star Wars: Episode VII”, “Fast and Furious 7”, the fourth and final Hunger Games title, “Hunger Games: Mockingjay Part 2” and the next Bond film, “Spectre”.

Other Income

Retail and screen advertising revenues are the significant additional sources of income for cinema chains.

Popcorn and soft drinks remain the most popular retail stand items. There is however a growing demand for a wider range of products and the traditional offering is increasingly being supplemented with products such as branded coffee outlets.

Screen advertising revenue varies depending on the type of films screened, the number of minutes and value of advertising sold, the number of attendees who view the film and the placement of advertisements in relation to the start of the film. The lack of blockbuster films created added downwards pressure on screen advertising revenues during the period. However, this was mitigated by the flexibility of digital projection which significantly reduced the lead time between generating content and showing it on screen. The majority of cinema chains in Europe have digital projection and take advantage of this trend.

Certain cinema chains, including Cinema City, may also generate other income by acting as the local country distributor for the main Hollywood studios or by directly acquiring the rights to specific titles and earning royalties from not only cinema exhibition but also Video on Demand, DVDs and TV screenings.

Property Market and Development

The rate of new cinema openings is dependent upon local market conditions. In more mature markets (such as the UK), the rate of new cinema openings has been falling in recent years, partly due to the limited number and associated lead time of new retail and leisure developments. We have seen the converse in developing markets (such as Romania); uncertainty over the development timeframe in developing economies can result in delayed openings, however the number of development opportunities tends to be greater.

Country	Top 3 films	Origin
UK & Ireland	1. The Lego Movie	US
	2. The Hobbit: The Battle of Five Armies	US
	3. Inbetweeners 2	UK
Poland	1. Bogowie	Poland
	2. The Hobbit: The Battle of Five Armies	US
	3. Miasto 44	Poland
Hungary	1. How to Train Your Dragon 2	US
	2. The Hobbit: The Battle of Five Armies	US
	3. Guardians of the Galaxy	US
Romania	1. The Hobbit: The Battle of Five Armies	US
	2. Interstellar	US
	3. 300: Rise of an Empire	US
Israel	1. Zero Motivation	Israel
	2. The Hunger Games: Mockingjay Part 1	US
	3. The Wolf of Wall Street	US
Czech Republic	1. The Hobbit: The Battle of Five Armies	US
	2. Tri Bratři	Czech Republic
	3. How to Train Your Dragon 2	US
Slovakia	1. How to Train Your Dragon 2	US
	2. Rio 2	US
	3. 38	Slovakia
Bulgaria	1. The Hobbit: The Battle of Five Armies	US
	2. Noah	US
	3. Lucy	US

Business Model

Cineworld is an international cinema chain operating in nine countries.

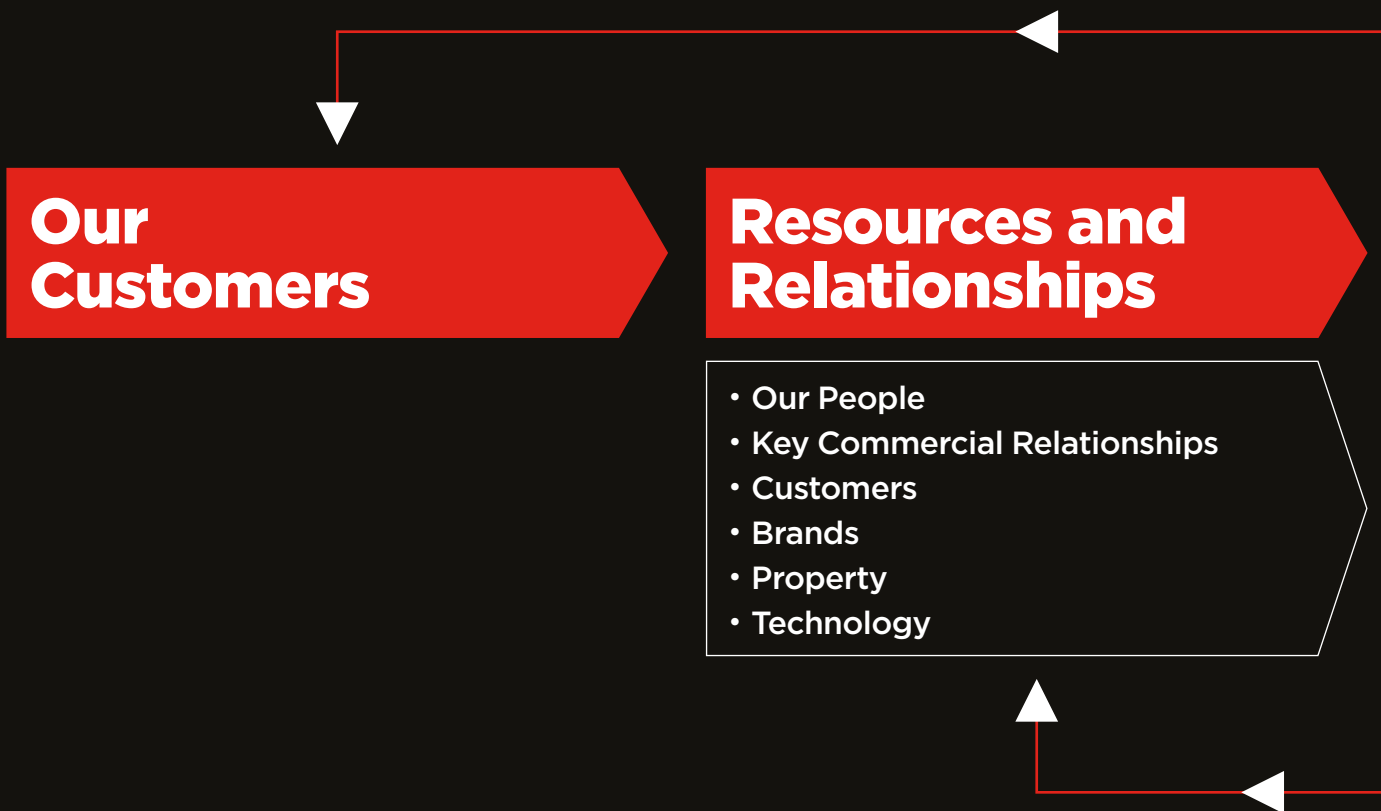
Our primary customers are the cinema-going public who rely on us to provide the best entertainment experience in this field. As a consequence, we provide the films they want to see, when they want to see them, in the most appropriate venues and locations, using the best technology, with the right retail offers and great customer service. Our major sources of revenue are driven by admissions, and our ability to maximise this income is dependent on the quality of the film slate and on the experience we can offer. Our admissions also have a direct effect on our screen advertising revenues, and on our retail sales, primarily of food and drink.

Brand

Our brands are a guarantee to our customers of the experience and service they can expect. We have tightly focused brands in each country in which we operate. Interaction with us on the day is critical, but we have extended the experience by developing unique cinema subscription schemes, such as our “Unlimited” programme, online discounts, and other tailored offers to encourage more and repeated visits. Our brands are also important to our partners, helping in our relationships with the film distributors, retail suppliers and advertisers.

Film

Delivering a high quality film slate is one of the key external drivers of our business. Whilst we do not have control over what is in the marketplace, our close and long-standing relationships with the film distributors are fundamental to providing the best selection for our customers at the right time.



Technology

Investment in technology is central to the viewing experience we offer, but also allows us to be much more flexible in the use of our auditoriums. By having an all-digital enabled estate, we can maximise revenue by scheduling film show times to reflect the commercial performance of each offering in real time. Once again, our brand, scale and experience are attractive to our partners in this area.

Property

Our property estate is deliberately capital light; nearly all of our properties are leased, so that we can deploy capital into enhancing the customer experience and growing the business. Our venues are located to suit our target audiences' preferences, but are an attraction in their own right, driving footfall. As such, we can offer an important proposition for property developers, leading to mutually beneficial leasing agreements.

Our People

Underpinning all of this are our people. They are the external face of our business, and are all responsible for ensuring that our customers enjoy the best possible experience during their visit to our cinemas.

Value

Value is generated by our emphasis on continually attempting to enhance revenue, profit generation and prudent cash management. We share the value we generate through the dividend, by rewarding our employees and by reinvesting in the business to both enhance and expand our offer.

Drives repeat visits

Revenue

- Box Office
- Retail
- Advertising

Value

- Customer Experience
- Motivated Team
- Financial Returns

Shareholder Returns

- Earnings Per Share
- Dividends

Reinvest

Strategy including Key Performance Indicators (“KPIs”)

What we are focused on

What we achieved

1 Delivering a great cinema experience for all cinemagoers, every time.

- We delivered admission growth in five of our nine territories on a pro-forma basis.
- We have worked tirelessly to deliver a great experience to our customers by investing in the training and development of our people.
- We have also continued to refine and develop our retail offerings to provide our customers with the widest possible choice to suit their tastes.

2 Continuing to expand our estate and look for profitable opportunities to grow.

- In the UK, during the year, we opened St Neots (six screens) and Telford (11 screens, one of which is an IMAX).
- In Romania, during the year, we opened Ploiesti (six screens) and Targu Jiu (six screens).
- At the end of the year we had a pipeline of 53 new cinemas (504 screens) signed which are contracted to come on-stream over the next three years.
- When we selected new sites for development we considered location, accessibility, competition and other local economic factors. Wherever possible we aim for a four to five year payback period.

3 Ensuring that we enhance our existing estate so we deliver a consistent level of quality across the Group.

- During the year we commenced the refurbishment of Milton Keynes, which enjoyed its grand reopening in January 2015. The cinema now has a Superscreen, a Starbucks and offers the first 4DX experience in the UK. It has also become a blue-print for future developments.
- We have completed a further seven refurbishments in CEE & Israel: three in Poland, two in the Czech Republic, and one in both Hungary and Israel.

4 Being leaders in the industry by offering our customers the latest audio and visual technology.

- We continued to strengthen our partnership with IMAX by opening five new IMAX screens in existing cinemas and one new IMAX screen in a new site.
- 4DX has been a popular format in CEE & Israel. At the time of the combination with Cinema City, 4DX was operating in five cinemas. Since then, the second 4DX screen in Poland has been installed and, as noted above, the first ever 4DX screen was installed in the UK.

5 Driving shareholder value by delivering our growth plans in an efficient and effective way.

- Despite a relatively difficult year in the industry, in terms of lower admissions and the lack of blockbuster films, the Group as a whole has continued to deliver growth in underlying profitability.
- At the time of the combination with Cinema City we announced potential operating cost synergies of £2.0m which was surpassed during the year and a revised target of £5.0m was set.

(1) 2014 key indicators for the Group include the results of Cineworld Cinemas and Picturehouse for the 53 week period ended 1 January 2015 and the results of Cinema City for the 44 week period ended 1 January 2015.

(2) Pro-forma growth measures reflect the Group's performance had Cinema City been consolidated for the entirety of the period and the impact of the 53rd week eliminated. Where percentage movements are given, these reflect performance on a constant currency basis.

(3) The 2014 adjusted diluted earnings per share have been adjusted for the first 48 days of the period to take into account of the rights issue of 8 for 25 shares on 14 February 2014. The 2013 adjusted diluted earnings per share have also been adjusted to take account of the rights issue in order to present a comparator.

(4) The 2013 interim dividend per share has been adjusted to take account of the rights issue of 8 for 25 shares on 14 February 2014. The interim dividend per share for 2013 as previously reported was 4.1p, which resulted in a 2013 total dividend of 10.5p (10.1p on a rights adjusted basis).

Key indicators⁽¹⁾

82.9m

-0.5%
Decline

Admissions

Admissions of 82.9m, representing a marginal decline of 0.5% on 52 v 52 week pro-forma basis⁽²⁾.

£1.71

+3.6%
Growth

Retail spend per person

Retail spend per person of £1.71 representing an increase of 3.6% on a 52 v 52 week pro-forma basis⁽²⁾.

4 years

Average payback period

Average payback period of sites opening in the last five years: 4 years (2013: 4 years).

£18.7m

Maintenance capital expenditure

Maintenance capital expenditure on existing estate during the year £18.7m (2013: £8.9m).

£7.5m

Revenue enhancing capital expenditure

Revenue enhancing capital expenditure on existing estate during the year £7.5m (2013: £2.4m).

£126.6m

+7.4%
Growth

EBITDA

EBITDA of £126.6m (2013: £72.3m) representing growth of 7.4% on a pro-forma basis⁽²⁾.

24.4p

+31.2%
Growth

Adjusted diluted EPS⁽³⁾

Adjusted diluted EPS⁽³⁾ of 24.4p, representing growth of 31.2% (2013: 18.6p).

13.5p

+33.7%
Growth

Dividend per share⁽⁴⁾

Dividend per share⁽⁴⁾ of 13.5p, representing growth of 33.7% (2013: 10.1p).

Resources and Relationships

Our business model and strategy are underpinned by key resources and relationships.

Customers

Fundamental to our success is the customer. By delivering our vision: “to be the best place to watch a movie”, we ensure that our customers have a positive experience and increase the likelihood of repeat visits. We aim to ensure that we deliver a broad range of films, a high-quality venue and retail offerings to suit our customers’ tastes, all of which contribute to achieving our vision.

We also have initiatives which aim to extend the relationship with the customer beyond a single visit. In the UK we have the “Unlimited” subscription service which is a fixed monthly (or annual) subscription enabling customers to watch as many 2D films as they wish. We also have a number of membership schemes across the UK and other territories which offer discounts and allow us to interact with our customer base more frequently.

Our People

Cineworld’s people are key to ensuring the ongoing success of the business. All our human resource initiatives are aimed at ensuring that Cineworld is a great place to work and, in turn a great place to watch movies. Our approach in the UK is well developed after many years of successful operations and our experience is being applied, as appropriate, across those territories which joined the Group during the year.

Employee engagement remains central to the HR strategy as the Group recognises that engaged employees go the extra mile for customers. In the UK we conducted our third employee engagement survey which showed that our results had improved by 10% compared to 2013 results, which demonstrated that the work being done by our teams is making a real difference to employees’ everyday lives. Based on this year’s survey, we have made a considerable further investment in people related initiatives in the UK, such as improving pay for our front of house teams above the minimum wage and introducing quarterly bonus schemes.

Additionally, recognising the important role that supervisors play, we offered regular contracted hours to this management sector.

Learning and development continues to be a core part of our employee offering as we know that supporting people to achieve their potential enables them to play a full part in the teams in which they work. In 2014, the Cineworld Academy development programme offered high potential managers the chance to study for diplomas at levels 5 and 7 accredited by the Institute of Leadership and Management (“ILM”). On the back of this, we have implemented a Talent Development Review Framework which supports both our future expansion plans and our people by ensuring we have a strong pipeline of talent coming through the business. Cineworld developed and launched the industry’s first apprenticeship programme and 35 apprentices joined the Company in order to study on the Cineworld Advanced Apprenticeship. This provided an opportunity for young people to learn straight from school and offers an exciting career path into the cinema industry. Providing training at all levels demonstrates to our people that they can develop their skills and see a career path to becoming a General Manager with recognised qualifications whatever their starting point.

Training programmes are also operated across the rest of the Group outside the UK focusing on specific areas at lower levels, while more comprehensive training is provided at more senior levels of management. The plan is to expand these training courses gradually, building on the UK experience, to provide a more effective learning and development programme to help team members develop and perform to the best of their ability.

Our practice in the Group is to promote from within across all our territories. When a position becomes available, we look to fill it from within the Group as our people are generally the best qualified candidates, and we seek external people

when specialist skill sets are required. The result is that a good percentage of our managers have worked at lower levels within the organisation and our people are more motivated as they can see possible career progression without leaving the business. 2015 will see an exciting year with many new cinema openings across the countries in which we operate – this will offer many new opportunities for our people to progress and also for new people to join the business.

Employees throughout the Group participate in the success of Cineworld in different ways. Some through bonus schemes – Cineworld is proud that for the 20th consecutive year bonuses were again paid to all qualifying people working in its UK business. Many of the bonus schemes are underpinned by a performance management framework, which reflects not only personal performance but also Group performance, and helps ensure that people are recognised and rewarded for their individual contribution to the business and on the overall Group results. Depending on their location, staff can also benefit from the success of the Company by participating in its SAYE Share Option Scheme.

Key Commercial Relationships

We work hard at developing good relationships with a range of film studios, both major and independent. Our focus on driving cinema admissions and on providing our customers with a wide range of films has resulted in many opportunities for us to work with film studios on simplifying the film buying process and on promoting smaller films to a wider audience. We also work closely in association industry bodies, including The Federation Against Copyright Theft, to combat film piracy.

We build relationships with developers, landlords and local planners to ensure that we maintain a pipeline of new sites for the future. We also work closely with suppliers of technological enhancements, for instance IMAX and 4DX, which enables us to ensure that we are delivering the best possible experience to our customers, as well as looking to maximise box office revenues.

Strong relationships with our principal retail suppliers, such as Coca-Cola and Starbucks, enable us to work together on promotions that help drive retail sales. We seek to manage relationships with our suppliers fairly, and to work in accordance with our aspirations as set out in our ethical policy.

Brands

The Group has four main brands: Cineworld Cinemas (UK & Ireland), Picturehouse (UK), Cinema City (Poland, Hungary, Romania, Czech Republic, Slovakia and Bulgaria) and Yes Planet (Israel). Cineworld Cinemas, Cinema City and Yes Planet are all multiplex brands. Our multiplex cinemas have five or more screens and focus on screening mainstream and popular films which appeal to a wide range of audiences including families, young adults and children. Each of the three multiplex brands is unique; however they are applied consistently in each territory to ensure that the local chains have a consistent and identifiable look and feel which distinguishes them from the competition. Picturehouse is an arthouse cinema chain with the majority of cinemas having four screens or less. Picturehouse also shows blockbuster films, but non-mainstream and specialised films are central to its programming. Event cinema is also part of its core offering. Each of the Picturehouse cinemas has its own individual style tailored to their locality and provides a unique ambience in contrast to that of our multiplex cinemas.

Property

We aim to promote customer admissions by offering well-sited, accessible and well-designed venues which make cinema-going an exciting and pleasurable experience. In the UK, our multiplex cinemas are often located in out-of-town or edge-of-town leisure and retail developments with parking facilities. In CEE & Israel our cinemas are more often located in shopping malls, both in city centres and suburban areas.

Our arthouse cinemas typically have four screens or less. These cinemas tend to be located in urban areas and each have their own individual styles tailored to their locality and provide unique ambience in contrast to that of a multiplex cinema.

Technology

We believe that offering the latest technology will enhance the cinema-going experience for our customers and we are constantly developing our in-screen systems and trialling new technologies. Our whole estate has digital projection and we offer both 2D and 3D format films. We have 23 IMAX screens, with plans to expand this offering further. We have also developed our own large-screen format "Superscreen". We now have five 4DX screens, including the first in the UK. 4DX is cinema system technology allowing the audience to view feature-length films in 4D with the choreographed mix of air, water, scent, motion and vibration.



Chief Executive Officer's Review

As a Group, we are committed to ensuring our customers have the best possible experience when visiting our cinemas.



Performance Overview

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

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

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

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

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

UK & Ireland Cineworld Cinemas

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

Box Office

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

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

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

Retail

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

Net retail spend per person increased by 6.3% in the period to £1.86 (2013: £1.75) partly due to the film mix, but also reflecting the expansion of Cineworld Cinemas’ retail offerings which targeted our mid-week customers and family visits to increase the overall spend.

During the year we opened a further two Starbucks coffee outlets, bringing the total to 13. All the outlets have traded in line with expectations and continue to grow their revenues. More openings are scheduled for 2015.

Other Income

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

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

Picturehouse

	53 weeks to 1 January 2015	52 weeks to 26 December 2013	53 week v 52 week	52 week v 52 week
	£m	£m	£m	£m
Admissions	3.2m	3.1m	+3.2%	-0.3%
Box office	19.4	18.4	+5.4%	+2.4%
Retail	9.9	9.5	+4.2%	+2.8%
Other Income	10.4	8.7	+19.5%	+17.0%
Total revenue	39.7	36.6	+8.5%	+6.0%

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

Overall, revenues for the period have increased by 6.0% on a year-on-year pro-forma basis. Box office revenue of £19.4m represents a 2.4% increase on the same basis reflecting a marginal decline in admissions and a 2.7% increase in average ticket price. As with Cineworld Cinemas, Picturehouse had a strong Christmas period, and the 53rd week accounted for an additional 3.5% increase in admissions.

Average spend per person performed in line with average ticket prices, resulting in an increase in retail revenue, despite the marginal decrease in admissions. Other Income increased by 17.0% (Other Income includes advertising income and screen-hire income).

Competition Commission

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

Chief Executive Officer's Review

Continued

Central & Eastern Europe ("CEE") and Israel Cinema City

	53 weeks to 1 January 2015	52 weeks to 26 December 2013	53 week v 52 week	52 week v 52 week
	£m	£m	£m	£m
Admissions	39.8m	37.0m	+7.6%	+4.0%
Box office	140.5	132.8	+5.8%	+2.0%
Retail	52.3	48.1	+8.7%	+4.7%
Distribution Income	17.1	16.8	+1.8%	-11.8%
Other Income	30.2	28.9	+4.5%	+1.2%
Total revenue	240.1	226.6	+6.0%	+1.4%

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

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

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

Box Office

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

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

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

Retail

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

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

Distribution Income

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

Other Income

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

Initiatives and Developments

Cinema Expansion

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

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

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

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

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

Other Initiatives and Developments

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

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

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

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

Key Trends and Factors Potentially Affecting the Future

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

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

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

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

Chief Executive Officer's Review

Continued

Digital Film and Technological Innovation

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

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

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

Appeal of Screen Advertising

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

Expansion and Improvements

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

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

Financial Performance

	53 week period ended 1 January 2015			52 week period ended 26 December 2013
	UK & Ireland	CEE & Israel	Total Group ⁽¹⁾	Total Group
	£m	£m	£m	£m
Admissions	51.1m	31.8m	82.9m	51.5m
Box office	288.7	110.5	399.2	279.9
Retail	99.2	42.7	141.9	94.1
Distribution Income	-	14.6	14.6	-
Other Income	37.4	26.3	63.7	32.1
Total revenue	425.3	194.1	619.4	406.1
EBITDA ⁽²⁾	78.8	47.8	126.6	72.3
Operating profit	47.4	28.6	76.0	37.5
Financial income	6.4	0.2	6.6	0.3
Financial expense	(14.0)	(1.2)	(15.2)	(6.8)
Net financing costs	(7.6)	(1.0)	(8.6)	(6.5)
Share of loss from joint venture	(0.1)	-	(0.1)	(0.1)
Profit on ordinary activities before tax	39.7	27.6	67.3	30.9
Tax on profit on ordinary activities	(10.8)	(2.0)	(12.8)	(9.9)
Profit for the period attributable to equity holders of the Company	28.9	25.6	54.5	21.0

(1) Cinema City results consolidated for 44 weeks to 1 January 2015.

(2) EBITDA is defined as operating profit before depreciation, impairments, reversals of impairments and amortisation, onerous lease and other non-recurring or non-cash property charges, transaction and reorganisation costs.

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

EBITDA and Operating Profit

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

EBITDA generated by the UK & Ireland was up 8.8% during the year at £78.8m (2013: £72.3m). The impact of the 53rd week equated to 5.8% of the EBITDA growth in the UK & Ireland. The EBITDA margin of 18.5% represented a 0.7 percentage point improvement from 2013. There have been savings across a number of direct cost lines, which were part offset by a small increase in concession cost of sales due to the increase in Starbucks as a proportion of total retail sales, which attracts a lower margin. Other cinema costs have remained in line with the prior period taking into account the impact of the 53rd week.

CEE & Israel generated EBITDA of £47.8m during the ten months it was part of the Group. On an annualised pro-forma basis, this represents growth of 13.8% (based on performance reported in the acquired management accounts). Pro-forma EBITDA margin of 24.4% represented a 2.7 percentage point improvement from 2013. Direct cost savings were consistent across CEE & Israel, and notably concession costs, as a percentage of retail sales, in CEE & Israel improved by 0.4 percentage points. Other cinema costs have remained broadly in line with the previous year.

As the Group now operates in an additional seven territories, it has increased its exposure to exchange rate fluctuations. Wherever possible, cash income and expenditure is settled in local currency to mitigate exchange losses. However, there are translation exchange differences arising when presenting the year-on-year performance of Cinema City in the reporting currency of the Group. During the period for which Cinema City was part of the Group, EBITDA of £47.8m was £1.7m lower than it would have been had it been translated by applying the exchange rates at the start of the year.

Operating profit at £76.0m was 102.7% higher than the prior period (2013: £37.5m). Of the £76.0m, £27.6m related to Cinema City performance. Operating profit included a number of non-recurring and non-trade related items (please refer to Note 4 to the financial statements). Transaction and reorganisation costs of £6.9m included costs in respect of the combination with Cinema City totalling £5.5m (2013: £6.1m) and £1.4m related to other restructuring during the period. The net credit of £1.9m under onerous leases and other non-recurring charges comprised releases to onerous lease provisions due to changes in future trading assumptions of £4.5m, increases in our provision for dilapidations of £1.3m, £1.4m of other property related non-recurring charges and £0.1m profit on disposal of cinemas. An asset impairment review resulted in a £1.0m increase in asset values which is the net of a £1.3m impairment reversal on a previously loss making site which is now profitable and £0.3m asset write-downs at weaker performing cinemas.

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

Finance Costs

As part of the combination with Cinema City, the Group entered into a new five-year facility to finance the combination and repay the existing facility. An element of the new facility was drawn to part settle the acquisition cash consideration of £272m and €14.5m was drawn for the settlement of Cinema City's existing debt facilities. The residual portion of the facility has been drawn to repay the existing facilities (in place during the 2013 comparative period) of the combined Group and to fund general working capital requirements going forward. The new facility provides funding of £400m of which £275m is a term loan and £125m is a revolving credit facility. £160m (€192m) of the new facility is available in Euros, reflecting the composition of the combined Group. This new financing arrangement became effective on 10 January 2014, but the new facility was not drawn and the existing facility was not repaid until 28 February 2014. As with the previous facility, the new facility is subject to floating interest rate charges. The new facility is subject to two covenants: the ratio of EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges. A margin, determined by the results of the covenant tests at a given date, is added to LIBOR. The margin on the term loan can range between 1.65% and 3.15% and the margin on the revolving credit facility can range between 1.40% and 2.90%. At 1 January 2015, term debt totalled £275m and £44m of the £125m revolving credit facility was utilised.

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

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

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

Chief Executive Officer's Review

Continued

Taxation

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

Earnings

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

Eliminating the one-off, non-trade related items described above (totalling £9.4m within operating profit, exceptional finance charges of £2.6m and net foreign exchange gains of £4.3m), adjusted diluted earnings per share were 24.4p (2013: 18.6p). Following the business combination with Cinema City, the Group has taken the opportunity to consider how it presents its adjusted earnings per share calculation. After a review of comparable UK Premium Listed companies, a decision was made to no-longer add back the charge for share-based payments as it is considered to be an ongoing cost of remunerating staff (please refer to Note 5).

Cash Flow and Balance Sheet

Overall, net assets have increased by £312.4m, to £506.3m since 26 December 2013. This includes the recognition of the fair value of net assets acquired with Cinema City totalling £174.2m, the residual goodwill recognised on acquisition of £336.4m and the increase in net debt as a result of the combination of £169.6m as well as other movements in net assets totalling £28.6m.

Acquisition of Cinema City

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

As noted above, the fair value of net assets acquired with Cinema City totalled £174.2m. In the June 2014 Interim Report, the fair values of the acquired net assets were presented on a provisional basis. Management have now finalised the allocation of the fair value of the acquired assets and liabilities and as a result goodwill of £336.3m has been recognised compared to the £335.6m recognised in June 2014. The change of £0.8m related to valuation of property, plant and equipment, leases and deferred tax assets (please refer to Note 9). There was no change in value of the previously unrecognised identifiable intangible assets totalling £46.1m. The residual goodwill of £336.4m still represents the skills and industry knowledge of Cinema City's management and workforce, synergies expected to be realised post acquisition and the future value expected to be generated by the Group from Cinema City's pipeline of new sites and ability to enter new territories.

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

Cash Flow and Net Debt

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

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

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

Dividends

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

Board Changes

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

On 20 November 2013, the Group announced the resignation of Stephen Wiener, Cineworld's founder and CEO, and he left the employment of the Group on 31 March 2014, stepping down from his role as CEO and as a Director of the Company on completion of the combination with Cinema City. At this time, Scott Rosenblum and Arni Samuelsson joined the Board as Non-Executive Directors. Scott Rosenblum was appointed by GCH in accordance with the relationship agreement. On 6 August 2014 it was announced that Israel Greidinger's role would change from Chief Operating Officer to Deputy Chief Executive Officer.

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

By order of the Board

Mooky Greidinger
Chief Executive Officer
12 March 2015

Risks and Uncertainties

The consolidation of Cineworld and Cinema City Holdings during the year has significantly changed the scale and structure of the business and, as a result, the Board has reviewed the Group's risk management and internal control framework in order to ensure that it remains fit for purpose.

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

In addition, the Board is aware of the increased focus on risk management introduced by the issue of the revised UK Corporate Governance Code ("Code") during the year.

Although compliance against the revised Code will not impact the Group until the 2015 full year disclosure, the Code's requirements have been taken into account as we continue to enhance our current focus in this area.

The Board has reviewed the principal risks and uncertainties faced by the Group in pursuit of its business objectives and these are summarised as follows. Cineworld's approach to risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and therefore, where possible, the Group has implemented mitigation strategies to reduce our overall risk exposure in line with the Board's risk appetite. The overall change in exposure for each risk during 2014 is indicated by an arrow highlighting the direction of travel.

Integration of the Enlarged Cineworld Group

Change 

Principal Risk and Impact

The combination of Cineworld with the cinema assets of Cinema City International N.V. during the year has meant an increase in the complexity of the operations of the newly formed Group and the need to integrate systems, people and processes.

Effective management of the integration process is key to ensure the newly formed Group can maximise the benefits and synergies of the enlarged business and reduce the risk exposure to operational inefficiencies and/or potential internal control failings.

Example Mitigation

The strategy adopted by the Group has been to focus on integrating Group wide support functions, systems and processes. This has included the creation of newly formed Group wide teams for IT, HR, Finance and Construction and, where required, the recruitment of senior staff.

The Deputy Chief Executive has taken overall responsibility for the process and he reports at each Board meeting on progress.

Film Distributor Relationships, the Release Window and Alternative Media

Change  

Principal Risk and Impact

Cinema-going is driven primarily by output from Hollywood, which is dominated by six film studios.

Maintaining the Group's relationships with the large Hollywood film studios, but also with distributors across the globe is critical to ensure timely access to first-run films, favourable film hire terms and agreements for ongoing film distribution.

Any deterioration in these relationships could have a significant direct impact on our access to film content as well as the potential for the film distributors to consider alternative film delivery methods and/or a reduction or elimination of the release window.

Furthermore, the continuing development of existing and new technology (such as 3D television and internet streaming) is also introducing increasing competitive forces as they offer alternative ways to release films.

Example Mitigation

Cineworld continues to work hard to ensure it has good working relationships with a wide range of film studios, both major and independent. Dedicating time and resources to ensure we build and maintain relationships that operate as successful partnerships is a key part of our strategy in this area.

A further part of the Group strategy has been to establish exclusive distribution relationships with certain film studios in some Central and Eastern European ("CEE") countries and Israel.

Cineworld continually seeks to enhance its offer to customers so maintaining visitor numbers and making our cinemas an attractive way for distributors to release films.

Availability and Performance of Film Content

Change 

Principal Risk and Impact

Underpinning the overall success of the Group is the quality of the distributors' film slates, the timeliness of their release and the appeal of such films to our customers.

A year in which the film distributors do not produce the level of expected films or films underperform has a direct impact on cinema attendance and therefore, the principal box office revenue for the Group could decline.

Economic factors in terms of the availability of capital for financing film productions can also have an impact on the supply of films and/or their production.

Example Mitigation

We work closely with the film distributors to understand as early as possible the upcoming film slate and therefore, forecast likely film performance. The film slates for 2015 and 2016 look good and stronger than those of recent years.

Although access to the latest Hollywood film slate is reliant on our partnership with the large film distributors, the Cineworld Group strategy is to have access to a wider range of films over and above the traditional Hollywood blockbusters. This allows us to reduce our overall exposure to reduced attendance by meeting specific local area demand for type and content of films shown.

The operating flexibility of having digital projection technology available in all our cinemas has also been a key strategy that has enhanced the capacity utilisation of the Group. Digital film content can be easily moved to and from auditoriums in our cinemas to maximise admissions.

Customer Experience and Competition

Change 

Principal Risk and Impact

Although cinema admissions are predominantly driven by the quality and availability of movie product, ensuring that the Group continually aims to enhance the viewer experience through the quality of the products and services offered is also key to our focus of being the cinema of choice.

Any decrease in the quality of the services we offer, from the ease of booking, the technology we use, to a friendly farewell on departure, could result in loss of our customers to competitors and/or other leisure/entertainment attractions.

Example Mitigation

Our strategy is focused on continually improving the quality of services we offer to customers such as enhancing our approach to online booking, removing clutter from our foyers, investing in technical innovation and premium offerings such as IMAX, 3D and other large screen formats across the Group, upgrading our seating options and improving our retail offers.

The customer interaction with the Group outside of the cinema environment is also important and that is why we have continued to enhance our subscription and membership programmes to offer added value through offers and information.

Revenue from Retail Sales

Change 

Principal Risk and Impact

Retail sales generally fluctuate in line with admissions, therefore, if admissions were to fall, revenue from retail sales could decrease. Retail spend may also decrease due to changes in customer preferences, decreased disposable income or other economic and cultural factors.

In addition, the price of items such as energy and foodstuffs has a direct impact on costs which we may not be able to pass on to customers.





The ability of the Group to understand and react quickly to the changing customer need is a key part to maintaining and increasing this revenue effectively.

Example Mitigation

A key strategy for the Group is to maintain a strong relationship with our principal retail suppliers as this allows us to work with them to enhance our ability to continually run targeted promotions as well as bringing in differing ranges of products to meet changing customer demand.

Risks and Uncertainties

Continued

Revenue from Screen Advertising	Change 
<p>Principal Risk and Impact The level of revenues earned is directly affected by the overall demand for advertising, the competitive pressures for that advertising spend and then ultimately by cinema admissions.</p>	<p>Example Mitigation Our offering to advertisers is being continually enhanced by exploiting the benefits of, and particularly the flexibility provided by, digital projection.</p>
Expansion and Growth of Our Cinema Estate	Change 
<p>Principal Risk and Impact Our estate growth is dependent on our ability to effectively expand operations through the development of new sites or acquiring existing cinemas.</p> <p>Planning laws, economic environment, availability of capital for developers and location choice are some of the factors that may impact the Group's development and growth initiatives. This is particularly heightened if the Group continues to expand in emerging markets as the risk of doing business in these areas is higher.</p>	<p>Example Mitigation As we now operate in more countries, there are more opportunities to expand.</p> <p>The Group devotes a considerable amount of time assessing new site opportunities and this, along with further acquisitions, is a key part of our future growth strategy.</p> <p>We also focus a significant amount of time and effort on maintaining good relationships with potential key partners so we are aware of the availability of space in new developments and to ensure factors such as local planning laws and demographic changes are continually understood and monitored.</p>
Retention and Attraction of Senior Management and Key Employees	Change 
<p>Principal Risk and Impact The Group's performance and its ability to mitigate significant risks within its control depend on its employees and management teams.</p> <p>Therefore, reliance is placed on the Group's ability to recruit, develop and incentivise senior management and other key employees.</p> <p>If the Group loses the services of key people this is likely to have a direct impact on the ability to deliver business objectives.</p>	<p>Example Mitigation The Group uses a variety of techniques to attract, retain and motivate its staff, with particular attention paid to those in key roles to help ensure the long-term success of the Group. These techniques include the regular review of remuneration packages, including share incentive schemes, regular communication with staff and an annual performance review process.</p>
Technology and Data Control	Change 
<p>Principal Risk and Impact The Group continues to grow in its reliance on IT systems and data control from booking tickets on the website to managing financial information and everything in between. Therefore, any critical system interruption for a sustained period could have a significant impact on the Group's performance.</p> <p>In addition, any breach (cyber or otherwise) of data protection rules or in security measures surrounding the storage of confidential or proprietary information held by the Group could result in access, loss or disclosure of this information leading to legal claims, regulatory penalties, disruption of operations of the Group and ultimately reputational damage.</p>	<p>Example Mitigation The Group IT function monitors, manages and optimises our systems, including ensuring their resilience through back-up systems and implementing security measures.</p> <p>Additional external experts are employed where necessary to oversee, and help manage, major projects involving the upgrading or replacement of key systems.</p> <p>The Group continually reviews its approach to information security, specifically controlling the sensitive data it holds through restricted access. A specific focus is on being fully compliant with Payment Card Industry - Data Security Standards.</p>

Regulatory BreachChange **Principal Risk and Impact**

The Group's business and operations are affected by regulations covering such matters as planning, the environment, health and safety, licensing, food and drink retailing, data protection and the minimum wage.

Failure to ensure ongoing compliance across the wide breadth of regulation/legislation may result in fines and/or suspension of the activity or entire business operation.

Example Mitigation

Management operate an ongoing cinema compliance programme which is then supplemented by a programme of independent assurance reviews.

Our Group support functions use a combination of ongoing staff professional development and updates from professional advisers to ensure the Group is aware of the latest regulations in key areas.

Film PiracyChange **Principal Risk and Impact**

Film piracy (aided by technological advances) has long-term implications for the industry as a whole. If the Group is seen not to be proactively supporting the film distributors in combating this, there could be a direct impact on our relationship with them and therefore affect our access to film content.

Additionally if cinemas are the source of pirated copies of films, distributors will consider alternative means of release.

Example Mitigation

We proactively work with groups targeting film piracy such as the Cinema Exhibitors' Association and The Federation Against Copyright Theft in the UK. These relationships ensure the Group can stay up to date with the latest piracy techniques used by individuals entering our cinema's and therefore, allow us to continually review our approaches to monitoring and detection.

Terrorism and Civil UnrestChange **Principal Risk and Impact**

Cinema businesses could be affected by civil unrest or terrorist acts/threats which could cause the public to avoid cinemas. This could be due to incidents in the locations in which the Group operates, such as Israel or in other areas, that increase general unease in the locations in which it operates.

The Group may additionally be subject to an increased risk of boycott, targeted civil unrest or terrorist action/threat as a result of operating in and being linked to certain countries or types of film. This could adversely impact the results of operations and the financial condition of the Group.

Example Mitigation

We receive communications from relevant government authorities and law enforcement agencies which keep us informed and allow us, when needed, to monitor any potential impact external events could have on the security of our cinema estate.

Business continuity and disaster recovery plans are in place to ensure that we can react appropriately should an incident occur at a Group site and appropriate insurance is in place to mitigate the financial consequences.

Extreme Weather ConditionsChange **Principal Risk and Impact**

Unusual weather patterns such as unseasonably warm Summers or extreme snowfalls in Winter can impact attendances at cinemas and, particularly where this coincides with a major film release, could have a significant effect on revenues.

Example Mitigation

Most of the Group's cinemas are air conditioned and therefore temperatures within the cinemas can be controlled as necessary.

Corporate Responsibility

The Board acknowledges its duty to ensure the Group conducts its activities responsibly and with proper regard for all its stakeholders including employees, shareholders, business partners, suppliers and local communities.

In this context, the Group seeks to integrate corporate social responsibility (“CSR”) considerations, relating particularly to social, ethical, health and safety, and environmental issues, in its day-to-day business operations. Further information in respect of the Group’s approach is set out below with a few illustrative examples.

Ethics

Cineworld seeks to act with honesty and integrity in its dealings with customers, employees, shareholders, regulators and suppliers. How we behave in such dealings reflect on our reputation which is a key asset underpinning the successful delivery of our strategy. Our Ethics policy seeks to guide the behaviour of our people by outlining 12 broad principles establishing common values on which we do business to help ensure we act in appropriate ways to maintain and enhance our reputation. The principles also provide a framework for how we manage corporate responsibility issues.

Our Ethical Principles

1. We will act lawfully.
2. We will act with integrity.
3. We will respect our customers.
4. We will treat individuals properly.
5. We will compete fairly.
6. We will treat our suppliers properly.
7. We will manage relations with shareholders effectively.
8. We will maintain high standards of financial record keeping and reporting.
9. We will comply with the rules on inside information and share dealing.
10. We will maintain high standards of health and safety.
11. We will respect the environment.
12. We will seek to contribute to the community.

Community

Cineworld observes all national regulators’ film classification guidelines unless the local regulators’ require otherwise. In countries where there are no such classification guidelines, we provide information to customers about films so they can make informed choices about the appropriateness of people under 18 attending any performance. We also ensure that all trailers are complementary in terms of suitability to the main feature.

Subject to regulators’ guidelines, Cineworld seeks to show a wide a range of film product and other screen content. Film programmes are tailored to each country and screenings are often frequently driven by local communities and their preferences. Operating large sites with high numbers of screens enables us to offer such a wide choice and bring as many people as possible to our cinemas.

Cineworld has continued its commitment to Event Cinema which brings a wider range of content to customers throughout our estate enabling our audiences to see live shows taking place around the world ranging from the Metropolitan Opera in the US to Monty Python Live from the UK. Operating in this way supports such productions making them more commercially viable, allows more people to see them and, in turn, brings more people to the cinema and frequently a very different type of customer.

Cineworld works with various charities, local government and community groups across all the territories in which it operates. Activities include working with distributors on charity screenings, providing free shows for organisations working with disadvantaged children and providing free venues for local authorities to teach children about road safety. Such activities not only contribute to the community, but also help to establish and make the Cineworld brands better respected and known in their local communities.

Cineworld also works as a venue partner for numerous film festivals. While many are well known and high profile, in certain territories Cineworld sponsors festivals showcasing local film producers work and run short film competitions for students encouraging the development of future talent and providing access to potential audiences. This involvement once again helps to promote Cineworld’s brands through the wider film industry.

Access for All

Cineworld is keen to promote a “Movies for All” policy for our customers. Increasing accessibility results in local cinemas playing a fuller role in the communities in which they operate.

Across all our territories, we encourage children to come to our cinemas by offering shows specifically aimed at them as they are the future film going audience. We ensure that all movies for children’s shows are dubbed into the native language so they can enjoy the full cinema experience. Senior citizens and students benefit from discounts at certain times of the day. In some countries, Cineworld also allows customers with disabilities to be accompanied by a carer with them free of charge.

All new cinemas are designed to exceed current statutory requirements to provide buildings which are technically advanced, yet meet high operational standards in terms of public service, safety and accessibility. They are designed to remove physical features which can hinder the use of the facility by the less physically able, so that auditoriums are as accessible as possible given the restrictions of any particular location. The opportunity is also taken to enhance access within cinemas when they undergo major refurbishment as part of an ongoing programme of improvements and renovations.

As part of the process of improving further Cineworld’s offer to disabled customers, Cineworld staff receive training in disability awareness and welcoming disabled customers. Audio descriptive and autism-friendly screenings are offered at many of our cinemas. Subtitled screenings are also provided in English speaking countries aimed at the hard of hearing.

Film Piracy

With films being released in cinemas in different territories at different times, there remains a significant risk of piracy within the cinema industry. Cineworld continues to work closely with organisations, where they exist, to help reduce and prevent film piracy. In line with Cineworld’s operational strategy, cinema management teams have a responsibility to ensure that they do everything reasonably practicable to protect the intellectual property rights of films and Event Cinema exhibited within their cinemas.

With the ever-changing threat of evolving technologies and smaller undetectable recording devices, Cineworld seeks to mitigate this risk by constantly reviewing and developing its training programmes, policies and procedures to ensure its staff are able to effectively prevent film piracy. Night-vision technology is utilised and there is an increased vigilance around high-profile titles which are particularly vulnerable on release.

Environment

Cineworld seeks to comply with all relevant environmental legislation and to operate in an environmentally sensitive manner. The Directors acknowledge the impact that the business has on the environment and seek to mitigate it. Often changes which help to mitigate our environmental impact also reduce our operating costs.

Being a multi-site business, the Group is conscious of its total energy consumption and amount of waste materials generated and is actively working on reducing both energy usage and quantity of waste materials produced that cannot be recycled.

Since the start of 2014, wireless energy management systems have been operated in a number of cinemas in five of the territories in which we trade to reduce energy usage, with considerable reductions being achieved. Where such a system is not operational, building management systems are utilised to reduce total energy by ensuring staff are fully trained in their use. The Group's mandatory greenhouse gas report can be found in the Directors' Report on pages 67 and 68.

Our cinema websites enable e-tickets to be purchased and used avoiding the need to print tickets and, in many instances, poster cases are now digital reducing the need to deliver, install, and ultimately throw away large paper posters. All these efforts help to reduce our use of resources and carbon footprint.

The use of digital projection technology has further reduced Cineworld's environmental impact. The move away from 35mm celluloid prints has reduced the use of raw materials for the production of bulky prints using chemical processes, which ultimately are shredded as they are unable to be recycled at the end of their relatively short life. In addition, the distribution of digital content through small hard drives, down IDSL lines or by satellite greatly reduces the delivery costs and associated carbon footprint. Hard drives are reused, while delivery by satellite and IDSL line removes the carbon impact almost completely and

this year a growing number of films shown in Cineworld's cinemas were distributed in this way.

3D technology has its own environmental challenges with the use of special disposable 3D glasses. Customers are encouraged to reuse their 3D glasses by pricing structures. This approach has had significantly results and, depending upon the territory, the level of reuse of glasses obtained from previous visits now ranges from 25%-50%.

Retail

We offer a range of products our customers seek in a way that is responsible, takes account of alternative healthier options and reduces the impact on the environment. Much of the focus has recently been on providing information to enable customers to make more informed choices.

In line with our philosophy of offering more healthy options, we now provide a wider range of sugar free and carbonated drinks and other healthier choices. While some such offers have been welcomed by our customers, certain more radical healthy options have been trialled unsuccessfully as many customers still associate going to the cinema as a special occasion on which they enjoy themselves choosing to eat and drink what they like.

Using preferred wholesalers or logistic centres has enabled us to reduce the number of deliveries to our sites. Combining deliveries is not only more efficient for our business, but also reduces the number of journeys made by vehicles with all the associated environmental benefits.

Each time there is a requirement for a new or replacement contract, all proposed arrangements are carefully reviewed to ensure that they are not only commercially beneficial, but also appropriate account is taken of environmental considerations. Many of our suppliers and partners have strong environmental records.

Diversity and Human Rights

Cineworld is an equal opportunity employer and seeks to recruit, retain and promote staff on the basis of their qualifications, skills, aptitude and attitude. A wide range of applicants are encouraged to apply for all roles. In employment-related decisions, the business complies with all relevant legislation including that specifically targeted at preventing discrimination and such principles are embedded through the business by requisite policies.

Cineworld also seeks to treat all its staff in accordance with its Ethics policy so that each person is accorded dignity and respect and the guiding principle is followed that we treat other people as we ourselves would like to be treated.

Gender Breakdown of Cineworld People

	Board of Directors	Senior managers ⁽¹⁾	Other team members
Male	9	8	4,639
Female	1	6	4,016

(1) Senior managers are those people who report directly to an Executive Director.

Since the year end, it has been announced that two male Directors will be stepping down at the AGM having served nine years and, subject to shareholder approval at the AGM, a female Director will join the Board which will result in it becoming over 20% female.

Safety

The ongoing management of the day-to-day health, safety and welfare of Cineworld's customers, employees and contractors is of major importance. With over 82 million customer visits a year and over 8,500 employees, Cineworld seeks to maintain high standards in the effective management of our health and safety obligations, and our duty of care to our customers and staff.

Each year every cinema in the Group is subject to health and safety assessments and a fire risk audit. Results are compared year-on-year and any significant issues are followed up with the assistance of specialist external consultants where needed. Overall, the results have shown that standards remain high. All incidents are logged, investigated and action taken, where appropriate, to ensure that the chances of a reoccurrence are reduced as far as reasonably possible.

The Strategic Report is set out on pages 1 to 31.

By order of the Board

Mooky Greidinger **Philip Bowcock**
12 March 2015

Directors

As at 1 January 2015



Anthony Bloom Chairman Age 75

Anthony Bloom joined the Board in October 2004 as Chairman and has served as Chairman of Cine-UK Limited since the business was founded in 1995. He was previously Chairman and Chief Executive of The Premier Group Limited (South Africa) and a Director of Barclays Bank (South Africa), South African Breweries and other listed companies both in South Africa and the United Kingdom. Mr Bloom holds Bachelor of Commerce and Bachelor of Law degrees (cum laude) from the University of Witwatersrand in South Africa and a Masters of Law degree from Harvard Law School. He was a Sloan Fellow at the Stanford Graduate School of Business. In 2002, Mr Bloom was awarded the degree of Doctor of Law (H.C.) by the University of Witwatersrand in recognition of his contribution towards the establishment of a non-racial society in South Africa.



Philip Bowcock Chief Financial Officer Age 46

Philip Bowcock joined the Board in December 2011 as the Chief Financial Officer. His experience spans senior financial roles in the property, retail and leisure industries, having acted as Financial Controller at Barratt Developments plc, Finance Director for Tesco's UK property portfolio, Vice President of Finance at Hilton Group and as Finance Director at Luminar Group Holdings plc. Mr Bowcock has a degree in Economic History and is a Chartered Management Accountant.



Israel Greidinger Deputy Chief Executive Officer Age 53

Israel Greidinger joined the Board in February 2014 as Chief Operating Officer. In August 2014, his role changed to Deputy Chief Executive Officer. From 1994 until 2014, he worked for Cinema City International N.V. ("CCI") and was appointed Chief Financial Officer of CCI in 1995. Mr Greidinger has also served as a Director of Israel Theatres Limited since 1994. From 1985 to 1992, he was Managing Director of C.A.T.S. Limited (Computerised Automatic Ticket Sales), and from 1992 to 1994 he was President and Chief Executive Officer of Pacer C.A.T.S. Inc. Mr Greidinger is a Non-Executive Director of Global City Holdings N.V. (formerly CCI). He is the brother of Moshe Greidinger and the son of the late Coleman Greidinger.



Moshe (Mooky) Greidinger Chief Executive Officer Age 62

Mooky Greidinger joined the Board in February 2014 as Chief Executive Officer. Prior to that he was Chief Executive Officer of Cinema City International N.V. ("CCI"). He joined the Cinema City Group in 1976. Since 1984, has held executive positions with the Cinema City Group. Mr Greidinger has also served as a Director and Deputy Managing Director of Israel Theatres Limited since 1983 and Co-Chairman of the Cinema Owners Association in Israel since August 1996. Mr Greidinger is a Non-Executive Director of Global City Holdings N.V. (formerly CCI). He is the brother of Israel Greidinger and the son of the late Coleman Greidinger. Mr Greidinger achieved the "Exhibitor of the Year Award" at ShoWest in Las Vegas in 2004 and "International Exhibitor of the Year Award" at CineEurope, in Amsterdam in 2011, with special recognition for having developed new markets in Central and Eastern Europe. Mr Greidinger has also served for the last 12 years as head of the Board of Trustees of the Hebrew Reali School of Haifa.



Martina King Non-Executive Director (Independent) Age 54

Martina King joined the Board in July 2010 as an independent Non-Executive Director. She is a member of the Audit and Remuneration Committees. Ms King is currently CEO of Featurespace and a Non-Executive Director of Debenhams Plc. Previous executive roles include Managing Director of Capital Radio plc, MD of Yahoo! UK and Europe and MD of Aurasma.



David Maloney Non-Executive Director (Independent) Age 59

David Maloney joined the Board in May 2006 as an independent Non-Executive Director. He is the Senior Independent Director, Chairman of the Audit Committee and a member of the Remuneration Committee. Mr Maloney is currently the Senior Independent Non-Executive Director of Enterprise Inns plc and Stock Spirit Group plc. He is also the Chairman of Reed & Mackay Limited, Brandon Hire Limited and the Board of Trustees of Make A Wish Foundation (UK). Previously, he was the Chairman of Hoseasons Holdings Ltd, Deputy Chair of Micro Focus International plc, a Director of Virgin Mobile Holdings (UK) plc, Ludorum plc and Carillion plc and held a number of senior positions, including Chief Financial Officer for Le Meridien Hotels & Resorts, Thomson Travel Group plc and Avis Europe plc. Mr Maloney holds a degree in Economics from Heriot Watt University, Edinburgh and is a fellow of the Chartered Institute of Management Accountants.



Scott S. Rosenblum Non-Executive Director (Non-independent) Age 65

Scott S. Rosenblum joined the Board in February 2014 as a non-independent Non-Executive Director. He is a member of the Nomination Committee. Prior to appointment, he was a member of the Supervisory Board of Cinema City International N.V. ("CCI") since 2004. He became Chairman of the Supervisory Board of CCI on 14 November 2011. He was also Chairman of the Remuneration Committee and the Appointment Committee of CCI from November 2006 and was a member of the Audit Committee. He is licensed as a lawyer and is admitted to the New York Bar Association. For the past 20 years, he has been a partner in the law firm of Kramer Levin Naftalis & Frankel LLP, New York, and was Managing Partner between 1994 and 2000. Mr Rosenblum is on the Executive Committee of Kramer Levin Naftalis & Frankel LLP and is Co-Chairman of its Corporate Department. He is currently a Director of Investec USA Holdings Corp and Investec Securities (US) LLC. Mr Rosenblum is a graduate of Dartmouth College and the University of Pennsylvania Law School.



Arni Samuelsson Non-Executive Director (Independent) Age 72

Arni Samuelsson joined the Board in February 2014 as an independent Non-Executive Director. He is a member of the Nomination Committee. He has over 40 years of cinema exhibition and film distribution experience, principally through SAMfélagið (Samfilm) – a cinema exhibitor and film distributor in Iceland, of which he has been joint owner and Chief Executive Officer since it was formed in 1975. He has been Chief Executive Officer of Samfilm EHF (SAMfélagið's distribution arm) since 1975, and Chief Executive Officer at SAMcinema (SAMfélagið's cinema arm) since the same year. Prior to this, Mr Samuelsson was a Director and owner of Vikurbaer, a supermarket business in Keflavik, from 1972 until its sale in 1982.



Eric (Rick) Senat Non-Executive Director (Independent) Age 65

Rick Senat joined the Board in July 2010 as an independent Non-Executive Director. He is a Chairman of the Nomination Committee. He has over 40 years' experience in the film industry. Mr Senat joined Warner Bros in 1976, becoming its Senior Vice President for Business Affairs in Europe. Among the projects with which he was closely associated are the "Harry Potter" films, "Greystoke", "Batman", "Superman" and many more. He retired from Warner Bros after 25 years' service. Mr Senat was a Director of the legendary and recently revived film company Hammer Film Productions, and has served as Vice Chair of the British Film Institute. Currently, he is a partner in the Blair Partnership – a literary agency, a Non-Executive Director of Pottermore Limited and Chairman of the London Film Museum. He was a Non-Executive Director of Bank Leumi (UK) plc. Mr Senat is a graduate of University College London and a solicitor.



Peter Williams Non-Executive Director (Independent) Age 61

Peter Williams joined the Board in May 2006 as an independent Non-Executive Director. He is Chairman of the Remuneration Committee and a member of the Audit Committee. He is the Chairman of bohoo.com plc, Senior Independent Director of Sportech plc, and a Non-Executive Director of Rightmove Plc; Chairman of Jaeger and Mister Spex GmbH and a trustee of the Design Council. In the past, he has also served on the Boards of ASOS plc, the EMI Group, Silverstone, OfficeTeam, Blacks Leisure Group plc, JJB Sports plc, GCap Media plc, and Capital Radio Group plc. In his executive career, he was Chief Executive at Alpha Group plc and prior to that Chief Executive of Selfridges plc where he also acted as Chief Financial Officer for over ten years. Mr Williams has a degree in Mathematics from Bristol University and is a Chartered Accountant.

Corporate Governance Statement

Chairman's Introduction

Dear Shareholder

As Chairman of the Company, I am pleased to present our Corporate Governance Statement for 2014. It has been a particularly busy year for our three Board Committees as the Group increased considerably in size with the result that not only did the normal business of the Company require attention, but also a number of complex matters related to the change in the nature of the Group.

In February 2014, the Company completed its combination with the cinema business of Cinema City International N.V. ("CCI"), by means of an acquisition of the shares in Cinema City Holding N.V. ("CCH"), a subsidiary of CCI (the "Combination"). The new combined business is almost double the size of the previous Cineworld operations and of significant international complexity. The Combination created the second largest cinema business in Europe with the number one or number two position (by number of screens) in every region in which the enlarged Group operates. Cineworld's estate prior to the Combination consisted of 101 sites with 869 screens in the UK and one site in Ireland with 17 screens. Immediately following completion of the transaction, the enlarged Group had 201 sites and 1,852 screens and 89 million admissions in nine countries.

As part of the transaction, a new CEO and COO (whose title was subsequently changed to Deputy CEO) were appointed and the Remuneration Committee had the task of ensuring appropriate remuneration packages were put in place for the new and continuing Executive Directors as well as the leaving arrangements for the outgoing CEO. It was, of course, important that the ongoing arrangements would ensure the successful integration of the new business and help realise the strategic rationale for the Combination. In turn this would help ensure the long-term success of the enlarged business. I am confident that the remuneration arrangements, which were benchmarked by external remuneration consultants, will help us achieve the long-term returns for shareholders for which we are striving. Further details of the arrangements are to be found in the Directors' Remuneration Report.

The Nomination Committee started the year by addressing issues raised by the Combination including the appointment of two additional Non-Executive Directors. The appointments of Scott Rosenblum, a US lawyer, and Arni Samuelsson, an owner/operator of cinemas in Iceland on completion of the Combination added considerably to our Board. More recently the Nomination Committee has been seeking to identify two new Non-Executive Directors to refresh the Board as two of our original Non-Executive Directors, David Maloney and Peter Williams, are approaching nine years of service and accordingly will no longer be classified as "independent". Their departure from the Audit Committee means, as part of our succession planning, that we needed to find a new Non-Executive with the appropriate financial experience to join the Audit Committee. Further details are set out in this Statement in the Nomination Committee Report.

Finally the Audit Committee has been overseeing the issues raised by the Combination at the half and full year, in addition to their usual work. Putting two businesses together with different accounting and control systems is not a simple task and the Audit Committee has worked hard with the External Auditor, KPMG LLP, and the Internal Auditor, PricewaterhouseCoopers LLP ("PwC") who were appointed during the year, to ensure that consistent standards are introduced and maintained across the enlarged Group. The main issues faced by the Audit Committee and the actions taken to address them and further details of other matters are set out in this Statement in the Audit Committee Report.

Let me finish by confirming that the Board remains committed to ensuring that a high standard of corporate governance is continuously maintained throughout the Group and we meet the standards required of a FTSE 250 company which Cineworld became in May 2014. Looking to the future, we have noted the regulatory changes have been made by the UK Corporate Governance Code 2014 published towards the end of the year and have already started work to ensure that the Group remains as fully compliant with the amended code next year as we are with the current one.

Anthony Bloom
Chairman

Compliance with the UK Corporate Governance Code

The principal governance rules applying to UK companies listed on the London Stock Exchange for the period covered by this statement are contained in the 2012 UK Corporate Governance Code (the "Governance Code") published by the UK Financial Reporting Council in September 2012 and a copy is available on its website www.frc.org.uk.

For the period ended 1 January 2015, the Board considers that the Company was compliant with the provisions of the Governance Code. The table below explains how the Company has complied with the main principles of the Governance Code. The information required to be disclosed by the Disclosure and Transparency Rules ("DTR") 7.1 and 7.2 is set out in this statement except that information required by DTR 7.2.6 which is set out in the Directors' Report on pages 63 to 68 and is incorporated in this statement by reference.

A. Leadership

A.1 The Role of the Board

The Board met formally six times during the year. There is a clear schedule of matters reserved for the Board, together with delegated authorities throughout the Group.

A.2 Division of Responsibilities

The roles of the Chairman and Chief Executive are clearly defined. Tony Bloom, the Chairman, is responsible for the leadership and effectiveness of the Board and for setting the strategy. Mooky Greidinger, the Chief Executive Officer is responsible for leading the day-to-day management of Group and the implementation of the strategy.

A.3 The Chairman

The Chairman sets the agendas for the meetings, manages the meeting timetable (in conjunction with the Company Secretary) and facilitates open and constructive dialogue during the meetings.

A.4 The Role of the Non-Executive Directors

The Chairman promotes an open and constructive environment in Board meetings and actively invites the Non-Executive Directors' views. The Non-Executive Directors provide objective, rigorous and constructive challenge to management and meet regularly in the absence of the Executive Directors.

B. Effectiveness

B.1 The Composition of the Board

The Nomination Committee is responsible for regularly reviewing the composition of the Board. In making appointments to the Board, the Nomination Committee considers the wide range of skills, knowledge and experience required in order to maintain an effective Board.

B.2 Appointments to the Board

The appointment of new Directors to the Board is led by the Nomination Committee. Further details of the activities of the Nomination Committee can be found on pages 38 and 39.

B.3 Time Commitments

On appointment, Directors are notified of the time commitment expected from them and details are set out in their letter of appointment. External directorships of Executive Directors, which may impact existing time commitments, are discussed and cleared by the Chairman.

B.4 Training and Development

All Directors receive an induction on joining the Board and, as part of the annual effectiveness evaluation, the training and development needs of each Director are checked.

B.5 Information and Support

The Chairman, in conjunction with the Company Secretary, ensures that all Board members receive accurate and timely information.

B.6 Board and Committee Performance Evaluation

During 2014, the Board and its Committees undertook an evaluation of their respective performances during 2014. Details of the evaluation can be found on page 38.

B.7 Re-election of Directors

All Directors were subject to shareholder election or re-election at the 2014 Annual General Meeting, as will all the continuing Directors at the 2015 AGM.

C. Accountability

C.1 Financial and Business Reporting

The Strategic Report is set out on pages 1 to 31 and provides information about the performance of the Group, the business model, strategy and the risks and uncertainties relating to the Group's future prospects.

C.2 Risk Management and Internal Control

The Board decides the Group's risk appetite and annually reviews the effectiveness of the Group's risk management and internal control systems. The activities of the Audit Committee, which assists the Board with its responsibilities in relation to the management of risk, are summarised on pages 40 to 44.

C.3 Role of the Audit Committee

The Board has delegated a number of responsibilities to the Audit Committee, which is responsible for overseeing the Group's financial reporting processes, internal control and risk management framework and the work undertaken by the External Auditor. The Chairman of the Audit Committee provides regular updates to the Board.

D. Remuneration

D.1 Levels and Components of Remuneration

The Remuneration Committee sets levels of remuneration appropriately so as to attract, retain and motivate the Executive Directors with a view to ensuring the long-term success of the Company, but also structures remuneration so as to link it to both corporate and individual performance, thereby aligning the executive management's interests with those of the shareholders.

D.2 Development of Remuneration Policy and Setting Remuneration Packages

Details of the work of the Remuneration Committee and the approach to setting the remuneration policy can be found in the Directors' Remuneration Report on pages 45 to 62.

E. Relations with Shareholders

E.1 Shareholder Engagement and Dialogue

The Board takes an active role in engaging with shareholders. The Board particularly values opportunities to meet with shareholders and the Chairman ensures that the Board is kept informed of shareholder views.

E.2 Constructive use of the Annual General Meeting

The AGM provides the Board with an important opportunity to meet with shareholders, who are invited to meet the Board following the formal business of the meeting.

Corporate Governance Statement Continued

Leadership

The Board

The Group is ultimately controlled by the Board of Directors of the Company. The Board is responsible for the overall leadership of the Group and for determining its long-term objectives and commercial strategy to create and deliver strong and sustainable financial performance to enhance shareholder value. In fulfilling its role, the Board ensures that necessary financial and other resources are available to enable the Group's objectives to be met. The basis on which the Board seeks to preserve value over the longer term and the strategy for delivering the objectives is set out in the Strategic Report on pages 1 to 31.

The Board meets regularly at least six times a year and also once for a strategy day. The meetings follow a formal agenda, which includes matters specifically reserved for decision by the Board. The Board also meets, as and when necessary, to discuss and approve, if appropriate, specific issues. All Directors receive notice of such meetings and are given the opportunity to comment on the issues being discussed if they are unable to attend the meeting.

A schedule of matters specifically reserved for decision by the Board has been agreed and adopted. These matters include: setting Group strategy; approving an annual budget and medium-term forecasts; reviewing operational and financial performance; approving major acquisitions, divestments and capital expenditure; succession planning; approving appointments to the Board and of the Company Secretary, and approving policies relating to Directors' remuneration and contracts.

The Board is supplied on a monthly basis with detailed management accounts and an overview of Group financial and operational information.

Changes to Membership of the Audit, Nomination and Remuneration Committees

As the start of the period, membership of the Audit, Nomination and Remuneration Committees was:

	Chairman	Member	Member	Member
Audit Committee	David Maloney	Martina King	Rick Senat	Peter Williams
Nomination Committee	Rick Senat	Martina King	David Maloney	Peter Williams
Remuneration Committee	Peter Williams	Martina King	David Maloney	Rick Senat

On completion of the Combination on 28 February 2014, the membership of the Audit, Nomination and Remuneration Committees was changed and became as set out below. It remained the same through to the end of the period:

	Chairman	Member	Member
Audit Committee	David Maloney	Martina King	Peter Williams
Nomination Committee	Rick Senat	Scott Rosenblum	Arni Samuelsson
Remuneration Committee	Peter Williams	Martina King	David Maloney

All the Committees remained compliant with the Governance Code as regards their membership following these changes.

The Roles of the Chairman and Chief Executive

The posts of Chairman and Chief Executive Officer are separate. The division of responsibility between the Chairman of the Board, Anthony Bloom, and the Chief Executive Officer, Mooky Greidinger, is clearly defined in writing.

The Chairman, together with the Chief Executive Officer, leads the Board in determination of its strategy having regard to the Group's responsibilities to its shareholders, customers, employees and other stakeholders. He is responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chairman also facilitates the effective contribution of Non-Executive Directors and oversees the performance evaluation of the Board and he regularly discusses matters with the Non-Executive Directors without the Executive Directors being present.

The Chairman performs a limited number of external roles, but the Board is satisfied that these are not such as to interfere with the performance of the Chairman's duties to the Group.

The Chief Executive Officer has direct charge of the Group on a day-to-day basis and is accountable to the Board for the financial and operational performance of the Group. He holds regular meetings with his executive team consisting of senior executives who assist him in this task.

Board Committees

In accordance with best practice, the Board has appointed three Committees, an Audit Committee, a Nomination Committee and a Remuneration Committee, to which certain Board functions have been delegated. Each of these Committees has formal written terms of reference which clearly define their responsibilities. The terms of reference of each of the Board's three Committees are available on the Company's website (www.cineworldplc.com).

Attendance at Meetings

The number of scheduled Board meetings and Committee meetings attended by each Director during the year was as follows:

	Board (including strategy day)	Audit Committee	Remuneration Committee	Nomination Committee
	Attended	Attended	Attended	Attended
Number of meetings in year	7	5	4	2
Directors for the whole year				
Anthony Bloom	7/7 ⁽¹⁾	5/5 ⁽⁵⁾	4/4 ⁽⁵⁾	2/2 ⁽⁵⁾
Philip Bowcock	7/7	N/A	N/A	N/A
Martina King	7/7	5/5	4/4	1/1 ⁽³⁾
David Maloney	7/7	5/5 ⁽¹⁾	4/4	1/1 ⁽³⁾
Rick Senat	7/7	1/1 ⁽²⁾	1/1 ⁽²⁾	4/4 ⁽¹⁾
Peter Williams	7/7	5/5	4/4 ⁽¹⁾	1/1 ⁽³⁾
Directors appointed 27 February 2014				
Israel Greidinger	4/5 ⁽⁴⁾	N/A	N/A	N/A
Mooky Greidinger	5/5 ⁽⁴⁾	N/A	N/A	N/A
Scott Rosenblum	4/5 ⁽⁴⁾	N/A	N/A	1/1 ⁽⁴⁾
Arni Samuelsson	4/5 ⁽⁴⁾	N/A	N/A	1/1 ⁽⁴⁾
Director ceasing on 27 February 2014				
Stephen Wiener	1/1 ⁽⁶⁾	N/A	N/A	N/A

(1) Chairman of Board/Board Committee.

(2) Rick Senat ceased to be a member of the Audit and Remuneration Committees after the first meeting of the year so could have attended a maximum of one meeting of each Committee.

(3) Martina King, David Maloney and Peter Williams ceased to be members of the Nomination Committee after the first meeting of the year so could have attended a maximum of one Nomination Committee meeting.

(4) Israel Greidinger, Mooky Greidinger, Scott Rosenblum and Arni Samuelsson were appointed on 27 February 2014. There were five Board meetings and one Nomination Committee meeting between 27 February 2014 and 1 January 2015.

(5) Anthony Bloom, the Chairman of the Company, attended these meetings by invitation.

(6) Stephen Wiener ceased to be a Director on 27 February 2014. There was one Board meeting in the period up to this date.

Changes to the Board and Committees After the End of the Period

On 11 March 2015, it was announced that David Maloney and Peter Williams would leave the Board at the AGM and Julie Southern would join the Board as a Non-Executive Director, subject to election at the AGM. If elected, Julie Southern would become the Chair of the Audit Committee. It was also announced on 11 March 2015 that Martina King would become the Chair of the Remuneration Committee with effect from the AGM. In addition the announcement noted that a further Board appointment was anticipated and other revisions to the composition of the Nomination, Remuneration and Audit Committees of the Board would be made in due course.

Effectiveness

Directors and Directors' Independence

At the start of the year, the Board was composed of seven members, consisting of the Chairman, two Executive Directors and four Non-Executive Directors, all of whom were considered independent.

On 20 November 2013, it was announced that Stephen Wiener, the Chief Executive Officer, would be leaving the Company and that a search would be commenced for a new Chief Executive Officer. He stepped down as Chief Executive Officer and an Executive Director on 27 February 2014 and his employment with the Company ended on 31 March 2014.

On 27 February 2014, Mooky Greidinger and Israel Greidinger were appointed as Executive Directors and to the offices of Chief Executive Officer and Chief Operating Officer respectively. On the same date, Scott Rosenblum and Arni Samuelsson were appointed as additional Non-Executive Directors. While Arni Samuelson is considered independent, Scott Rosenblum was not because of his previous business dealings with the Greidinger family and its interests.

With effect from 6 August 2014, Israel Greidinger's title was changed to Deputy Chief Executive Officer to better reflect his duties.

At the end of the period, the Board was composed of ten members, consisting of the Chairman, three Executive Directors and six Non-Executive Directors of which five were considered independent. The names of the Directors at the year end together with their biographical details are set out on pages 32 and 33.

Corporate Governance Statement Continued

The terms and conditions of appointment of Non-Executive Directors are set out in letters of appointment and are made available for inspection by any person at the Company's registered office during normal business hours and will be available at the AGM. Further details of the letters of appointment of the Non-Executive Directors and the service contracts of the Executive Directors can be found in the Directors' Remuneration Report on pages 60 to 62.

For a FTSE 250 company, which the Company became in May 2014, the Governance Code recommends that a majority of non-executive members of the Board of Directors should be independent in character and judgement, and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement. The Board considers that Martina King, David Maloney, Arni Samuelsson, Rick Senat and Peter Williams were for the period independent Non-Executive Directors.

David Maloney has been appointed as the Senior Independent Non-Executive Director and he is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer, Deputy Chief Executive or Chief Financial Officer has failed to resolve or for which contact is inappropriate.

The independent Non-Executive Directors bring an objective viewpoint and range of experience to the Company and ensure that no individual or group of individuals is able to dominate the Board's decision making. They play a key role in reviewing proposals and providing constructive challenge generally and in particular in respect of strategy. They also ensure that appropriate standards are being maintained. All the Non-Executive Directors have access to independent legal advice subject to consulting with the Board and following the agreed procedure.

The Company Secretary is responsible for advising and supporting the Chairman and the Board on Corporate Governance matters, ensuring Board procedures are followed and facilitating the good information flow within the Board and the Board appointed Committees.

Performance Evaluation

Towards the end of the year, a performance evaluation was carried out in respect of the Board, the Audit, Remuneration and Nomination Committees and each individual Director including the Chairman. As an external facilitator had been used for the 2013 performance evaluation, the Board decided to carry out the exercise without external assistance in 2014. The process adopted involved the completion of assessment questionnaires by each of the Directors and Committee members. The results were then collated by the Company Secretary and a summary presented to the relevant Committee and the Board.

The evaluation confirmed that overall the Board and Committee processes were working well and, in particular, the Nomination Committee was operating in a more effective manner than previously and the Directors including the Chairman were performing satisfactorily; however, there were a few matters identified where Directors felt that processes could be improved in certain areas. As a consequence additional time has already been spent on, and more time in the future will be allocated to, strategic issues and succession planning.

Re-election

Under the Company's Articles of Association, at each AGM each year one third of the Directors must retire by rotation and being eligible may stand for re-election. A Director (excluding as Chairman of the Board) must retire (and will be counted in the one third to retire) if he was last appointed or reappointed three years or more prior to the AGM or has served more than eight years as a Non-Executive Director. In addition any Director appointed during the year must stand for election as well.

All the Directors will be retiring and, except for David Maloney and Peter Williams, will be offering themselves for re-election at this year's AGM, reflecting current best practice for larger companies under the Governance Code. In addition, as announced on 11 March 2015, Julie Southern will be standing for election as a new member of the Board. Biographical details of all the current Directors are set on pages 32 and 33. In view of the performance evaluation, the Board is satisfied that each Director standing for re-election continues to show the necessary commitment and to be an effective member of the Board due to his or her skills, expertise and business acumen.

Nomination Committee Report

Chairman's Introduction

Dear Fellow Shareholders

For the first time, I am pleased to present a short report on the Nomination Committee and its activities during the year.

It has been a busy period for the Committee with the Combination completing at the start of the year which involved the appointment of four new Directors and then later in the year beginning the process to recruit further Directors to replace two that will cease to be considered "independent" in the near future. Further details of how we recruit and what else the Committee does are set out below.

One issue which continues to occupy our thoughts is that of diversity. While our Board is diverse in some ways such as countries of origin and skill sets, in other areas such as gender diversity we have not made as much progress as I would have liked. This is not for want of trying, but principally reflects our continuing belief that the best person for a role should be appointed.

The members of the Committee (apart from me) have changed totally during the year and I am grateful to all my fellow members who have served with me on the Committee for their efforts and support.

Rick Senat Chairman of the Nomination Committee

Composition

At the start of the year, the Committee comprised four independent Non-Executive Directors (namely David Maloney, Martina King, Rick Senat and Peter Williams). David Maloney, Martina King and Peter Williams left the Committee in February 2014 and Scott Rosenblum and Arni Samuelsson joined it. While Arni Samuelsson is considered independent, Scott Rosenblum is not. The majority of the Committee are independent as required by the Governance Code.

The Role, Responsibilities and Activities of the Nomination Committee

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board. It is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement Directors, the independence of Directors and makes appropriate recommendations to the Board on such matters. It is also responsible for ensuring that Directors have sufficient time to discharge their duties on appointment, and thereafter, with such matters being specifically addressed in the letters of appointment of the Non-Executive Directors.

The Committee met for two scheduled meetings during the financial year and, in addition, a number of ad hoc times to deal with specific issues. Due to the importance that the Directors play in the success of the Group, the Chairman is invited to attend meetings, and does so, except when his own position or his successor is being discussed.

During the year, the Committee recommended the appointment of new Directors, reviewed its own performance, reviewed the structure of the Board and the three Committees and discussed succession issues. It also considered diversity within the Board.

Board Diversity

While the Committee considers gender, nationality and cultural diversity all to be important when reviewing the composition of the Board and possible new appointees, it believes that the single most important factor is to identify, recruit and retain the people it considers, on merit, to be the best candidates for each particular role. It is not currently in favour of setting specific targets for Board representation to be achieved by particular dates. As part of the process of recruiting new Directors, it has agreed that candidates from a wide variety of backgrounds should be considered and, where reasonably possible, shortlists should comprise of candidates of both sexes.

Recruitment Process for Board Directors

In February 2014, the Combination brought about considerable changes to the Board which were part of the negotiation process and resulted in both sides agreeing to proceed with the merger. Mooky Greidinger and Israel Greidinger were the Chief Executive Officer and Chief Financial Officer of CCI. Both being experienced international operators of cinemas with successful track records of expanding businesses in various countries, the Nomination Committee was satisfied that they were appropriate to join the Company as its Chief Executive Officer and Chief Operating Officer respectively and play a major role in its future success. As a part of the arrangements, it was also agreed Scott Rosenblum, a US lawyer and the Chairman of CCI, should become a Non-Executive Director of the Company. Although, accepting that he would not be considered independent, his experience and understanding of CCI and his experience in corporate governance matters would be highly beneficial to the Group going forward. Finally, it was agreed that an additional independent Non-Executive Director should be appointed who was an industry expert to strengthen the Board. Possible candidates, who were independent, were put forward and Arni Samuelsson, an owner/manager of cinemas in Iceland was selected for his expertise in, and knowledge of, the cinema industry. He also added diversity to the Board in terms of background.

Looking forward, in May 2015, David Maloney and Peter Williams, two independent Non-Executive Directors, will have completed nine years' service each and accordingly will no longer be classified as "independent". Together, they have provided the Audit Committee over this period with relevant financial experience (as defined by the Governance Code). As part of planning for the succession process, the Nomination Committee commenced a search for appropriately qualified replacements.

In late summer 2014, three external search consultancies were approached and, following a review, one, Odgers Berndtson was appointed to carry out a search for two replacement Non-Executive Directors who would be considered independent. Briefs were drawn up for both roles which included for one that the appointed person must have relevant financial experience as set out in the Governance Code. Searches were undertaken following the Company's approach to diversity which led to two shortlists being prepared with both genders represented on each. Following interviews carried out by members of the Committee, the Chairman of the Company, the Chief Executive and the Chief Financial Officer, the Committee recommended to the Board that Julie Southern should be appointed as a Non-Executive Director and that she should be appointed to the Audit Committee and become its Chairman. The Board agreed with this recommendation and as a consequence she will be standing for election at the AGM.

Odgers Berndtson, the external search consultancy used for this search, has no connections with the Group or any of its Directors and was chosen on the basis of discussions and a review process being undertaken involving all members of the Committee meeting with all the prospective external search consultancies.

The Nomination Committee also recommended that Martina King, a current Non-Executive Director and member of the Remuneration Committee should become Chair of the Remuneration Committee with effect from the AGM and the Board also approved this recommendation. An announcement confirming Julie Southern's appointment, subject to shareholder approval, and Martina appointment was subsequently made on 11 March 2015. In addition the announcement noted that a further Board appointment was anticipated and other revisions to the composition of the Nomination, Remuneration and Audit Committees of the Board would be made in due course.

Accountability

Accountability, Audit and Financial

The Board is responsible for the preparation of the Annual Report and ensuring that the financial statements present a fair, balanced and understandable assessment of the Group's financial position and prospects. Responsibility is administered primarily by the Audit Committee, of which the terms of reference are referred to below.

A comprehensive budgeting system allows managers to submit detailed budgets which are reviewed and amended by the Executive Directors prior to submission to the Board for approval.

Corporate Governance Statement Continued

Internal Controls

The Board is responsible for maintaining an effective system of internal control that provides reasonable assurance that the Group's assets are safeguarded and that material financial errors and irregularities are prevented or detected with a minimum of delay.

The Group has in place internal control and risk management arrangements in relation to the Group's financial reporting processes and the preparation of its consolidated accounts. The arrangements include procedures to ensure the maintenance of records which accurately and fairly reflect transactions to enable the preparation of financial statements in accordance with International Financial Reporting Standards or UK Generally Accepted Accounting Principles, as appropriate, with reasonable assurance and that require reported data to be reviewed and reconciled, with appropriate monitoring internally and by the Audit Committee.

More generally the Directors are committed to implementing measures to ensure that there is an ongoing review of the effectiveness of the internal control system with procedures to capture and evaluate failings and weaknesses, and in the case of those categorised by the Board as significant, that procedures exist to ensure that necessary action is taken to remedy the failings.

The Board is satisfied that for the financial period in question such measures were in place throughout the Group and it did comply with the requirements of the Governance Code in this regard. Following the Combination, PwC were asked to assist in a review of the internal controls of the acquired entities. Further details of which are set out in the Audit Committee Report below.

The system of internal control manages rather than eliminates the risks to business objectives. In pursuing these objectives, internal controls can only provide reasonable and not absolute assurance against material loss or misstatement of the financial statements.

Following the decision by the Audit Committee in 2013 to have an internal audit function that is supported by external specialist resources, a tender process was undertaken in the year which resulted in the appointment of PwC as the Internal Auditor with a Group wide remit in September 2014.

The objective of the appointment is to assist management in the development of the existing approach to internal audit with a view to gain enhanced assurance on the effectiveness of the system of internal control across the Group. Full operation of this new approach will be in place during 2015.

Under the Audit Committee's terms of reference, it is tasked with reviewing the Company's financial reporting and internal control procedures and to make recommendations to the Board in this area. Key elements of the Group's risk management and internal control framework during 2014 were:

- The day-to-day involvement of executive members of the Board in all aspects of the business and their attendance at regular meetings with senior management, at which operational and financial performance and operational matters were reviewed.
- Financial performance being monitored and action taken through regular reporting to the Executive Directors and monthly reporting to the Board against annual budgets approved by the Board.
- A set of minimum financial control standards being introduced by the year end across all Group Finance functions following the Combination.
- The senior management team meeting to review current and future risks in their particular areas of responsibility and expertise and to confirm the current measures in place to mitigate those risks.
- An established organisational structure with clear lines of responsibility and reporting requirements. Capital investment and all revenue expenditure being regulated by a budgetary process and authorisation levels (manual and systems), with appraisals and post-investment and period end reviews.
- An established in-house internal audit function which had access to all areas of the cinema operations in the UK & Ireland (and is currently being expanded to the rest of the Group) preparing reports which were available to the Board and reported regularly to senior management and the Audit Committee.
- Reports on health and safety throughout the Group being submitted to senior managers, Executive Directors, the Audit Committee and the Board on a regular basis.
- The External Auditor providing a supplementary, independent and autonomous perspective on those areas of the internal control system, which they assess in the course of their work. Their findings being reported to both the Audit Committee and the Board.
- The Audit Committee reviewing the risk register, receiving reports on risk management and internal controls and monitoring the overall position and reviewing actions taken to address areas of weakness.
- Business Continuity Plans for Head Office being in place with components of the plan being reviewed and tested on a regular basis.
- A whistleblowing policy being in place to protect members of staff who raised concerns about impropriety, financial or otherwise.

Audit Committee Report

Chairman's Introduction

Dear Fellow Shareholders

I am pleased to introduce the report on the activities of the Audit Committee (the "Committee") during the 2014 financial year, and to be able to confirm, on behalf of the Board, that the Annual Report, taken as a whole, is fair, balanced and understandable.

In this report I have detailed how the Committee has discharged its responsibilities in relation to the three areas highlighted in the Governance Code, being:

- addressing significant financial statement reporting issues;
- assessing external audit effectiveness; and
- appointing the External Auditor and safeguards on non-audit services.

Following the Combination which completed in February 2014, the Committee has taken an active role in understanding the wider Group and the risks and challenges it now faces. I reported in the 2013 Annual Report that an exercise had been undertaken to review how best to use internal and external resources to ensure that our internal audit standards are suitable for a Group of our size and complexity. During the second half of 2014, we appointed PwC to lead our internal audit function. PwC's initial focus was to review our existing policies, processes, controls and effectiveness of the internal audit function. The output of this preliminary work was:

- a detailed internal audit plan for 2015;
- an enhanced risk management framework including an updated risk register;
- a suitable risk-based assurance plan for our financial control environment; and
- a Group wide cinema compliance programme.

As part of PwC's initial assessment, a number of areas were identified where controls were not applied consistently across the Group's Finance functions. By spending time in a number of territories, a control self-assessment process has been developed which sets out the minimum controls to be applied consistently in all territories. The finance teams have assured that these controls were operating as at the 2014 reporting date.

We have made good progress in aligning processes and controls across the Group and I believe that the implementation of the new internal audit structure will continue to deliver an efficient and effective way of identifying best practices and driving continual improvement across the Group.

David Maloney **Chairman of the Audit Committee**

Composition

At the start of the year, the Committee comprised four independent Non-Executive Directors (namely David Maloney, Martina King, Rick Senat and Peter Williams). Rick Senat left the Committee in February 2014. Both David Maloney and Peter Williams are considered by the Board to have recent and relevant financial experience.

Roles and Responsibilities

The Committee assists the Board in discharging its responsibility with regard to financial reporting, the control environment and the work of the External and Internal Auditors, including:

- monitoring the financial reporting process;
- reviewing the Group's Annual and Interim Reports;
- reviewing the Group's risk assessment process, the output of that assessment and the associated risk management systems;
- reviewing the effectiveness of the Group's internal controls;
- considering the scope of both the Internal and External Auditors' activities, their reports and their effectiveness;
- reviewing and monitoring the extent of the non-audit work undertaken by the External Auditor; and
- advising on the appointment of the External Auditor.

The ultimate responsibility for reviewing and approving the Annual and Interim Reports remains with the Board.

The Chairman, the Chief Executive Officer, the Deputy Chief Executive, the Chief Financial Officer, other senior executives, the Internal Auditor and the External Auditor may be invited to attend meetings, but are not members.

What the Committee Did in 2014

We met five times during the year, during which time we:

- monitored the financial reporting process and reviewed the interim and annual financial statements (including the preliminary announcement) with particular reference to accounting policies, principal risks and uncertainties, together with significant estimates and financial reporting judgements and the disclosures made therein;
- considered the interim results and the Annual Report and Accounts in the context of the requirement that they are fair, balanced and understandable, by reviewing periodic papers prepared by management with regard to this principle. This included reviewing the documents to ensure that the description of the business agrees with our own understanding, the risks reflect the issues that concern us, the discussion of performance properly reflects the relevant period and that there is a clear link between all the areas of disclosures;
- received and discussed (in the absence of management, where appropriate) reports from the External Auditor in respect of their review of the interim results, the audit plan for the year and the results of the annual audit. These reports included the scope for the interim review and annual audit, the approach to be adopted by the Auditor to evaluate and conclude on key areas of the audit, their assessment of materiality, the terms of engagement and raising awareness to the Committee of the likely impact of future changes to regulation and accounting standards;
- as part of the initial process carried out by PwC, following their appointment as the Internal Auditor, reviewed the effectiveness of the Group's internal financial controls together with its broader internal control and risk management framework identifying the need for consistent and appropriate financial controls across the enlarged Group;
- established the outputs of PwC's work to include a detailed internal audit plan for 2015, implementation of a new risk management framework, introduction of a suitable risk-based assurance plan for our financial control environment and a Group wide cinema compliance programme;
- reviewed the results of non-financial audits (including food hygiene and fire safety) and where applicable agreed enhancements to procedures and reviewed remedial actions;
- made recommendations to the Board with regard to continuing the appointment and remuneration of the External Auditor, oversight of the Group's relations with the External Auditor and their independence and monitored the effectiveness of the audit process; and
- reviewed the Committee's terms of reference and recommended changes to the Board.

Significant Issues Considered in Relation to the Financial Statements

During the year the Committee, management and the External Auditor considered and concluded on what the significant risks and issues were in relation to the financial statements and how these would be addressed.

Corporate Governance Statement Continued

(i) The Acquisition of Cinema City Holdings B.V. (“CCH”)

On 28 February 2014, Cineworld Group plc (the “Group”) completed the combination with the Cinema business (“Cinema City”) of Global City Holdings N.V. (“GCH”), formerly known as Cinema City International N.V. (“CCI”), by means of an acquisition of 100% of the shares, including all voting rights, in CCH, a subsidiary of GCH. An exercise to identify and establish the fair value of the total net identifiable assets of the acquired business was undertaken with the preliminary results presented in the 2014 Interim Report.

Given the complex nature of the valuation exercise, and the judgemental nature of assumptions (which were sensitive to change), the fair values were presented on a provisional basis in the Interim Report. This was particularly the case in respect of identifiable intangible assets, property, plant and equipment (“PPE”) and the acquired leases.

This exercise was refined and finalised during the second half of the year including detailed country by country balance sheet reviews by executive management. The process resulted in a final goodwill recognised of £337.6m. This is further discussed in Note 11 to the financial statements.

Based on the Committee’s enquiries of management and the review of work performed by external valuation experts, the Committee satisfied themselves that:

- the fair value of the acquired total net identifiable assets (with particular reference to intangible assets, PPE and acquired leases) was consistent with the advice received from external experts;
- the fair value exercise was thorough and included all categories of assets and liabilities (including all lease contracts);
- management have performed detailed country-by-country balance sheet reviews and are satisfied that classification of balances is correct and that recognition is appropriate; and
- the subjectivity of the valuation process, including the extent of fair value adjustments, was appropriately disclosed in the annual financial statements.

(ii) Onerous Lease Provisions

As detailed in Note 1 to the financial statements, the approach to estimating the onerous lease provision has remained consistent with the prior period. The existing approach was also applied to Cinema City leases which were assessed as onerous at acquisition. It is noted that changes in performance of individual sites and the sensitivity of inputs mean that the provision is inherently subjective. Management evaluate the appropriateness of the provision on at least an annual basis. The exercise involves reviewing forecast future earnings on a site-by-site basis and ensuring that the provision in place remains at an appropriate level. As well as considering site performance, management also consider the appropriateness of the discount rates applied, the country specific discount rate, and ensure that they are updated for current market information and the Group’s current leverage.

Management confirmed to the Audit Committee that the methodology had been applied consistently during the current year and none of the Committee’s other enquiries, nor the Auditor’s work, identified any errors or inconsistencies that were material in the context of the financial statements as a whole. Management confirmed that they have monitored

the adequacy of the provision historically and concluded that there have been no material unprovided costs or unrequired provision identified.

(iii) Virtual Print Fee (“VPF”) Recognition

As detailed in Note 1 to the financial statements, a VPF is recognised on the date of the showing of the film to which it relates. Its recognition in the Statements of Profit or Loss and Other Comprehensive Income does therefore not necessarily align with when the cash is received. There is therefore an element of judgement applied to the accounting process. The approach for recognising VPFs has remained consistent with the prior period for the UK & Ireland. Cinema City also has VPF contracts, however these are direct with distributors as opposed to via an agent. A review has been undertaken to ensure that accounting policies have been applied appropriately to the different contracts across the Group. The Committee satisfied themselves that the existing approach was appropriate and resulted in accurate recognition by enquiring of management and the External Auditor.

As there can be a timing difference between recognition in the Statement of Comprehensive Income and cash receipt of the VPF income, the Committee enquired of management as to whether or not the recovery of cash was a risk. Management presented regular updates to the Committee which showed the recovery of the VPF income by comparing the revenues recognised during the year to the cash received. Management reported that there were no significant amounts which had not been recovered in line with the standard payment terms agreed with the VPF agent or distributor, accordingly the Committee was satisfied that the risks around non-recovery of cash were minimal.

(iv) Valuation of Property, Plant and Equipment (“PPE”)

As detailed in Note 10 to the financial statements, there is a significant inherent risk that the Group’s considerable PPE balances may prove to be irrecoverable, due to fluctuations in the underlying performance of cinemas or one-off events. Given the difficulties involved in predicting the performance of sites operated by the Group, now in multiple territories with differing factors to consider, there is an element of judgement applied to the potential level of impairments to be recognised on a cinema-by-cinema basis. At each balance sheet date, management prepare their valuation model which assesses net present value of the cinema-by-cinema cash flows, based on the Board approved budget over an assumed 20 year life. The main assumptions over growth rates, the impact of one-off events, expected cost increases and discount rates are updated to reflect management’s best estimate.

At the period end management prepared their valuation model for the Committee’s consideration, together with their proposed site impairments. Management confirmed to the Committee that they have applied a consistent Group wide methodology in the preparation of the valuation model and the Committee satisfied itself that the approach was appropriate, the assumptions reasonable and that the impairments proposed were complete and accurate. The Committee also satisfied itself through enquiry of management and review of the Board papers that all significant events which may have impacted on the valuation of PPE had been appropriately captured in management’s assumptions and reflected in the valuation model.

Auditor Independence, Appointment, and Tendering

The Committee reviews the appointment of the External Auditor each year before the cycle of audits commence and in deciding whether to renew the appointment takes note, amongst other matters, of the quality of the service received, the proposed fees and the Auditor's independence. Management and all members of the Committee are consulted during the process. Further details of these processes are set out below.

The Committee considers the independence of the External Auditor on an ongoing basis and has established policies to consider the appropriateness or otherwise of appointing the External Auditor to perform non-audit services. In particular, under its terms of reference, all non-audit fee work needs to be approved by the Committee if the value of such work is likely to be greater than £30,000. KPMG have provided certain non-audit services to the Group, principally in respect of advice on tax compliance and advisory services, pensions and internal audit matters with fees in respect of this work totalling £263k, £75k and £55k respectively. Further details are set out in Note 4 to the financial statements. The Committee is satisfied that such work was best undertaken by KPMG and their objectivity has not been impaired by reason of this further work.

During the year, the Committee also evaluated the performance and objectivity of KPMG and reviewed their effectiveness as External Auditor. The effectiveness of the 2014 audit was assessed by reference to the following:

- The lead audit engagement partner, including the support provided to the Audit Committee.
- The skills and experience of the wider audit team and their execution of the audit.
- The planning and scope of the audit including identification of areas of audit risk and communication of any changes to the plan, including changes in perceived audit risks.
- The quality of communication with the Audit Committee, including the regular reports on accounting matters, governance and control.
- The competence with which the External Auditor handled the key accounting and audit judgements and communication of the same with management and the Committee.
- Their reputation and standing, including their independence and objectivity and their internal quality procedures.
- The quality of the formal report to shareholders.

The Committee also considered the FRC's Audit Quality Inspections Annual Report 2013/14 and Public Report on the 2013 inspection of KPMG. In addition, during 2014 certain aspects of KPMG's 2013 audit of Cineworld were subject to an external review by the Financial Reporting Council ("FRC"), as part of the FRC's annual review of a sample of audits carried out by each of the main audit firms. The FRC has provided a copy of the report arising from this review to the Committee, which it has discussed with KPMG. The Committee noted that the report only had one matter formally to report, around KPMG's audit of the Group's approach to its annual impairment testing and onerous lease assessments. The Committee takes all such feedback seriously; in this case the matter had already been raised with the Committee by KPMG. The Committee has satisfied itself that there was no significant impact on the 2013 financial statements and that the necessary actions have been taken to ensure that it would not recur. The Committee are confident that this response was proportionate and are satisfied with the way the matter was addressed.

Further, at the conclusion of each year's audit, the Committee discusses the performance of the External Auditor with the Executive Directors and relevant senior finance managers considering areas such as the quality of audit team, business understanding, audit approach and management. Where appropriate, actions are agreed against the points raised and subsequently monitored for progress. There were no significant findings from the evaluation this year.

The Committee also reviewed the fees of the External Auditor which were benchmarked against groups of comparable size and complexity to check that they are below or consistent with market levels.

After taking into account all of the above factors, the Committee concluded that the External Auditor was effective. In addition, the Committee is satisfied that it has sufficient oversight of the External Auditor and its independence and objectivity is not comprised due to the safeguards in place.

As explained last year, the combination with the cinema business of GCH was a transformational event that led to a significant change to both the executive leadership, with two new Executive Directors, and the operations of the Group, which have expanded outside of the UK for the first time. With 40% of operations being in Eastern Europe and Israel and the execution risk that existed around the integration of the financial reporting systems and establishing the associated processes and controls, this was and is a time of substantial change and enhanced risk for the Group. As part of ensuring the integration of the two businesses was and is well controlled, the Committee considered (and continues to do so) robust, independent challenge and insight from its Auditor to be key to safeguarding the quality of our financial reporting and the audit opinion.

Professional standards normally require the audit partner to be rotated every five years. The current audit engagement partner was appointed for the 2009 audit and so a new audit partner would normally have been appointed for 2014. However, after careful consideration the Audit Committee believed (and continues to do so) that, given the specific circumstances faced by Cineworld (as described in the previous paragraph), it was necessary to extend the tenure of the audit engagement partner in order to safeguard the quality of the external financial statement audit. The Audit Committee therefore requested that the current audit engagement partner continue in the role for up to two years and so far he has remained in place for one additional year. The Committee has recently considered whether the extension for the second year remains necessary. It has concluded that this is the case and has therefore requested that the current audit engagement partner continue until completion of the 2015 audit. KPMG has agreed to this request.

The External Auditor is also required to periodically assess whether, in their professional opinion, they are independent and confirm this to the Committee. KPMG has provided this confirmation.

Corporate Governance Statement Continued

In recommending the reappointment of the External Auditor at the AGM, the Committee has considered the Competition Markets Authority Order, EU Regulation and the Governance Code 2014. These regulations are at different stages of adoption and have several important differences in how they are to be applied. As such, it is not yet clear when Cineworld would be required to tender its audit. We understand that clarity on how the EU Regulations will be implemented in the UK and therefore how they apply to Cineworld will be available during 2015.

At this stage, the Committee intends to closely monitor both the adoption of the EU regulation and developments in the Governance Code to determine when, in light of these regulations and the requirements of the Company, it considers that it is an appropriate time to tender the external audit.

Insurance

It is not practical or possible to insure against every risk to the fullest extent. The Group has in place an insurance programme to help protect it against certain insurable risks. The portfolio of insurance policies is kept under regular review with its insurance broker to ensure that the policies are appropriate to the Group's activities and exposures in light of cost, and the likelihood and magnitude of the risks involved.

Remuneration Committee Composition

At the start of the year, the Company's Remuneration Committee comprised four Non-Executive Directors (Martina King, David Maloney, Rick Senat and Peter Williams). Rick Senat left the Committee in February 2014. The Committee met four times during the year and, in addition, a number of ad hoc times to deal with specific issues.

Roles and Responsibilities

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Group's policy on executive remuneration, determining the individual remuneration and benefits package of each of the Executive Directors and monitoring and approving the remuneration of senior management below Board level.

The Remuneration Committee appointed Towers Watson as an external adviser in November 2008 and again took advice from them during the year. Towers Watson have no other connection with the Group except as the actuary to the pension schemes of Adelphi-Carlton Limited, the Group's operating company in Ireland.

The Chief Executive Officer is consulted on the remuneration packages of the other senior executives and attends discussions by invitation except when his own position is being discussed. Given the essential part remuneration plays in the success of the Group, the Chairman is also invited to attend meetings of the Committee and does so except when his own remuneration is being considered. The Committee does not deal with the fees paid to the Non-Executive Directors. The report of the Remuneration Committee is set out on pages 45 to 62.

Relations with Shareholders

The Directors value contact with the Company's institutional and private investors. An Annual Report and Accounts is sent to all new shareholders and is otherwise made available to shareholders via the Company's website unless they have specifically requested that a copy is sent to them.

Presentations are given to shareholders and analysts following the announcement of the interim results and the preliminary announcement of the full year results. Historically interim management statements have been issued twice each year in respect of the first and third quarters and trading updates are issued as well in early January and late June immediately before the Company enters into its close period leading up to the interim and preliminary results announcements.

Separate announcements of all material events are made as necessary. In addition to the Chief Executive Officer, Deputy Chief Executive and Chief Financial Officer, who have regular contact with investors over such matters, Anthony Bloom (the Chairman), David Maloney (Senior Independent Director), and Peter Williams (an independent Non-Executive Director) are available to meet with shareholders as, and when, required. Additionally, the Chief Executive Officer and Chief Financial Officer provide focal points for shareholders' enquiries and dialogue throughout the year. The whole Board is kept up to date at its regular meetings with the views of shareholders and analysts and it receives reports on changes in the Company's share register and market movements.

The Board uses the AGM to communicate with private and institutional investors and welcomes their participation. The Chairman aims to ensure that the Chairmen of the Audit Committee, Remuneration Committee and Nomination Committee are available at the AGM to answer questions, and that all Directors attend.

The Company's website (www.cineworldplc.com) provides an overview of the business. Major Group announcements are available on the website and new announcements are published without delay. All major announcements are approved by the Chairman and Executive Directors and circulated to the Board prior to issue. The Group also has internal and external checks to guard against unauthorised release of information.

By order of the Board

Anthony Bloom
Chairman

12 March 2015

Directors' Remuneration Report

Chairman's Introductory Letter

Dear Fellow Shareholders

As the Chairman of Cineworld's Remuneration Committee (the "Committee"), I am pleased to present our Remuneration Report for 2014, for which we will be seeking your approval at our Annual General Meeting ("AGM") in May 2015.

You will see that there are two principal sections in this report. The first part describes how the Remuneration Committee implemented our policy as regards to the remuneration of Directors in 2014. The second part summarises our remuneration policy, which was approved by shareholders at the AGM in 2014 and remains unchanged for 2015. Please note that this section has been included for reference purposes and has been printed verbatim from last year's report. The definitive version of our current remuneration policy as approved by shareholders is included in our 2013 Remuneration Report, which is available on our website. The Committee has always aimed to be clear and transparent in matters of remuneration and we hope that this form of report continues this approach and is easy to understand and informative.

The implementation section will be put to the AGM, as it will each year, on the basis of a non-binding vote. Our remuneration policy will be put to a binding vote every three years, unless there are changes requiring shareholder approval.

Combination with Cinema City International

During the year, the Company completed its combination with the cinema business of Cinema City International N.V. ("CCI"), by means of an acquisition of the shares in Cinema City Holding N.V. ("CCH"), a subsidiary of CCI (the "Combination"). The Combination was strongly supported by shareholders and completed in late February.

The new combined business is of almost double the size of the previous Cineworld operations and of significant international complexity. The Combination created the second largest cinema business in Europe with the number one or number two position (by number of screens) in every region in which the enlarged Group operates. Cineworld's estate prior to the Combination consisted of 101 sites with 869 screens in the UK and one site in Ireland with 17 screens. Immediately following completion of the transaction, the enlarged Group had 201 sites and 1,852 screens and 89 million admissions in nine countries.

Following the transaction and the appointment of a new CEO and Chief Operating Officer (whose title was subsequently changed to Deputy CEO), the Committee reviewed the Company's existing policy on executive remuneration and made a number of changes. In considering these changes, the Committee sought to balance a number of factors, including our existing remuneration policy, the material increase in the scale and the international complexity of the Group's operations following the Combination. Major shareholders were consulted in relation to these changes, which included an increase in salary level and maximum bonus opportunity for the CFO and annual award levels under the Performance Share Plan ("PSP"). These changes are described in detail in the implementation report.

Shareholder Views and Review of Policy

A key factor which guides the Committee's decisions is feedback received from shareholders. It is pleasing that historically the Committee has received shareholder support for its past actions and I am grateful to our shareholders for this support. At the 2014 AGM, shareholders approved Cineworld's remuneration policy and implementation report, although at a lower level than the Committee would have liked.

The Committee received feedback from our shareholders in 2014, both as part of the consultation exercise and following the publication of the remuneration report. Feedback from shareholders related to topics including the changes to Executive Director arrangements as a result of the Combination, the possibility of introducing deferral of annual bonuses and PSP metrics and the level of vesting for threshold performance. The Committee also considered the impact of the updated UK Corporate Governance Code in respect of clawback and malus provisions.

The Committee has carefully reflected on the feedback received and considered whether it would be appropriate to make changes to our arrangements and put a revised remuneration policy for shareholder approval at the 2015 AGM. On balance, other than the introduction of "malus" and "clawback" into annual bonus and long-term incentive awards, the Committee decided not to amend our policy for 2015, as we believe that consistency of approach is preferable as the Company takes on board the changes to the business as a result of the Combination. However, we intend to continue to engage with our shareholders in the coming year and to take into account all shareholder feedback when considering potential changes at the next full policy review.

2014 Performance and Remuneration

The Group delivered a solid year of trading in 2014 with total revenue increasing 52.5% to £619.4m (2013:£406.1m), EBITDA up 75.1% at £126.6m (2013: £72.3m). On a 52 week pro-forma basis, reflecting the year-on-year performance of the business acquired as a result of the Combination, Group revenue has grown by 1.7% and EBITDA by 7.4%. This performance enabled a 33.7% increase in the full year dividend per share.

It was a busy year for the Group in terms of the execution of our growth strategy and investment activities. In addition to the Combination, the existing estate has been enhanced and developed with a number of initiatives reflecting our stated strategy. The decisions in relation to executive remuneration outcomes made by the Committee were taken in the context of this performance.

Annual bonuses for the Executive Directors, which are based on a matrix of Group EBITDA performance against budget and the achievement of stretching individual objectives, paid out at the level of 75.9%, 75.9% and 69.8% of base salary for the CEO, Deputy CEO and CFO, respectively (equivalent to the same percentages of maximum opportunity).

The award under the PSP made to the CFO in March 2012 is due to vest in March 2015 at 100% of maximum based on EPS growth against stretching targets over the three financial years ending December 2014.

Change of Remuneration Committee Chairman

Finally, as announced on 11 March 2015, I would like to remind shareholders that I will be stepping down from the Board with effect from the date of the 2015 AGM. Martina King will be taking over the role of Remuneration Committee Chairman from that date. Martina has been a member of the Committee since joining the Board in July 2010. As part of the handover process, she will be offering to meet a number of our major shareholders in order to better understand their views on our remuneration arrangements, as an input to the Committee's consideration of any changes at the next policy review.

Peter Williams
Chairman of the Remuneration Committee

Directors' Remuneration Report

Continued

Annual Report on Remuneration

The Remuneration Committee and its Role

At the end of the period, the Company's Remuneration Committee comprised three Non-Executive Directors, Martina King, David Maloney and Peter Williams, who are all considered to be independent. The Chairman of the Committee was Peter Williams and the Secretary of the Committee was the Company Secretary. Rick Senat, another Non-Executive Director who is also considered to be independent, was a member of the Committee until 28 February 2014. Martina King, David Maloney and Peter Williams were members throughout the 2014 financial period.

The Remuneration Committee's principal responsibilities are to:

- make recommendations to the Board for approval of the Group's broad policy for the remuneration of the Chairman, the Executive Directors, the Company Secretary and the Senior Vice Presidents ("SVPs");
- determine the specific remuneration packages of the Chairman, the Executive Directors, the Company Secretary and the SVPs;
- approve the terms of the service agreements of the Executive Directors, the Company Secretary and the SVPs; and
- approve the design of, and determine the targets for, any performance-related pay schemes and long-term incentive plans.

The full terms of reference of the Remuneration Committee are available on the Company's website (www.cineworldplc.com). The terms are reviewed annually.

The Committee met four times during the period and details of the members' attendance record is set out on page 37

A summary of the Committee's agenda over the period is detailed below:

- revising the Chairman's fees and setting the salaries of the Executive Directors following the Combination;
- reviewing the salaries of the Company Secretary and the SVPs;
- setting targets for the annual bonus scheme;
- making awards under the PSP and the Company Share Option Plan ("CSOP"), including consideration of target calibration and award levels;
- reviewing the 2014 AGM voting figures and considering the concerns raised by shareholders;
- consideration of incentive arrangements for cinema managers;
- preparation of this report; and
- considering the remuneration arrangements across the Group.

Remuneration Committee Advisers

The Committee once again received advice from Towers Watson during the year in relation to the Company's remuneration policy and its implementation in respect of the Chairman, Executive Directors, Company Secretary and SVPs. Towers Watson was appointed by the Remuneration Committee in November 2008 following a selection process involving a number of remuneration consultants. Their terms of engagement are available on request from the Company Secretary. They attended most meetings during the year at the request of the Committee. Towers Watson's fees for advice to the Committee were £61,500. They were higher than usual due to work undertaken in connection with the Combination. Towers Watson is a member of the Remuneration Consultants' Group and, as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK.

During the year, Towers Watson also provided advice to the Board on job evaluation and structuring. Towers Watson has no other connections with the Company, except as the actuary to the pension scheme of Adelphi-Carlton Limited, the Group's operating company in Ireland. The Remuneration Committee is satisfied that the advice provided on executive remuneration is objective and independent and that no conflict of interest arises as a result of these other services.

The Committee also received assistance from the Chairman of the Company, the Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Financial Officer, the Head of Human Resources and the Company Secretary, although they do not participate in discussions relating to the setting of their own remuneration. The Committee also consulted with the Chief Executive Officer and received recommendations from him in respect of changes to remuneration packages for the SVPs.

Board Changes in 2014

On completion of the Combination, in February 2014, Stephen Wiener stepped down from the office of Chief Executive Officer and as a Director and his employment with the Company ended on 31 March 2014. Mooky Greidinger and Israel Greidinger were appointed as Executive Directors on 27 February 2014 and to the offices of Chief Executive Officer and Chief Operating Officer respectively. On the same date, Scott Rosenblum and Arni Samuelsson were appointed as additional Non-Executive Directors. In August 2014, Israel Greidinger's title was changed to Deputy CEO to better reflect his duties.

Remuneration for 2014

This section covers the reporting period from 27 December 2013 to 1 January 2015 and provides details of the implementation of the Company's policy during the period. Those sections of the report which are subject to audit are marked as such. The policy, which was approved at the 2014 AGM, is set out at the end of this report (the "Policy") for reference purposes. Note that the Policy included in this report has been printed verbatim from last year's report. The definitive version of our current remuneration policy as approved by shareholders is included in our 2013 Remuneration Report, which is available on our website.

During the period, Executive Directors' remuneration comprised an annual salary, a performance-related bonus, a share-based long-term incentive scheme, pension contributions and other benefits as explained below.

Base Salary (audited information)

The base salaries of the Executive Directors are reviewed on an annual basis. As described in the Policy, the Committee compares the Group's remuneration packages for its Executive Directors and employees with those for Directors and employees of similar seniority in companies whose activities are broadly comparable with the Group. It also takes into account the progress made by the Group, contractual considerations and salary increases across the rest of the Group.

Base salaries were revised in February 2014 on completion of the Combination and came into effect on its completion. The salary levels for the two newly appointed Executive Directors (CEO and Deputy CEO) and the increase for the CFO reflected the significant change in size in the Group and its international nature following the Combination. The salaries of the Executive Directors were not reviewed in July as has been the Committee's normal practice. Average salary increases across the Group were 2%.

Other Benefits (audited information)

Benefits in kind for Executive Directors comprised the provision of a company car or car allowance, private mileage, life insurance, permanent health insurance, and private medical cover.

Benefit	Stephen Wiener	Philip Bowcock	Israel Greidinger	Mooky Greidinger
Car/car allowance	£3,905	£14,000	£11,725	£11,725
Driver	£4,589	N/A	N/A	N/A
Private medical insurance	£1,571	£1,607	£Nil	£Nil
Permanent health insurance	£953	£3,221	£1,298	£1,298
Life assurance	£1,198	£760	£13,186	£19,054
Disturbance allowance	N/A	N/A	£33,500	£33,500

Israel Greidinger and Mooky Greidinger both received a Disturbance Allowance of £33,500 for the period as under the terms of their employment contracts they are required to spend a sufficient and proportionate amount of time at the Company's head office in London. In return for this payment, they do not claim expenses for travelling between London and Israel.

Salary levels as at the end of the financial period were:

	(£000)
• Mooky Greidinger:	£550 p.a. ⁽¹⁾
• Philip Bowcock:	£375 p.a.
• Israel Greidinger:	£375 p.a. ⁽¹⁾

(1) Part of Mooky Greidinger and Israel Greidinger salaries are paid in Israel to enable social security and government healthcare deductions to be made.

On 20 November 2013, Stephen Wiener announced plans to leave the business in March 2014. From this date, Philip Bowcock took on a significant level of additional responsibilities on a transitional basis – including taking a leading role in the negotiation of the Combination. To recognise the additional level of responsibility taken on over this period, the Committee decided to award an additional one-off transitional salary supplement of £80,031. This additional payment was paid in March 2014 and was not pensionable or included for the purpose of annual bonus or PSP opportunity levels.

Pension (audited information)

Executive Directors are invited to participate in a Group Personal Pension Plan, which is a money purchase plan or alternatively may receive a pension allowance in cash. The Company contribution to this pension scheme for Executive Directors is 20% of salary. All the Executive Directors (except Stephen Wiener) have elected not to participate in this scheme and instead receive a cash pension allowance of 20% of salary. Company pension contributions/allowances for the period were:

	(£000)
• Mooky Greidinger:	£92
• Philip Bowcock:	£72
• Israel Greidinger:	£63
• Stephen Wiener:	£25

Directors' Remuneration Report Continued

Annual Bonus (audited information)

As described in the Policy, the annual bonus for the year was determined by a matrix of EBITDA compared to budget and the achievement of specified individual objectives. The choice of these measures reflect the Committee's belief that any incentive compensation should be tied both to the overall performance of the Group and to those areas of the business that the relevant individual can directly influence. The weighting between Group financial performance and personal performance was 80%:20%. The Committee retains the absolute discretion to apply 'malus' by reducing or withholding annual bonus payments from the formulaic outcome based on EBITDA performance (for example, in the event of misconduct or misstatement of financial results).

The performance of the Company during the year included EBITDA of £126.6m representing 101% of budgeted EBITDA. The individual performance element included objectives focused on ensuring that the strategic rationale for the

Combination was fulfilled, bringing with it the expected shareholder value, and that certain key risks arising from the Combination were addressed, as well as continuing to drive growth through successful new cinema openings. The Committee judged the individual objectives have been achieved at the top level out of five for the CEO and Deputy CEO and the middle level for the CFO and Stephen Wiener.

The annual bonus payments for Mooky and Israel Greidinger were pro-rated as they were appointed as Directors on 27 February 2014 and the annual bonus entitlement was calculated as a percentage of base salary actually paid in the period. Likewise Stephen Wiener left employment on 31 March 2014 and so was only eligible for a bonus for the period up to this date.

The table below shows the actual performance achieved during the year and the associated bonus outcomes for the Executive Directors.

	EBITDA performance	Individual objective performance	Threshold bonus opportunity (£000)	Maximum bonus opportunity (£000)	Bonus paid (% of maximum)	Bonus paid (% of base salary)	Bonus paid (£000)
Mooky Greidinger	101% of budgeted EBITDA achieved	Above and beyond	83	459	75.9	75.9	349
Israel Greidinger	101% of budgeted EBITDA achieved	Above and beyond	56	313	75.9	75.9	238
Philip Bowcock	101% of budgeted EBITDA achieved	Achieved	64	358	69.8	69.8	249
Stephen Wiener	101% of budgeted EBITDA achieved	Achieved	22	122	69.8	69.8	85

The Cineworld Group Performance Share Plan ("PSP") (audited information)

(a) Awards Vesting Following the End of the Performance Period Ending in December 2014

Awards under the PSP made in March 2012 are due to vest on 26 March 2015. The performance condition applicable to these awards is summarised below:

EPS growth performance	Vesting level
Less than 3.2% p.a.	Nil
3.2% p.a.	30%
9.2% p.a.	100%
Between 3.2% and 9.2% p.a.	Straight-line basis

The adjusted diluted EPS figure for the year represented compound average annual growth of 13.2% on a pro-forma basis compared to the base year, with the result that the level of vesting for this award was 100%. The number and value of shares that will vest to each of the Executive Directors is set out on page 54 of this report.

(b) Awards Made in the Year

Awards were made to the Executive Directors under the PSP in June 2014. The vesting of these awards will be based on Cineworld's three-year EPS growth performance, as summarised in the table below. Following the Combination, the Committee discussed the performance condition at some length and decided for awards in June 2014 to increase significantly the thresholds for lower and upper end vesting from those used for previous awards and to express targets as absolute growth figures given the significantly increased international nature of the Group following the Combination making UK RPI a less directly relevant factor.

EPS growth performance	Vesting level
Less than 10% p.a.	Nil
10% p.a.	30%
18% p.a.	100%
Between 10% and 18% p.a.	Straight-line basis

In the past, total shareholder return has been considered as an alternative or additional performance measure, but difficulties in identifying appropriate comparator companies has resulted in the Committee deciding to use EPS as the sole performance measure. The Remuneration Committee reviews the operation of the PSP each year and the performance conditions for each grant to ensure they are appropriate for the Company and the prevailing internal and external expectations.

Philip Bowcock had a proportional part of his PSP award replaced by an HMRC approved share option granted under the Cineworld Group Company Share Option Plan ("CSOP"). The CSOP options were subject to performance conditions identical to those applicable to awards under the PSP. There was no similar substitution in respect of the other Executive Directors.

The number and value of share options under the PSP and CSOP which were awarded to the Executive Directors and vested during the period are set out on pages 54 and 55 of this report.

Non-Executive Directors' Fees (audited information)

The fees for the Non-Executive Directors were reviewed following completion of the Combination in light of the significant increase in the size and complexity of the Group. The adjusted fee levels were set in order to be comparable with equivalent fees in companies of broadly similar size and complexity. The Chairman's fee had been last reviewed in 2008 and, even before the Combination, it had become clear that the level of his fee lagged the market significantly. The fees set out in the final column of the table below came into effect on the completion of the Combination.

The Non-Executive Directors do not receive any share options, bonuses or other performance-related payments nor do they receive any pension entitlement or other benefits apart from expenses in relation to travel costs to attend Cineworld Board meetings, including related sustenance and accommodation.

Position held	As at 27 December 2013	Following completion of Combination on 28 February 2014
Chairman	£100,000	£175,000
Senior Independent Director fee	£2,000	£10,000
Non-Executive Director base fee	£40,000	£50,000
Audit Committee Chair fee	£14,000	£15,000
Remuneration Committee Chair fee	£14,000	£10,000
Nomination Committee Chair fee	Nil	£5,000
Committee membership fee	Nil	Nil

Implementation of Policy in 2015

For the 2015 financial period, the salaries and other benefits of the Executive Directors will remain the same as in the 2014 financial period. The Committee has decided that salary levels for the Executive Directors will not be increased at the normal review date in July 2015.

The maximum annual bonus opportunity will remain at 100% of salary for the Executive Directors. Bonus payments in relation to 2015 will be subject to Committee discretion to apply 'malus' as described on page 48. Following payment, the Committee will retain the discretion to 'claw back' bonuses in the case of misconduct or misstatement of financial results.

The face value of awards under the PSP will be 150% of salary. The Committee has considered the calibration of EPS growth targets applicable to PSP awards

to be made in 2015, taking into account internal and external performance expectations. The calibration of these targets is set out in the table below. The absolute growth figures are lower than for the ranges applicable to awards in 2014 (10% p.a. -18% p.a.), but it should be noted that awards in 2015 will be the first where the EPS figure for the enlarged Group following the Combination will be included in the base year. The Committee therefore believes that the growth targets remain stretching and, if they are achieved, a significant level of value will be created for shareholders. The proportion of an award vesting for threshold performance will remain at 30%, with 100% vesting for stretch performance. Given the significantly increased international nature of the Group following the Combination, the Committee continues to believe that UK RPI is a less directly relevant factor and will therefore express the targets as absolute growth levels.

EPS growth performance	Vesting level
Less than 8% p.a.	Nil
8% p.a.	30%
16% p.a.	100%
Between 8% and 16% p.a.	Straight-line basis

Directors' Remuneration Report Continued

For PSP awards from 2015, in addition to the EPS performance condition, the Committee, in its absolute discretion, must be satisfied that an award holder has performed their duties at a satisfactory level over the three years from date of grant in order for awards to vest. The Committee therefore retains the

absolute discretion to apply 'malus' to unvested awards, by reducing or withholding vesting. Following vesting, the Committee will retain the discretion to claw back PSP shares in the case of misconduct or misstatement of financial results.

Single Total Figure Table (audited information)

The table gives a single figure for the total remuneration for each Director for the period.

	Financial year	Base salary and fees (£000)	Benefits ⁽¹⁾ (£000)	Annual bonus (£000)	Sharesave ⁽²⁾ (£000)	PSP (£000)	CSOP (£000)	Total LTI (£000)	Pension (£000)	Total (£000)
Executive Directors										
Philip Bowcock	2014	358	20	249	-	377 ⁽³⁾	9 ⁽³⁾	386	72	1,085
	2013	343 ⁽⁶⁾	20	176	-	-	-	-	53	592
Mooky Greidinger	2014	459	66	349	-	-	-	-	92	966
	2013	-	-	-	-	-	-	-	-	-
Israel Greidinger	2014	313	60	239	-	-	-	-	63	675
	2013	-	-	-	-	-	-	-	-	-
Stephen Wiener ⁽⁴⁾	2014	122	12	85	-	462 ⁽³⁾	5 ⁽⁷⁾	467	25	711
	2013	479	41	197	-	507 ⁽⁸⁾	6 ⁽⁵⁾	513	96	1,326
Non-Executive Directors										
Anthony Bloom	2014	163	-	-	-	-	-	-	-	163
	2013	100	-	-	-	-	-	-	-	100
Martina King	2014	48	-	-	-	-	-	-	-	48
	2013	39	-	-	-	-	-	-	-	39
David Maloney	2014	72	-	-	-	-	-	-	-	72
	2013	55	-	-	-	-	-	-	-	55
Thomas McGrath ⁽⁴⁾	2014	-	-	-	-	-	-	-	-	-
	2013	14	13	-	-	-	-	-	-	27
Scott Rosenblum	2014	42	-	-	-	-	-	-	-	42
	2013	-	-	-	-	-	-	-	-	-
Arni Samuelsson ⁽⁴⁾	2014	42	-	-	-	-	-	-	-	42
	2013	-	-	-	-	-	-	-	-	-
Rick Senat	2014	53	-	-	-	-	-	-	-	53
	2013	39	-	-	-	-	-	-	-	39
Peter Williams	2014	59	-	-	-	-	-	-	-	59
	2013	54	-	-	-	-	-	-	-	54

(1) See page 47 for details of the other benefits provided to the Executive Directors. The figures in this column for the Non-Executive Directors relate to taxable travel costs to attend Cineworld Board meetings, including related sustenance and accommodation.

(2) Under the Sharesave Scheme, employees are able to acquire shares in the Company at a discount of up to 20% of the market value at grant. The figures in this table relate to the value of this discount at the date of grant.

(3) The gain on PSP shares and CSOP option vesting in the period has been calculated using a share price of £3.57, being the average price for the last three months of the period (as they will not vest until 26 March 2015) and in the case of the PSP award includes payment of a cash sum equivalent to the dividends that would have been paid on the vested shares in respect of dividend record dates occurring between grant and vesting. The dividend equivalent payment to Stephen Wiener will amount to £37,116 and to Philip Bowcock will amount to £30,300.

(4) Thomas McGrath and Stephen Wiener left the Company on 15 May 2013 and 31 March 2014 respectively.

(5) This CSOP option, although vested, had not been exercised and for comparison purposes a share price of £3.36, being the average price for the last three months of the period, has been used to calculate the value. It was subsequently exercised and details of the gain made are set out on page 55.

(6) Figure represents base salary and a special one-off salary supplement of £80,031 awarded to reflect the additional level of responsibility taken following the announcement that Stephen Wiener was leaving.

(7) Exercised early so figure reflects actual value received, but relates to the period in question. See page 55 for details.

(8) The gain on the PSP option vesting in this period was calculated using a share price of £3.36, being the average post rights issue for the last three months of the period (as they did not vest until 29 March 2014) and included payment of a cash sum equivalent to the dividends that would have been paid on the vested shares in respect of dividend record dates occurring between grant and vesting. The dividend equivalent payment to Stephen Wiener was £42,349. The option was subsequently exercised and details of the gain made are set out on page 54.

Loss of Office Payments (audited information)

Cineworld agreed with Stephen Wiener that his employment would end on 31 March 2014 and he was paid £349,060 on leaving, representing 95% of nine months' salary and contractual benefits. A further payment of £70,585 was made to the Company pension scheme on his behalf subject to the scheme and HMRC rules and, subject to applicable performance targets being achieved, he received a time prorated bonus for 2014 of £85,000. Details of the bonus are set out on page 48. He also retained the use of his car and driver until 31 December 2014 and will continue to be covered by the Company's private medical insurance until 31 March 2017, or in each case until he finds new employment (which in the case of the medical insurance provides equivalent cover). For the purposes of awards under the PSP, the Committee determined that he was a 'good leaver' and these will vest on the normal vesting dates, subject to the satisfaction of applicable performance targets and on a time prorated basis. His awards under the CSOP vested and became exercisable from 31 March 2014 on a time prorated basis and estimated future Group performance. Further details are set out on page 55.

Payments to Past Directors

Richard Jones, a past Director, who left the Company on 11 June 2011, exercised a PSP award which vested during the year. In accordance with the Company's policy, the award had been reduced on a time apportioned basis reflecting the period actually worked, vested on its original vesting date and remained subject to the requisite performance condition. Further details are set out on page 54. Otherwise there were no payments to past Directors during the financial year.

External Appointments

Mooky and Israel Greidinger are both Non-Executive Directors of Global City Holdings N.V., a party connected to them, which is interested in 29% of the issued share capital of Cineworld Group plc. In relation to these roles, they retain any fees received from Global City.

Directors' Shareholdings (audited information)

	Beneficial	Share options subject to performance conditions ⁽¹⁾	Share options subject to performance conditions ⁽²⁾	Share options not subject to performance conditions ⁽³⁾
Executive Directors				
Philip Bowcock	13,200	362,211	12,087	5,810
Israel Greidinger	76,626,344 ⁽⁴⁾	162,619	-	-
Mooky Greidinger	76,626,344 ⁽⁴⁾	238,508	-	-
Non-Executive Directors				
Anthony Bloom	2,158,006 ⁽⁵⁾	-	-	-
Martina King	2,563	-	-	-
David Maloney	26,400	-	-	-
Scott Rosenblum	10,377	-	-	-
Arni Samuelsson	-	-	-	-
Rick Senat	26,937	-	-	-
Peter Williams	52,800	-	-	-

(1) Relates to invested awards under the PSP.

(2) Relates to CSOP options with identical performance conditions to PSP awards and made at the same time.

(3) Relates to share options held under the Sharesave Scheme.

(4) Shares are held by Global City Holdings N.V., a connected party of both Mooky Greidinger and Israel Greidinger.

(5) Shares are held by a nominee for a Jersey-based discretionary trust, of which Anthony Bloom is one of the potential beneficiaries.

The interests of Directors and their connected persons in ordinary shares as at 1 January 2015 and 12 March 2015, including any interests in shares and share options provisionally granted under the PSP and CSOP, are presented above.

As described in the policy table on page 59, each Executive Director is expected to build up, over a period of time, a holding in shares equal to 100% of their base salary. For the purposes of these guidelines, only beneficially owned shares will count towards the holding.

As at 1 January 2015, Israel and Mooky Greidinger both met this shareholding requirement through their interests in Global City Holdings N.V. Philip Bowcock, who was appointed in

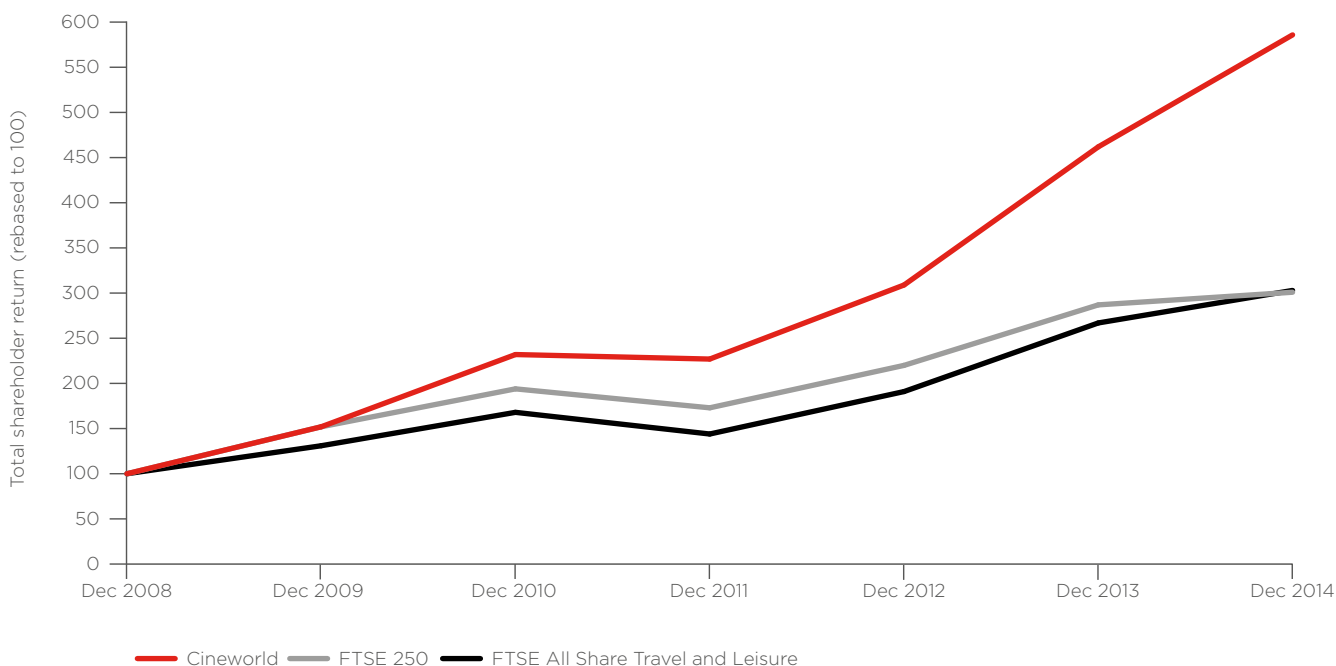
November 2011, does not yet meet the requirement, though he purchased 10,000 shares in December 2012 and subsequently purchased the rights offered on these shares in February 2014 to give his current holding of 13,200 shares. Under Cineworld's share ownership guidelines, he will therefore be expected to retain 50% of any shares which he acquires under the PSP or on the exercise of other options, after allowing for the sale of shares to pay tax and other deductions, until such time as he has built up such a holding.

Directors' Remuneration Report

Continued

Six-Year TSR Performance and CEO Pay

The graph below compares the Company's total shareholder return performance against the FTSE 250 and FTSE All Share Travel and Leisure indices over the past six financial years. The Remuneration Committee believes these to be the most appropriate comparators as Cineworld is a member of both indices.



Financial year	CEO single figure of total remuneration (£000) ⁽¹⁾	Bonus as proportion of maximum opportunity	LTI vesting as proportion of maximum opportunity
2014	£1,440	76%	100%
2013	£1,326	41%	81%
2012	£1,258	60%	99%
2011	£1,252	68%	100%
2010	£1,212	82%	100%
2009	£858	85%	-

(1) Up to 2013 these figures solely relate to Stephen Wiener who was CEO up to and including 27 February 2014. For 2014, it represents a combination of two months of Stephen Wiener and ten months of Mooky Greidinger who both held the office of CEO during the period.

Percentage Increase in CEO remuneration

The percentage changes in the value of salary, non-pension benefits and bonus between 2013 and 2014 for the CEO and employees generally are set out in the table below:

	CEO ⁽¹⁾	Employees generally ⁽²⁾
Salary	13%	2%
Non-pension benefits	80%	-10%
Annual bonus	106%	150%

(1) For 2013 these figures relate solely to Stephen Wiener who was CEO up to and including 27 February 2014. For 2014, they represent a combination of two months of Stephen Wiener and ten months of Mooky Greidinger who both held the office of CEO during the period.

(2) The figures reflect increases for UK based monthly salaried employees excluding the senior management group. This group has been selected as the UK is the country in which the CEO is based.

Relative Importance of Pay Spend

The table below shows figures for people costs, shareholder dividends and a number of other significant distributions of turnover that the Committee considers to be relevant in order to provide context to the relevant importance of pay spend.

	2014	2013	% change
Staff and employee costs	£91.7m⁽¹⁾	£65.0m	41%
Of which, Directors' remuneration costs	£3.9m	£2.2m	77%
Corporation tax paid	£12.1m	£9.7m	36%
Other costs	£543m⁽¹⁾	£369m	47%
Dividends paid	£26.9m	£18.1m	49%
Retained earnings	£34.7m	£4.4m	789%

(1) Includes cinema business of Cinema City Holdings B.V for ten months.

Shareholder Voting Results from 2013 AGM

At the Annual General Meeting of the Company held on 8 May 2014, the resolutions to approve the Directors' Remuneration Policy and the Directors' Remuneration Report were both approved on a show of hands. The proxy vote was:

	Directors' Remuneration Policy		Directors' Remuneration Report	
	Number of votes	% of votes cast	Number of votes	% of votes cast
For	182,696,126	86.47%	154,240,771	71.05%
Discretionary	35,034	0.02%	35,034	0.02%
Against	28,555,346	13.51%	62,786,556	28.93%
Total votes cast	211,286,506	100%	217,062,361	100%
Votes withheld ⁽¹⁾	5,978,431	-	202,576	-

(1) A vote withheld is not counted as a vote in law.

As described in the Chairman's letter, the Committee received feedback from our shareholders in 2014, both as part of the consultation exercise and following the publication of the remuneration report. Feedback from shareholders related to topics including the changes to Executive Director arrangements as a result of the Combination, the possibility of introducing deferral of annual bonuses and PSP metrics and level of vesting for threshold performance. The Committee also considered the impact of the updated UK Corporate Governance Code in respect of "clawback" and "malus" provisions.

The Committee has carefully reflected on the feedback received and considered whether it would be appropriate to make changes to our arrangements and put a revised remuneration policy for shareholder approval at the 2015 AGM. On balance, other than the introduction of "malus" and "clawback" into annual bonus and long-term incentive awards, the Committee decided not to amend the Policy for 2015, as it believes that consistency of approach is preferable as the Company takes on board the changes to the business as a result of the Combination. However, it intends to continue to engage with shareholders in the coming year and to take into account all shareholder feedback when considering potential changes at the next full policy review.

Directors' Remuneration Report Continued

Share and Share Option Awards Granted and Vesting During the Year (audited information)

Awards or grants were made under the three Share and Share Options Schemes as follows:

PSP: Awards consisting of nil cost options over shares were granted to all three Executive Directors equivalent in value to 150% of their base salary on 6 June 2014 which will become exercisable after three years. Details of the awards are set out below. Awards are subject to continued employment and the achievement of the performance conditions specified on page 48.

Awards granted or vesting during the year:

(a) Cineworld Group Performance Share Plan

Name of Director	At 27 December 2013	Awarded during year	Vested during year	Exercised during year	Lapsed during year	At 1 January 2015	Exercise price	Market value at date of exercise ⁽³⁾	Exercise period ⁽²⁾	Gain ⁽⁴⁾
Current Directors										
Philip Bowcock	-	162,083 ⁽¹⁾	-	-	-	162,083	£Nil	-	06/06/17-05/12/17	-
Israel Greidinger	-	162,619 ⁽¹⁾	-	-	-	162,619	£Nil	-	06/06/17-05/12/17	-
Mooky Greidinger	-	238,508 ⁽¹⁾	-	-	-	238,508	£Nil	-	06/06/17-05/12/17	-
Past Directors										
Stephen Wiener	153,205	-	138,331 ⁽⁵⁾	138,331	31,818 ⁽⁶⁾	-	£Nil	£2.9602	29/03/14-28/09/14	£451,836
Richard Jones	6,547	-	5,911 ⁽⁵⁾	5,911	1,360 ⁽⁶⁾	-	£Nil	£2.9602	29/03/14-28/09/14	£19,307

(1) Mid-market closing price of a Cineworld Group plc share on 5 June 2014, the day before grant, was £3.459. The face value of the award to Philip Bowcock, Israel Greidinger and Mooky Greidinger were £560,645, £562,500 and £825,500 respectively. All three awards were granted as nil cost options.

(2) Subject to satisfaction of the relevant performance conditions (details of which are set on page 48). The awards vesting during the year did not vest in full.

(3) This was the price per share received in respect of those shares which were sold.

(4) The gain has been calculated using the realised share price on the date of exercising and includes payment of a cash sum equivalent to the dividends that would have been paid on the vested shares in respect of dividend record dates occurring between grant and vesting. The dividend equivalent payments amounted to £42,349 for Stephen Wiener and £1,809 for Richard Jones.

(5) The entitlement was increased for the Rights Issue in February 2014.

(6) The entitlement was reduced to take account of (a) the fact that Richard Jones left on 17 June 2011 and Stephen Wiener left on 31 March 2014 so the performance period had not been completed in full and (b) the performance condition attaching to the grants was only satisfied 81.3%.

Details of the awards vesting in March 2015:

Name of Director	Date awarded	Number awarded	Vesting date	Number vesting	Number lapsing	Exercise price	Exercise period
Current Directors							
Philip Bowcock	26/03/12	87,500	26/03/15	97,177 ⁽¹⁾	-(²⁾	£Nil	26/03/15-25/09/15
Past Directors							
Stephen Wiener	26/03/12	159,683	26/03/15	119,038 ⁽¹⁾	58,305 ⁽²⁾	£Nil	26/03/15-25/09/15

(1) The entitlement was adjusted for the Rights Issue in February 2014.

(2) The performance condition has been satisfied in full so there was no reduction in the shares vesting for Philip Bowcock, but in the case of Stephen Wiener there is a reduction to take account of the fact that he left on 31 March 2014 so the performance period had not been completed in full.

(b) Cineworld Group Company Share Option Plan

Name of Director	At 27 December 2013	Awarded during year	Vested during year	Lapsed during year	At 1 January 2015	Exercise price	Market value at date of exercise ⁽⁸⁾	Earliest date of exercise ⁽³⁾	Expiry date	Gain
Current Directors										
Philip Bowcock	-	2,891 ⁽¹⁾⁽⁴⁾	-	-	2,891	£3.459 ⁽⁴⁾	-	06/06/17	05/06/24	-
Past Directors										
Stephen Wiener	5,050 ⁽¹⁾	-	5,541 ⁽⁵⁾	-	-	£1.7828 ⁽²⁾	£3.345	01/07/13	30/09/14 ⁽⁶⁾	£8,656
	4,801 ⁽¹⁾	-	4,334 ⁽⁵⁾	997	-	£1.8751 ⁽²⁾	£3.345	29/03/14	30/09/14 ⁽⁶⁾	£6,371
	4,694 ⁽¹⁾	-	3,457 ⁽⁵⁾	1,756	-	£1.9179 ⁽²⁾	£3.345	31/03/14 ⁽⁷⁾	30/09/14 ⁽⁷⁾	£4,933

(1) HM Revenue and Customs approved share options.

(2) Mid-market closing price of a Cineworld Group plc share the day before grant adjusted for the rights issue in February 2014.

(3) Subject to satisfaction of the relevant performance conditions (details of which are set on page 48).

(4) The face value of the award to Philip Bowcock was £9,999. The mid-market closing price of a Cineworld Group plc share on 5 June 2014, the day before grant, was £3.459.

(5) The entitlement was increased for the Rights Issue in February 2014 and reduced to take account of (a) the fact that Stephen Wiener left on 31 March 2014 so the performance period had not been completed in full and (b) the performance conditions attaching to the grants were not (or would not be) fully satisfied which resulted in 98.83%, 81.3% and 88.3% vesting in the three respective grants.

(6) Steve Wiener left on 31 March 2014 and in accordance with the rules of the plan had six months from his leaving date to exercise.

(7) Steve Wiener left on 31 March 2014 and in accordance with the rules of the plan had six months from his leaving date to exercise. Ordinarily the period for exercise would have been 26.03.15-25.03.22.

(8) The gain has been calculated using the share price realised on the date of exercise being £3.345.

Details of the awards vesting in March 2015:

Name of Director	Date awarded	Number awarded	Vesting date	Number vesting	Number lapsing	Exercise price	Earliest date of exercise ⁽¹⁾	Expiry date
Philip Bowcock	26/03/12	4,694	26/03/2015	5,213 ⁽²⁾	- ⁽³⁾	£1.9179 ⁽²⁾	26/03/15	25/03/22

(1) Subject to satisfaction of the relevant performance conditions (details of which are set on page 48).

(2) Adjusting the shares under the option for the rights issue in February 2014 means that the exercise price was reduced from £2.13 and the entitlement increased.

(3) The performance condition was satisfied in full so there was no reduction in the number of shares vesting.

(c) Cineworld Group Sharesave Scheme

No share options were granted under the Sharesave Scheme to any Directors during the period and none of the share options held by Directors under the scheme vested in the period. One option did lapse. No options under the scheme are due to vest until June 2015. Details are set out below:

Name of Director	At 27 December 2013	Awarded during year	Vested during year	Lapsed during year	At 1 January 2015	Exercise price	Earliest date of exercise ⁽¹⁾	Expiry date
Stephen Wiener	5,232 ⁽¹⁾	-	-	-	5,810 ⁽³⁾	£1.5487 ⁽²⁾	01/06/15	30/11/15

(1) Subject to regular monthly savings being made with the Yorkshire Building Society.

(2) Adjusting the shares under the option for the Rights Issue in February 2014 means that the exercise price was reduced from £1.72.

(3) Adjusting the shares under the option for the Rights Issue in February 2014 means that the number of shares was increased.

Details of the awards vesting in June 2015:

Name of Director	Date awarded	Number awarded	Number vesting	Number lapsing	Exercise price	Earliest date of exercise ⁽¹⁾	Expiry date
Philip Bowcock	19/04/2012	5,232	5,810 ⁽³⁾	-	£1.5487 ⁽²⁾	01/06/15	30/11/15

(1) Subject to regular monthly savings being made with the Yorkshire Building Society.

(2) Adjusting the shares under the option for the Rights Issue in February 2014 means that the exercise price was reduced from £1.72.

(3) Adjusting the shares under the option for the Rights Issue in February 2014 means that the number of shares was increased.

Directors' Remuneration Report

Continued

Set out below in full is the Policy Report which was approved by shareholders at the AGM on 8 May 2014. The Policy Report has been included for reference purposes and has been printed verbatim from last year's report. The information contained in it is therefore accurate as at 6 March 2014. The Committee's intention is to put its Policy to a binding vote every three years, unless there are any changes requiring shareholder approval.

Policy Report Executive Directors Policy Effective Date

This section describes the Committee's policy on the remuneration of Directors. The policy will be put to shareholders for approval at our AGM in May 2014 and will come into effect from the date of the AGM. The Committee intends that this policy will remain in effect for a period of three years unless there are changes requiring shareholder approval. Following approval at the AGM, remuneration payments and payment for loss of office to Directors can only be made if they are consistent with this policy or otherwise approved by an ordinary resolution of the shareholders.

Current Policy on Remuneration

The objective of the Group's remuneration policy is that Executive Directors should receive appropriate remuneration for their performance, responsibility, skills and experience. Remuneration packages are designed to enable the Group to attract and retain key employees by ensuring they are remunerated appropriately and competitively and that they are motivated to achieve the highest level of Group performance in line with the best interests of shareholders. They are also structured with due regard of risk so no Director is encouraged to take inappropriate risks because of the level of potential variable rewards.

To determine the elements and level of remuneration appropriate for each Executive Director, the Committee considers benchmark remuneration data for selected comparable companies and seeks to ensure that an appropriately significant proportion of potential pay is performance related and that total pay opportunity is consistent with appropriate superior levels of pay for superior performance.

The policy of the Committee is to set performance conditions for annual bonuses and long-term incentives which are appropriately stretching but fair given the environment in which the Group operates and internal and external expectations.

While the Board's normal practice is to operate within the above parameters, it will take account of individual circumstances and tailor remuneration packages accordingly. In cases of material variance, it would seek to take account of major shareholders' views.

Executive Directors' remuneration currently comprises an annual salary, a performance-related bonus, a share-based long-term incentive scheme, pension contributions and other benefits as explained below.

The table summarises the policy for each element of pay:

Element and Link to Strategy	Maximum	Operation
Basic Salary To provide a core level of remuneration to enable the Company to attract and retain skilled, high-calibre executives to deliver its strategy.	<p>Salaries may be adjusted and any increase will ordinarily be (in percentage terms) in line with those across the Group.</p> <p>Percentage increases beyond those granted to the wider workforce may be awarded in certain circumstances such as where there is a change in responsibility, progression in the role, experience or a significant increase in the scale of the role and/or size, value and/or complexity of the Group.</p>	<p>Executive Directors' salary levels are agreed on joining and thereafter reviewed annually on 1 July each year⁽¹⁾.</p> <p>The Committee considers both the nature and the status of the Company's operations and the responsibilities, skills, experience and performance of each Executive Director. The Committee compares the Group's remuneration packages for its Executive Directors and employees with those for Directors and employees of similar seniority in companies whose activities are comparable with the Group. The Committee also takes into account the progress made by the Group, contractual considerations and salary increases across the rest of the Group (which for 2013 were generally around 3%)⁽²⁾.</p>

(1) Given the new arrangements put in place for Executive Directors in relation to the combination with Cinema City International, no salary increases will be made in July 2014.

(2) Stephen Wiener has a contractual right to an annual salary increase in line with RPI, which was in place prior to the Company's listing in 2007. Going forward, and in respect of new appointments, it is the Committee's policy not to agree any guaranteed minimum increases.

Element and Link to Strategy	Maximum	Operation
<p>Pension To provide market-competitive retirement benefits.</p>	<p>Monthly employer contribution of 20% of basic salary or in the form of a pension allowance.</p>	<p>All employees, including Executive Directors, are invited to participate in a Group Personal Pension Plan which is a money purchase plan. The Company contribution for Executive Directors is 20% of base salary. Bonuses are not pensionable.</p> <p>Executive Directors may choose to opt out of the Group scheme and instead receive a cash pension allowance equivalent to 20% of base salary.</p> <p>The Company's pension contribution may be conditional on the Executive Director contributing up to 5% of his base salary to the pension scheme. Executives may make pension contributions under "salary sacrifice" arrangement. Savings as a result of such an arrangement may be shared with the Executive Director in the form of an additional pension contribution.</p>
<p>Other Benefits To provide market-competitive benefits and support the health and safety of individuals.</p>	<p>The cost to the Group of providing such benefits will vary from year to year in accordance with the cost of insuring such benefits.</p>	<p>Benefits in kind for Executive Directors currently include the provision of a company car or car allowance, private mileage, life insurance, permanent health insurance, private medical cover and, for the Chief Executive Officer only, a driver.</p> <p>Benefits are tailored to the individual circumstances of Directors to ensure that overall packages are attractive and additional benefits may be introduced where appropriate.</p> <p>A limited flexible benefits scheme operates for all employees (including Directors) and the intention is to expand it over a period of time.</p>
<p>Annual Bonus To incentivise the annual delivery of financial and operational targets.</p>	<p>Maximum opportunity for Executive Directors of 100% of salary.</p>	<p>The level of bonus is based primarily on overall Group performance in meeting its primary financial objectives in EBITDA for the financial period. The level of bonus is determined by a matrix of budgeted EBITDA and personal performance levels. The weighting of measures is circa 80% budgeted EBITDA and 20% personal performance.</p> <p>The Committee seeks to ensure that the budget is challenging and so there is a clear link between the short-term Group performance and payout under the arrangements.</p> <ul style="list-style-type: none"> No bonus is payable if a minimum threshold of 90% (2012: 95%) of budgeted EBITDA is not achieved. At this level (assuming "good" performance against individual objectives), a bonus of 30% of maximum opportunity would be payable. The maximum bonus level is only payable if both 110% of budgeted EBITDA and exceptional performance against individual objectives was achieved. <p>The personal element is determined by the achievement of individual strategic objectives, which vary year from year to ensure that objectives are aligned with the business plan. Individual objectives vary from year to year but our policy is to set goals which relate to the achievement of the business strategy. Examples include ensuring a strong pipeline of new cinema sites and maintaining good financial controls.</p> <p>The choice of these measures reflects the Committee's belief that any incentive compensation should be tied both to the overall performance of the Group and to those areas of the business that the relevant individual can directly influence.</p> <p>The performance measures and targets are reviewed annually to ensure alignment to strategy.</p> <p>Bonuses are paid in cash following the approval of the Group Annual Report.</p> <p>Where a Director leaves and is considered a good leaver, he will be paid on the usual payment date a proportion of any bonus entitlement, which would have otherwise accrued, reflecting that part of the bonus period which was actually worked.</p>

Directors' Remuneration Report

Continued

Element and Link to Strategy	Maximum	Operation
<p>The Cineworld Group Performance Share Plan ("PSP") To encourage sustainable profitability over a period of time aligned to the overall objective of achieving sustainable growth.</p>	<p>The maximum award to an individual in any year under the plan rules is 200% of base salary.</p> <p>However, the Remuneration Committee does not currently intend that awards to Executive Directors should exceed 150% of their base salary⁽³⁾.</p> <p>If it is considering changing this approach, it will consult with key shareholders before doing so.</p>	<p>Annual awards of conditional shares or nil-cost options are made to Executive Directors and members of the Senior Management Team at the discretion of the Committee.</p> <p>Awards may vest after three years subject to continuing employment and the achievement of stretching three-year EPS growth performance conditions which are aligned with the Group's strategy of delivering long-term growth.</p> <p>The Committee will review and calibrate the EPS growth targets on an annual basis for each award to ensure they are sufficiently stretching in light of both internal and external performance expectations. Threshold performance is generally intended to align to the performance of the relevant market and/or our competitors' level. If the stretch performance level is achieved, we would expect to have significantly out-performed the relevant market and for term and against our competitors.</p> <p>At the threshold performance level, 30% of an award will vest. At the stretch level of performance, 100% of an award will vest. Between these levels, vesting will be determined on a straight-line basis.</p> <p>On vesting, participants will also receive additional shares or a cash sum equivalent to the dividends that would have been paid on the vested shares in respect of dividend record dates occurring between grant and vesting.</p> <p>At the discretion of the Committee, each participant in the PSP may have a proportional part of their PSP award replaced by an HMRC approved share option granted under the Cineworld Group Company Share Option Plan ("CSOP"), up to the maximum value of options permitted by legislation (currently £30,000). Such awards are subject to identical performance vesting conditions as the PSP shares they replace.</p> <p>The conditions applicable to awards may be varied in exceptional circumstances following the grant of an award so as to achieve their original purpose, but not so as to make their achievement any more or less difficult to satisfy. Awards may also be adjusted to reflect corporate events, such as rights issues, to maintain a holder's position, but not so as to enhance it.</p> <p>It is the Committee's intention to settle awards in shares, but the plan rules allow for flexibility to settle in cash if required. Where vesting of any award granted would result in the Greidinger family (the family of the new CEO and COO) controlling shares carrying 30% or more of the voting rights of the Company then the Committee may instead make a cash payment equal to the market value of the shares comprised in the vested award.</p>
<p>The Cineworld Group Sharesave Scheme To enable Group employees to become Cineworld shareholders, encouraging alignment and rewarding for Group performance.</p>	<p>The maximum saving level is £250 a month over a three-year term.</p>	<p>Executive Directors are eligible to participate in the Sharesave Scheme, which is an HM Revenue and Customs approved scheme open to all employees of nominated Group companies.</p> <p>Under the Sharesave Scheme, employees are eligible to acquire shares in the Company at a discount of up to 20% of the market value at grant if they agree to enter into a savings contract for a three-year period. Consistent with the relevant legislation, no performance conditions apply.</p> <p>Awards may also be adjusted to reflect corporate events, such as rights issues, to maintain a holder's position, but not so as to enhance it.</p>
<p>(3) As a result of the combination with the cinema business of Cinema City International N.V. and in recognition of the increased size and international complexity of the combined business, the Committee has determined to increase the annual award level under the PSP for Executive Directors from 100% to 150% of salary. Major shareholders have been consulted in relation to the adjustment of PSP award levels.</p>		

Element and Link to Strategy	Maximum	Operation
Share Ownership Guidelines To provide alignment between Executive Directors and shareholders.	N/A	Each Executive Director is expected to build up, over a period of time, a holding in shares equal to 100% of their base salary. In order to achieve this level of shareholding, Executive Directors are expected to retain 50% of any shares they acquire under the PSP or on the exercise of options, after allowing for the sale of shares to pay tax and other deductions, until such time as they have built up such a holding. For the purposes of these guidelines, only beneficially owned shares will count towards the holding.

Satisfaction of Share Options and Share Awards

Awards under the PSP, the Sharesave Scheme and the CSOP described in the table above can be satisfied using new issue shares, shares held in treasury or shares purchased in the market in conjunction with the Cineworld Group Employee Benefit Trust (the "Trust"), established by the Company on 24 March 2006 with independent trustees based in Jersey.

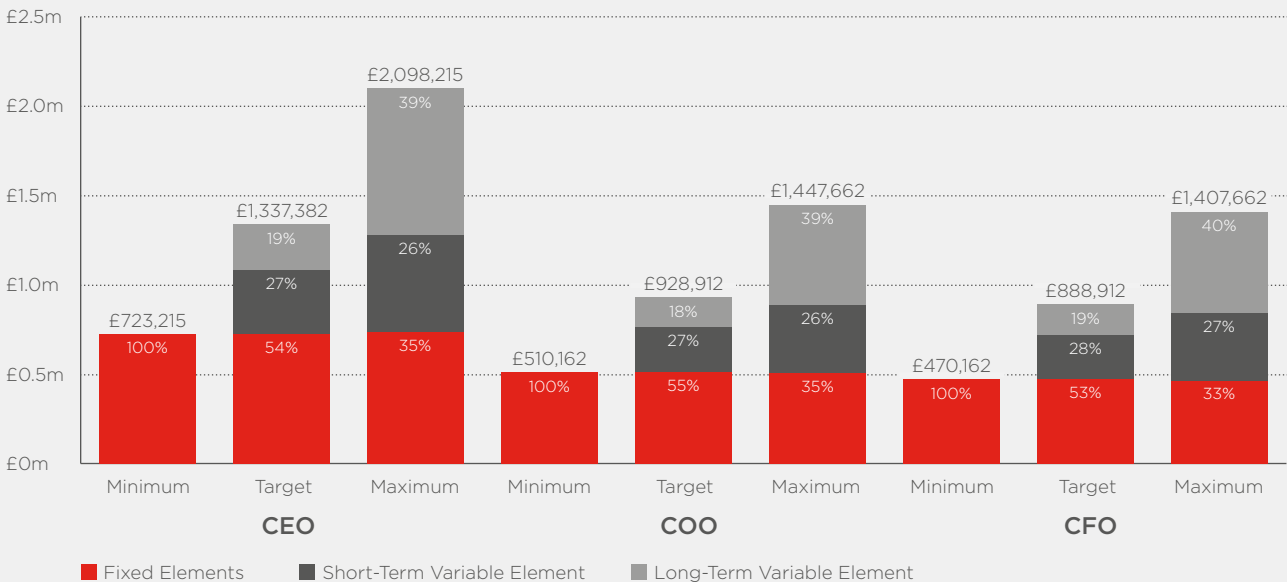
If new issue shares are used, the following limits will be followed:

- In any ten-year period, the number of shares which may be issued under the PSP and under any other executive share or option scheme established by the Company may not exceed 5% of the issued ordinary share capital of the Company from time to time.

- In any ten-year period, the number of shares which may be issued under the PSP and under any employees' share or option scheme established by the Company may not exceed 10% of the issued ordinary share capital of the Company from time to time.

Resulting Total Pay Levels Under Different Scenarios

The chart below illustrates how the potential future compensation of each of the Executive Directors may vary at different levels of performance and the percentage each element may form together with the possible total value.



For the purpose of this chart, the following assumptions have been made:

- The base salary, bonus opportunity and PSP award levels are those for the Executive Directors following completion of the combination with the cinema business of Cinema City International N.V. as set out on page 58 of the 2013 Annual Report.

- Fixed elements comprise base salary, pension and other benefits.
- Benefits levels are assumed to be the same as in 2013.
- For target performance, assumptions of bonus payout of 67% of maximum and threshold vesting (30%) for PSP have been made.
- No share price increase has been assumed.

Directors' Remuneration Report Continued

Recruitment Remuneration Policy

New Executive Directors will generally be appointed on remuneration packages with the same structure and elements as described in the policy table above. On appointment, base salary level will be set taking into account a range of factors including market levels, experience, internal relativities and cost. Annual bonus opportunity will be no greater than 100% of salary and the normal maximum award under the PSP will be 150% of salary.

For external appointments, although we have no plans to offer additional benefits, cash and/or share-based elements on recruitment, the Committee reserves the right to do so when it considers this to be in the best interests of the Company and shareholders. Such payments will take account of remuneration relinquished when leaving the former employer and, to the extent possible, would reflect the nature, time horizons and performance requirements attaching to that remuneration. If it is necessary in the circumstances, the Committee reserves the right to offer a longer initial notice period than one year. In such a circumstance, this would reduce to a notice period of no greater than 12 months after the initial period. The Committee may agree that the Company will meet certain relocation expenses as appropriate or pay a disturbance allowance.

For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue.

Shareholders will be informed of any Director appointment and the individual's remuneration arrangements as soon as practicable following the appointment via an announcement to the regulatory news services and on our website.

Service Contracts

The Group's policy in entering into service contracts with Executive Directors is to enable the recruitment of high-quality executives and to obtain protection from their sudden departure, whether or not to competitor companies. In addition, service contracts are an important element in maintaining protection for the Group's business and its commercially sensitive information.

A summary of the key terms of the Executive Directors' service contracts is set out below:

	Stephen Wiener ⁽¹⁾	Philip Bowcock	Moshe Greidinger ⁽²⁾	Israel Greidinger ⁽²⁾
Date of Contract	23 April 2007	16 November 2011	27 February 2014	27 February 2014
Notice Period ⁽³⁾	12 months	6 months	12 months	6 months
Remuneration	<ul style="list-style-type: none"> • Base salary • Pension contribution • Company car and driver • Entitlement to participate in annual bonus scheme • Life assurance cover • Medical insurance • Permanent health insurance 	<ul style="list-style-type: none"> • Base Salary • Cash in lieu of pension contribution • Car allowance • Entitlement to participate in annual bonus scheme • Life assurance cover • Medical insurance • Permanent health insurance 	<ul style="list-style-type: none"> • Base salary • Pension contribution • Company car or car allowance • Entitlement to participate in annual bonus scheme • Disturbance allowance • Life assurance cover • Medical insurance • Permanent health insurance 	<ul style="list-style-type: none"> • Base salary • Pension contribution • Company car or car allowance • Entitlement to participate in annual bonus scheme • Disturbance allowance • Life assurance cover • Medical insurance • Permanent health insurance
Termination	Company has right to terminate on payment on pre-agreed basis	Company has right to terminate on payment on pre-agreed basis	Company has right to terminate on payment on pre-agreed basis	Company has right to terminate on payment on pre-agreed basis
Non-Competition	During employment and for 12 months thereafter	During employment and for 6 months thereafter	During employment and for 12 months thereafter	During employment and for 6 months thereafter

(1) Stephen Wiener resigned as CEO and a Director on the completion of the combination with the cinema operations of Cinema City International N.V. on 27 February 2014.

(2) Appointed on the completion of the combination with the cinema operations of Cinema City International N.V. on 27 February 2014.

(3) The Group's policy is to have notice periods for Executive Directors which are between 6 and 12 months.

The Executive Directors are, under the terms of their service contracts, entitled to an annual review of their base salary each year. In the case of Stephen Wiener, a minimum increase in line with RPI had to be made.

Loss of Office Policy

The Company's policy is to endeavour to minimise any payment on early termination by insisting on mitigation of any loss where possible. To allow the Company to terminate an Executive Director's employment contract legally so it would not face a claim for wrongful termination (although a claim for unfair dismissal could still exist), its policy is to pre-agree arrangements which would apply on termination. Only the Company has the right to trigger such arrangements and it has complete discretion as to whether it does.

Under the terms of their contracts, the Company may, in lieu of giving notice, terminate an Executive Director's service contract by making a payment equivalent to 95% (in the case of Stephen Wiener) and 100% (in the case of the other Executive Directors) of base salary and contractual benefits for the notice period. In this event, the Executive Director would not be entitled to any bonus for the unworked portion of his notice period, but would be eligible for a pro rata bonus for the period up to the date of the termination of his contract.

Where an Executive Director works their notice, pension, benefits and bonus will continue to accrue as normal up until the date of the termination. Any bonus entitlement will be paid as normal on a prorated basis.

Leaving arrangements under the Share and Share Option Schemes vary:

A. Under the PSP:

An award will normally lapse upon a participant leaving the employment of the Group unless the Remuneration Committee in its absolute discretion otherwise determines. Any such discretion would only be applied by the Committee to "good leavers" where it considers that continued participation is justified by reference to past performance to the date of leaving or because of the prevailing circumstances. In such cases, the award would become exercisable on the original vesting date on a reduced basis taking into account only that part of the three-year performance period which has elapsed and subject to the satisfaction of performance conditions unless the Remuneration Committee determines other arrangements are justified.

In the event of a change of control, scheme of arrangement or winding-up of the Company all awards will vest to the extent that any performance targets have, in the opinion of the Remuneration Committee, been satisfied at that time, on a reduced basis taking into account only that part of the three-year performance period which has elapsed unless the Remuneration Committee in its absolute discretion otherwise determines. An award, to the extent it becomes exercisable, may be exercised during the period of one month after which, to the extent unexercised, the award will lapse. Alternatively, with the agreement of the acquiring company, the participants may exchange their awards for equivalent options to acquire shares in the acquiring company or its parent company.

B. Under the CSOP:

An option will normally lapse upon a participant leaving the employment of the Group. However, if a participant leaves the Group by reason of death, injury, ill health, disability, redundancy, retirement (as at or after reaching 55 years under Part A of the CSOP) or any other reason as determined by the Remuneration Committee or if the company or business for which he works ceases to be part of the Group, then unless the Remuneration Committee in its absolute discretion otherwise determines, his option will become exercisable when he leaves on a reduced basis taking into account only that part of the three-year performance period which has elapsed. An option, to the extent it becomes exercisable, may be exercised during the period of six months after which, to the extent unexercised, the option shall lapse automatically.

In the event of a change of control, scheme of arrangement or winding-up of the Company all options will vest to the extent that any performance targets have, in the opinion of the Remuneration Committee, been satisfied at that time, on a reduced basis taking into account only that part of the three-year performance period which has elapsed unless the Remuneration Committee in its absolute discretion otherwise determines. Such options become exercisable for a limited period of time. Alternatively in the case of a takeover, with the agreement of the acquiring company, the participants may exchange their options for equivalent options to acquire shares in the acquiring company or its parent company.

C. Under the Sharesave Scheme:

An option granted may normally not be exercised until the option holder has completed their savings contract and then not more than six months thereafter. However, if a participant leaves the Group by reason of death, injury, ill health, disability, redundancy, retirement (on reaching 60 years or any other contractual retirement age) or if the company or business for which he works ceases to be part of the Group, the option will become exercisable. An option, to the extent it becomes exercisable, may be exercised during the period of six months (12 months in the case of death) after which, to the extent unexercised, the option will lapse automatically.

In the event of a change of control, scheme of arrangement and/or a winding-up of the Company, options may be exercised for a limited period of time. Alternatively in the case of a takeover, with the agreement of the acquiring company, the participants may exchange their options for equivalent options to acquire shares in the acquiring company or its parent company.

Directors' Remuneration Report Continued

Non-Executive Directors

Letters of Appointment

The dates of appointment of the Non-Executive Directors and their notice periods are as follows:

Director	Date of appointment	Notice period
Anthony Bloom (Chairman)	7 October 2004	1 month
Martina King	2 July 2010	1 month
David Maloney	22 May 2006	1 month
Thomas McGrath	16 May 2005	1 month
Rick Senat	2 July 2010	1 month
Peter Williams	22 May 2006	1 month
Scott Rosenblum ⁽¹⁾	27 February 2014	1 month
Arni Samuelsson ⁽¹⁾	27 February 2014	1 month

(1) Appointed on the completion of the combination with the cinema operations of Cinema City International N.V. on 27 February 2014.

The Non-Executive Directors, including the Chairman, do not have service contracts with the Company. The terms and conditions of their appointment as Non-Executive Directors are set out in letters of appointment, which are subject to the provisions of the Articles of Association.

It is the Board's policy that the appointment of each Non-Executive Director is terminable on a short notice unless their appointment is terminated by a resolution of the shareholders in general meeting or if they fail to be re-elected by shareholders in general meeting when it aims to ensure no notice is necessary.

The Company's policy is that Non-Executive Directors receive a fixed fee for their services as members of the Board and its Committees. Non-Executive Directors do not participate in the Company's share incentives or otherwise receive performance-related pay but may receive reimbursement for travel and incidental costs incurred in furtherance of Company business.

The level of fees is determined by the Board after taking into account appropriate advice (except in the case of the Chairman whose level of fee is determined by the Remuneration Committee), in line with prevailing market conditions and at a level that will attract individuals with the necessary experience and ability to make a significant contribution to the Company's affairs. No Director participates in discussions relating to the setting of his or her own remuneration. Fee levels are reviewed on an annual basis.

Where a Non-Executive Director does not serve until the end of his or her term, the policy is to pay the fees due pro rata to the date of cessation.

Consideration of Employment Conditions Elsewhere in the Company

When considering salary increases for the Executive Directors, the Committee takes into account average levels of increase awarded to employees generally. Salary increases will normally be broadly in line with those for other employees.

The Committee does not formally consult employees in relation to remuneration policy for the Executive Directors. However, the Company regularly carries out engagement surveys which enable employees to share their views with management.

Consideration of Shareholder Views in Developing Policy

The Committee is grateful that shareholders have been supportive of its policy in the past. As appropriate, the Committee will continue to engage and communicate with shareholders regarding Cineworld's remuneration policy and take suitable action when required.

In the last year, the Committee considered feedback from some shareholders in relation to the setting of performance targets for PSP awards. For awards in 2013, it was decided to increase the thresholds for lower and upper end vesting from those used for previous awards and to express targets in excess of RPI.

By order of the Board

Peter Williams

Chairman of the Remuneration Committee

12 March 2015

Directors' Report

The Directors present their Annual Report and the audited financial statements for the 53 week period ended 1 January 2015. The comparative period is for the 52 week period ended 26 December 2013.

Management Report

This Directors' Report together with the Strategic Report on pages 1 to 31 form the Management Report for the purposes of rule 4.1.8R of the Disclosure and Transparency Rules.

Information Contained Elsewhere in the Annual Report

Information required to be part of this Directors' Report can be found elsewhere in the Annual Report as indicated in the table below and is incorporated into this Report by reference:

Information	Location in Annual Report
Likely future developments in the business of the Company or its subsidiaries	Pages 21 to 22
Corporate Governance Statement	Pages 34 to 44
Corporate Responsibility	Pages 30 to 31
Directors' Biographies	Pages 32 to 33
Details of Gender Diversity	Page 31
Key Performance Indicators	Pages 14 and 15
Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements	Page 69
Financial instruments: Information on the Group's financial risk management objectives and policies, and its exposure to credit risk, liquidity risk, interest rate risk and foreign currency risk	Note 22 on pages 112 to 116

Forward Looking Statements

Certain statements in these sections are forward looking and so involve risk and uncertainty because they relate to events, and depend upon circumstances, that will occur in the future. 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 Annual Report and the Company undertakes no obligation to update these forward looking statements. Nothing in this Annual Report should be construed as a profit forecast.

Key Performance Indicators ("KPIs")

The Board of Directors and executive management receive a wide range of management information to monitor the development of the Group. The KPIs are set out in the Strategic Report on page 14 to 15 and a short explanation of some of those KPIs are set out below:

Admissions

This measure is the ultimate driver of the business and primary indicator of business volume.

Box Office Revenue

This measure represents the principal revenue stream of the Group and is used generally within the cinema industry as the measure of market share (as reported by Rentrak).

Retail Spend per Customer

Retail spend per head is a measure of the value of the retail activity and our ability to generate other revenues directly from our customers. Both box office and retail measures are stated excluding VAT.

EBITDA

EBITDA (as defined in Note 1 to the financial statements) serves as a useful proxy for cash flows generated by operations and of the Group's ability to finance its capital expenditure and pay dividends.

Earnings per Share ("EPS")

EPS (as defined in Note 5 to the financial statements) is a simple measure of earnings attributable to each share and by comparing the figure from year to year gives an indication of the relative performance of the Company.

Results and Dividends

The results for the Group for the 53 week period ended 1 January 2015 are presented under International Financial Reporting Standards ("IFRS") as adopted by the EU. The results for the period are set out in the Group Consolidated Statement of Profit or Loss on page 73. The results for the Company are drawn up under UK GAAP.

An interim dividend of 3.8p per share was paid on 3 October 2014. The Directors are recommending a final dividend of 9.7p which, if approved by the shareholders at the Annual General Meeting ("AGM"), will be paid on 9 July 2015 to shareholders on the register on 12 June 2015.

Events Affecting the Company Since Year End

On 29 January 2015, in accordance with the Competition Commission ruling, the Group announced that Cineworld Cambridge had been sold to The Light Cinema chain for a cash consideration of £8million. Further details are set out in Note 26 to the financial statements.

Financial Risk Management

The Board of Cineworld Group plc regularly reviews the financial requirements of the Group and the risks associated therewith. The Group does not currently use complicated financial instruments, and where financial instruments are used it is for reducing interest rate risk (subject to the below). The Group does not use derivative financial instruments for trading purposes. Group operations are primarily financed from retained earnings and bank borrowings including an overdraft facility. Further details of capital management are set out in Note 22 to the financial statements. In addition to the primary financial instruments, the Group also has other financial instruments such as debtors and trade creditors that arise directly from the Group's operations.

On 10 January 2014, Cineworld Group plc announced the combination with the cinema business of Cinema City International N.V. ("CCI"), a leading cinema business in seven countries across Central and Eastern Europe and Israel ("Cinema City"), by means of an acquisition of the shares in

Directors' Report

Continued

Cinema City Holding B.V. ("CCH"), a subsidiary of CCI ("CCI Transaction") which completed on 28 February 2014. After the completion of the transaction the Group is subject to greater currency risk exposure. Wherever possible, overseas operations fund their day-to-day working capital requirements in local currency with cash generated from operations, naturally hedging the currency risk exposure to the Group. Management continually monitor the level of currency risk exposure, and consider hedging where appropriate. Currently the Group considers the currency risk on consolidation of the assets and liabilities of its foreign entities to be of low materiality and no hedging has been undertaken.

At the start of the period, prior to the combination with the cinema business of CCI, the Group had a bank loan which consisted of a term loan and a revolving facility of £87.5m and £100m respectively. Interest was charged on the facility at LIBOR plus 1.75%. The whole of the balance of the original £70m term loan amounting to £55m continued to be hedged. The Group took steps to ensure that the swaps were accounted for as hedges and that changes in valuation were recognised through reserves. Further information is provided in Notes 17 and 22 to the financial statements.

As part of the combination with CCI, the Company entered into a new five-year facility to part finance such combination and repay the existing facility. An element of the new facility was drawn to part settle the acquisition cash consideration of £272m and €14.5m. The residual of the facility was drawn to repay the existing facilities of the combined Group and to fund general working capital requirements going forward. The new facility provides funding of £400m of which £275m is a term loan and £125m is a revolving credit facility. £160m (€192m) of the new facility is available in Euros, reflecting the composition of the combined Group. This new financing arrangement became effective on 10 January 2014, but the new facility was not drawn and the existing facility was not repaid until 27 February 2014. As with the previous facility, the new facility is subject to floating interest rate charges. In line with the terms of the new facility agreement, management implemented hedging arrangements totalling 50% of the total term loan to mitigate the risk of a material impact arising from interest rate fluctuations. The existing hedges on the previous loan were transferred and offset against the requirements for the new facility resulting in the total amounts hedged of £82.5m and €66m. At the end of the year the Group had drawn down £165m and €132m totalling £275m of term loan plus £44m of the revolving loan. The interest charged was LIBOR plus 1.9% on the sterling and LIBOR plus 2.15% on the Euro amount.

Funding and Liquidity

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Executive Officer's Review on pages 18 to 25. In addition, Note 22 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

As highlighted in Note 22 to the financial statements, at the start of the year the Group met its day-to-day working capital requirements through its bank facilities which consisted of a five-year facility of £187.5m, which comprised of a £87.5m term loan and £100m revolving facility. These facilities were repaid from the Group's new facility following the combination with the cinema business of CCI which provide funding of £400m of which £275m is a term loan and £125m is a revolving credit facility, part of which is used by the Group to meet its day-to-day working capital requirements. At the end of the period, the Group had drawn down £165m and €132 totalling £275m of term loan plus £44m of the revolving loan.

The new bank facility is subject to two covenants: the ratio of EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges. While the current economic conditions create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance in the foreseeable future, 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 facility, including compliance with the bank facility covenants.

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Overseas Operations

At the financial year end, the Group had overseas operations in Jersey, Ireland, Poland, Israel, Hungary, Czech Republic, Bulgaria, Romania and Slovakia.

Substantial Shareholdings

At 1 January 2015, the Group had been notified, pursuant to the Disclosure and Transparency Rules, of the following interests in the voting rights of the Company. Notifications confirming a party's interest has gone below the threshold notification level have not been included:

Shareholder	Voting rights	% of total voting rights ⁽¹⁾	Nature of holding
Global City Holdings N.V. (formerly Cinema City International N.V.) ⁽²⁾	76,626,344	29.0	Direct
Mawer Investment Management Limited	21,138,482	8.01	Direct
Royal London Asset Management Limited	13,315,436	5.05	Direct
Aviva plc	10,698,450	4.06	Direct and Indirect

(1) Percentages are stated as at the time of notification. The total number of voting rights at 1 January 2015 was 263,860,665.

(2) Global City Holdings N.V. is majority owned by the Greidinger family including Mooky and Israel Greidinger.

The following additional notifications were received in the period from 2 January 2015 up to 11 March 2015 (the last practicable date to include such notifications).

Shareholder	Voting rights	% of total voting rights ⁽¹⁾	Nature of holding
Blackrock, Inc	13,229,718	5.01	Indirect
Royal London Asset Management Limited	13,138,160	4.98	Direct

(1) Percentages are stated as at the time of notification.

Major Shareholder Voting Arrangements

Following completion of the CCI Transaction, Global City Holdings N.V. (formerly CCI) became interested in aggregate in 24.9% of the rights to vote at general meetings of the Company. Subsequently Global City Holdings N.V. has acquired further shares to take their interest to 29.0%. The Company and CCI entered into a relationship agreement dated 10 January 2014 to regulate the relationship between them. Under the relationship agreement, the parties acknowledge that the Group is capable of carrying on business independently, and that all arrangements between the Company and CCI will be on arm's length terms. The relationship agreement also contained a restriction on the disposal of ordinary shares in the Company by CCI for 12 months following completion of the CCI Transaction and thereafter a requirement (where reasonably practical) to consult with and consider the reasonable views of the Chairman or Senior Independent Director of the Company prior to a disposal of ordinary shares in the Company.

Share Capital and Control

The Company has only one class of share capital formed of ordinary shares. All shares forming part of the ordinary share capital have the same rights and each carries one vote. Details of the share capital, and changes in it over the period, are shown in Note 21 to the financial statements.

The holders of ordinary shares are entitled to receive Company reports and accounts, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights.

There are no restrictions on transfers of, or limitations on the holding of, ordinary shares and there is also no requirement of any prior approval of any transfers other than those which may be applicable from time to time under existing laws or regulation or if a person with an interest in 0.25% of the issued share capital held in certificated form has been served with a disclosure notice and fails to respond with the required information concerning interests in that share capital.

No ordinary shares carry any special rights with regard to control of the Company. Except as set out in the Major Shareholder Voting Arrangements section above, there are no restrictions on voting rights attaching to the ordinary shares and the Company is not aware of any known agreements between shareholders that restrict the transfer of voting rights attached to ordinary shares. No treasury shares are held by the Company and no shares are held by any trustee in connection with any Share Scheme operated by the Group.

The Company's Articles set out the rules governing the appointment and replacement of Directors. In addition the Articles, together with English law, define the Board's powers. Changes to the Articles must be approved by shareholders in accordance with the Articles themselves and legislation in force at the relevant time.

Change of Control

There are no significant agreements which take effect, alter or terminate in the event of a change of control of the Company except that under its current banking arrangements a change of control may trigger a right for lenders to require early repayment of all sums outstanding.

No Director or employee is contractually entitled to compensation for loss of office or employment as a result of a change in control; however, provisions in the Company's share schemes may cause options or awards granted to employees to vest on a change of control.

Issue of New Shares and Authority to Purchase Shares

At the AGM held on 8 May 2014, shareholders gave authority for the allotment of shares up to an aggregate nominal value of £1,756,400 subject to certain conditions. This authority will expire at the 2015 AGM of the Company or on 7 August 2015, whichever is earlier.

Between 27 December 2013 and 1 January 2015, a total of 113,968,586 shares were issued. 87,278 ordinary shares were issued under the Company's Share Option Plan, 299,305 ordinary shares were issued under the Company's Performance Share Plan, 15,302 ordinary shares were issued under the Cineworld Group Sharesave Scheme, 47,965,465 ordinary shares were issued pursuant to a rights issue in connection with the combination with the cinema operations of Cinema City International N.V. and 65,601,236 shares were allotted to Global City Holdings N.V. (formerly CCI) as part of the consideration for the combination with the cinema business of CCI. Further details of the 113,968,586 ordinary shares issued in the period in this respect are set out in Note 21 to the financial statements.

At the AGM held on 8 May 2014, shareholders gave authority for the purchase of up to 39,492,000 ordinary shares in the Company for cancellation or placing into treasury. No shares have been acquired under this authority.

The Board proposes to seek shareholder approval at the AGM to renew both the Company's authority to issue new shares and its authority to purchase its own ordinary shares for cancellation or placing in treasury. Details of the proposed resolutions are set out in the Notice of AGM (the "AGM circular") dispatched to shareholders with the Annual Report and Accounts (or notification of their availability).

Directors' Report

Continued

Directors' Interests

Director	Ordinary shares held directly			Ordinary shares held by companies in which a Director has a beneficial interest		
	1 January 2015	Following Rights Issue ⁽²⁾	27 December 2012	1 January 2015	Following Rights Issue ⁽²⁾	27 December 2012
Anthony Bloom	-	-	-	2,158,006 ⁽¹⁾	2,158,006 ⁽¹⁾	1,723,224 ⁽¹⁾
Philip Bowcock	13,200	13,200	10,000	-	-	-
Israel Greidinger	76,626,344 ⁽³⁾	-	-	-	-	-
Mooky Greidinger	76,626,344 ⁽³⁾	-	-	-	-	-
Martina King	2,563	2,563	1,942	-	-	-
David Maloney	26,400	26,400	20,000	-	-	-
Scott Rosenblum	10,377	-	-	-	-	-
Arni Samuelsson	-	-	-	-	-	-
Rick Senat	26,937	26,937	20,407	-	-	-
Peter Williams	52,800	52,800	40,000	-	-	-

(1) Shares are held by a nominee for a Jersey-based discretionary trust, of which Anthony Bloom is one of the potential beneficiaries.

(2) Rights Issue announced 10 January 2014 and closed on 19 February 2014 in connection with the combination with the cinema business of CCI.

(3) Shares are held by Global City Holdings N.V., a connected party of both Mooky and Israel Greidinger.

The Directors who held office at the end of the financial period had interests in the ordinary shares of the Company at the beginning and end of the year under review as set out above.

On completion of the CCI Transaction on 28 February 2014, Stephen Wiener stepped down from the office of Chief Executive Officer and as a Director and his employment with the Company ended on 31 March 2014. Mooky Greidinger and Israel Greidinger were appointed as Executive Directors on 28 February 2014 and to the offices of Chief Executive Officer and Chief Operating Officer respectively. On the same date, Scott Rosenblum and Arni Samuelsson were appointed as additional Non-Executive Directors. On 6 August 2014, it was announced that Israel Greidinger's title had been changed to Deputy Chief Executive Officer.

Under the Articles of Association (the "Articles"), one third of the Directors must retire by rotation at the AGM and, being eligible, offer themselves for re-election each year. In accordance with best practice however, all the Directors are retiring and, except for David Maloney and Peter Williams, are offering themselves for re-election this year at the AGM. In addition, as announced on 11 March 2015, Julie Southern will be standing for election as a new member of the Board.

Following the Board evaluation process undertaken in November 2014, the Board is satisfied that each Director standing for re-election continues to show the necessary commitment and to be an effective member of the Board due to their skills, expertise and business acumen.

Under the terms of the relationship agreement (described further in the Major Shareholder Voting Arrangements section above), following completion of the CCI Transaction, Global City Holdings N.V. (formerly CCI) has the right to appoint one Non-Executive Director (but only if none of Mooky Greidinger, Israel Greidinger and Scott Rosenblum are on the Board) for so long as it holds at least 10% of the voting rights in the Company.

Details of the interests of the Directors, who held office at the end of the financial period, in the issued share capital of the Company at the beginning and end of the year under review are set out above. Details of the Directors' remuneration, and information on their service contracts, are set out in the Directors' Remuneration Report on pages 45 to 62.

Details of the interests in the ordinary shares of the Company arising under the Group's Share and Option Schemes are set out in the Remuneration Report on pages 45 to 62. No rights to subscribe for shares in or debentures of Group companies were granted to any of the Directors or their immediate families, or exercised by them, during the financial period. None of the Directors had any disclosable interest in the shares of Group companies and there have been no changes to Directors' share interests between 1 January 2015 and the date of this report.

Conflicts of Interest

The Articles permit the Board to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. There is in place a formal system for the Board to consider authorising such conflicts whereby the Directors who have no interest in the matter decide whether to authorise the conflict. In deciding whether to authorise the conflict, the non-conflicted Directors are required to act in the way which they consider would be most likely to promote the success of the Company for the benefit of all shareholders and they may, and do, impose conditions to be attached to such authorisations. The Board believes that the arrangements for reporting and considering such conflicts operate effectively.

Directors' Interests in Contracts

The Group has a number of property lease agreements in place with Global City Holdings N.V. (and or its subsidiary undertakings) of which Mooky and Israel Greidinger are Non-Executive Directors. Further details of the amounts paid under these agreements can be found in Note 25 to the financial statements.

None of the Directors has a material interest in any contract of significance to which the Company or a subsidiary was a party during the financial year, other than as disclosed above, in their service contracts or letters of appointment described on page 60 and 62 and in Note 25 to the financial statements, Related Parties.

Directors' and Officers' Insurance and Indemnity

The Company maintains insurance cover for all Directors and Officers of Group companies against liabilities which may be incurred by them whilst acting as Directors and Officers.

As at the date of this report, indemnities are in force under which the Company has agreed to indemnify the Directors as permitted by law and by the Articles against liabilities they may incur in the execution of their duties as Directors of the Company.

Political Donations

The Group's policy, which it has followed, is to make no donations to political parties.

Employees

The policy is to recruit, employ and develop staff on the basis of the suitability of their qualifications and experience, regardless of sex, marital status, race, nationality, age, sexual orientation or religion. It is Company policy to give full and fair consideration to applications for employment from disabled people, having regard to their particular abilities and aptitudes. Full consideration is given to continuing the employment of staff who become disabled, including considering them for other reasonable positions and arranging appropriate training.

The health, welfare and development of the Group's employees remain a priority. With the intent of attracting, recruiting, developing and retaining key employees, Cineworld maintains a number of policies and procedures for the benefit of its employees, which can be accessed by employees via the Human Resources department and in the UK via the Human Resources manual on the Company's intranet. Continuing education, training and development are important to ensure

the future success of the Group and employee development is encouraged through appropriate training. The Group supports individuals who wish to obtain appropriate further education qualifications and reimburses tuition fees up to a specified level.

Regular and open communication between management and employees is essential for motivating the workforce. Briefings are held regularly to provide updates on the Group's business and to provide opportunity for questions and feedback. The Company also maintains both an internet website which is freely accessible and an intranet site accessible to all head office employees and at all cinemas in the UK.

The Group encourages the involvement of employees in its performance through the operation of a Sharesave Scheme in the UK and bonus schemes throughout the Group.

Environmental Matters and Greenhouse Gas Emissions

Information on the Group's environmental policies are summarised in the Corporate Responsibility section on pages 30 to 31. This section provides the greenhouse gas ("GHG") emission data and supporting information required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

Organisational Boundary

The organisational boundary used for the Company's GHG reporting is operational control. Emissions from operations of Cinema City, which was acquired by Cineworld Group plc at the end of February 2014, have been included from this date.

Reporting Scope

The Company is reporting on emissions covered by scopes 1 and 2 (comprising electricity, gas, and fugitive F-gas emissions) from global operations.

As well as scope 1 and 2 emissions figures, additional "outside of scope" emissions are included for owned transport to account for biofuel additions. Scope 3 well-to-tank (for all fuels) and transmission and distribution (from electricity) emissions are also included.

Exclusions

No mandatory emissions sources as specified by the Environmental Reporting Guidelines published by the Department for Environment, Food and Rural Affairs ("Defra") have been excluded from this report. Table 1 shows Defra's stated mandatory areas for reporting and how the stated categories apply to the Group.

Table 1: Reporting Requirements

Reference	Defra requirement	Relevance
A1	Fuel combustion (stationary)	Gas use for heating
A2	Fuel combustion (mobile)	Owned transport (fleet)
B	Facility operation: process emissions	N/A
B	Facility operation: fugitive emissions	F-gases: refrigeration/air conditioning
C	Emissions from the purchase of electricity, heat, steam, cooling	Electricity only

Directors' Report Continued

GHG Emissions Data

The GHG emissions for the Group for the calendar year to 31 December 2014 are shown in Table 2 below.

Table 2: 2014 GHG Emissions

Reference	Category	tCO ₂ e 2013	tCO ₂ e 2014 ⁽¹⁾	tCO ₂ e 2014 ⁽²⁾
A1	Fuel combustion (stationary)	14,468	12,339	16,506
A2	Fuel combustion (mobile)	267	178	745
B	Facility operation	1,185	949	4,893
C	Purchased electricity	44,710	55,140	117,009
Total		60,630	68,606	139,153

(1) Figures excluding operations acquired as part of the CCI Transaction (for comparison purposes).

(2) Figures including operations acquired as part of the CCI Transaction.

Estimates and Exclusions

A minimal amount of estimated data was used for electricity and gas emissions for some UK meters for December 2014. This affects under 0.1% of total emissions.

Fugitive coolant emissions are excluded from all CCI operations apart from those in Poland, as this data was unavailable. These are estimated to represent less than 2% of total emissions.

Emissions Intensity

The chosen carbon intensity measure is financial turnover. This was chosen due to ready availability of the data. The value for the period was 224.7 tonnes CO₂e per £m turnover (139,153 CO₂e/£619.4m).

For comparison, last year's emissions were 60,630 tonnes CO₂e at an intensity of 149 tCO₂e/£m. The increase is largely due to the CCI Transaction in February 2014 which significantly increased the size of the Group.

Methodology and Emissions Factors

This report was calculated using the methodology set out in Defra's updated greenhouse gas reporting guidance, Environmental Reporting Guidelines (ref. PB 13944), issued by Defra in June 2013. Emissions factors are taken from DECC/Defra 2014 update.

Emissions factors use scope 3 well-to-tank upstream additions where appropriate to account for emissions from sourcing and processing fuel. Owned transport emissions include outside-of-scope additions for biogenic additions. Electricity emissions include transmission and distribution losses.

Annual General Meeting

The Notice convening the AGM, to be held at The Cineworld Cinema, South Side Shopping Centre, Wandsworth High Street, London SW18 4TF at 11.00am on 26 May 2015, is contained in the AGM circular. Details of all the resolutions to be proposed are set out in the AGM circular.

Disclosure of Information to Auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Auditor

KPMG LLP have confirmed that they are willing to continue in office and resolutions proposing their reappointment and authorising the Audit Committee to agree their fees, will be proposed at the AGM.

By order of the Board

R B Ray
Company Secretary
Cineworld Group plc
12 March 2015

Registered Office:
Power Road Studios
114 Power Road
Chiswick, London W4 5PY

Registered: England No: 5212407

Statement of Directors' Responsibilities

In Respect of the Annual Report and the Financial Statements

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK Accounting Standards.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the parent company financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Report and Corporate Governance Statement that complies with that law and those regulations.

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

The Directors consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy.

We confirm that to the best of our knowledge:

- 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 Group and the undertakings included in the consolidation taken as a whole; and
- the Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Philip Bowcock
Chief Financial Officer
12 March 2015

Independent Auditor's Report

to the Members of Cineworld Group plc only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Cineworld Group plc ("Cineworld" or "Group") for the 53 week period ended 1 January 2015 set out on pages 73 to 124. In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 1 January 2015 and of the Group's profit for the 53 week period then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with UK Accounting Standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

2. Our assessment of risks of material misstatement

In arriving at our audit opinion above on the financial statements the risks of material misstatement that had the greatest effect on our audit were as follows:

Acquisition of Cinema City Holdings B.V. ("Cinema City") (Total consideration £510.6m)

Refer to page 42 (Audit Committee report), page 80 (accounting policy) and pages 92 and 93 (financial disclosures).

- The risk: the acquisition of Cinema City on 28 February 2014 was a significant acquisition for Cineworld. The identification and valuation of acquired intangible assets is highly judgemental as it is sensitive to underlying assumptions around future cash flows, especially growth and discount rates, contributory asset charges and useful economic lives. In addition, valuing and identifying the acquired leases is complicated by the geographical spread and diversity of Cinema City's operations. 109 leases were agreed or acquired with Cinema City, and these lease agreements contain a large number of discrete terms including stepped rentals, and varying lengths and break dates. Given the large number of leases and variety of lease terms acquired there is significant complexity in recognising the acquisition adjustment in relation to stepped rental terms in order to recognise rental expense going forward on a straight line basis over the life of the lease. Further to this, judgement is involved in the determination of the fair value of the asset or liability arising on the acquisition of any over or under market rent leases acquired.
- Our response: in this area our principal audit procedures included, first, assessing the competence of the Group's external valuation expert and their objectivity and capability to perform valuations of the acquired intangible assets. We then used our own valuation specialists to assist us in evaluating whether all intangible assets had been identified, and the appropriateness of the models and assumptions used in determining the asset valuations. Our evaluation of the key assumptions included comparison to Cinema City historical trend data, external market data and applying standard industry valuation practice.

With respect to the adjustment in respect of stepped rental terms we compiled a central database of cinema leases acquired from the signed lease agreements, using the

underlying information within these leases to create our own expectation of the related adjustment and compared this to that recorded by the Group. The accuracy and completeness of this database was considered with reference to the sale and purchase agreement.

To identify leases at non-market rental rates, we first considered the competence, objectivity and capabilities of the Group's external property expert. We assessed and challenged the expert's report on market rental rates by comparing rental costs as a percentage of site profit to the Cinema City asset portfolio and analysing country trends.

We also considered the adequacy of the Group's disclosure regarding the acquisition and the underlying assumptions applied.

Onerous lease provisions (£8.3m)

Refer to page 42 (Audit Committee report), page 84 (accounting policy) and page 110 (financial disclosures).

- The risk: the Group provides for onerous lease costs, on acquisition of a cinema as part of a business, when it considers that the unavoidable costs of the lease obligations from operating the cinema are in excess of the economic benefits expected to be received from operating it, but where it continues to be rational to operate the cinema as the cinema contributes towards the unavoidable lease costs. The provision is calculated and updated annually, using a valuation model that requires consideration of existing market conditions and estimates of future operating cash flows from each cinema to calculate the level of onerous lease. The value of the provision is sensitive to the underlying assumptions around future cash flows and discount rates, due to the fact that the Group has no direct control over the films released for distribution, limited visibility over the release schedule more than 12 months into the future and the variety in performance of the films across the diverse footprint of the Group. The risk is increased in the current year by the potential existence of onerous leases in the acquired Cinema City Group.
- Our response: our principal audit procedures included: for Cinema City leases acquired in the year, obtaining and challenging the Cinema City Group's cash flow forecast by cinema against historical performance trends by cinema, and comparing the onerous lease cinemas identified by the Group against these cash flow forecasts and Cineworld's onerous lease accounting policy.

For all Cinema City, Cineworld and Picturehouse cinemas for which a provision has been made we compared the Group's forecast cash flows to historical cash flow trends; considered the appropriateness and accuracy of the valuation model, including assessing key input data, such as growth rates and discount rates, against our internal benchmark data; and applied sensitivities to the underlying assumptions. We also considered the adequacy of the Group's disclosure over the degree of estimation involved in arriving at the provision.

Recognition of Virtual Print Fee ("VPF") income (£12.5m)

Refer to page 42 (Audit Committee report), page 84 (accounting policy) and page 99 (financial disclosures).

- The risk: VPF income is recognised on an accruals basis dependent on the number and type of screenings using digital display equipment. The terms of the UK VPF contract are complex as they include the number, type, timing and

overlap of screenings. In addition, the large volume of screening data has historically led to differences between the third party supplier and the Group's estimate due to processing delays and the inherent limitations of the Group's information systems, which cannot fully reflect the complexity of the underlying VPF agreements. Further, there is the potential for penalties to be applied on certain screenings that are prohibited under the VPF agreement. Additionally, there is then a six-month delay between the income being recognised, the balances being fully reconciled with the third party supplier and the receivable being paid.

As part of the acquisition of Cinema City seven VPF contracts with seven distributors were acquired across seven countries. Although each contract is unique, the terms of these contracts are simpler than those of the existing UK contracts. However, given the continued complexity of accounting in the UK, the interval between balances being reconciled to third party information and income received and the number of additional VPF contracts acquired, VPF income is deemed to be one of the Group's key judgement areas.

- Our response: our principal audit procedures in this area included: testing the Group's controls over the VPF income recognition and collection process, including assessing, in comparison to information received the third party supplier, the accuracy and detail of the Group's screening information and the appropriateness of any assumptions applied by the Group to this information; testing the receipt of fee income after the period end; and considering the appropriateness of the level of VPF income recognised by reference to the terms of the VPF agreement and underlying screening data.

For the VPF contracts acquired in the year, we obtained and read all of the agreements to identify the principal terms and existence of penalty clauses and considered this in conjunction with the accrued income recognised. For all VPF contracts, we performed a recalculation of the expected income and any anticipated penalty exposure. We also considered the adequacy of the Group's disclosures about the degree of estimation involved in arriving at the income recognised.

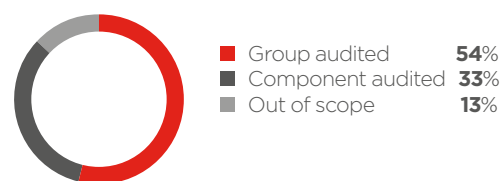
Carrying value of Property, Plant and Equipment (£297.6m)
Refer to page 42 (Audit Committee report), page 84 (accounting policy) and pages 94 and 95 (financial disclosures).

- The risk: There is a risk that at an individual cinema level the property, plant and equipment balances may prove to be irrecoverable due to local factors, such as increased competition, materially affecting site performance. The difficulties involved in predicting the performance of sites operated by the Group increase this risk, and are illustrated by the fact that in the prior year an impairment charge of £1.3m was recognised and in the current year both an impairment charge of £0.3m and an impairment reversal of £1.3m have occurred. As explained above, there is inherent uncertainty involved in forecasting and discounting future cash flows. Given this inherent uncertainty and the number of sites across the Group. This is therefore deemed to be one of the Group's key judgement areas.
- Our response: in this area our principal procedures included: analysis of the Group's historical ability to forecast cash generation, and challenging the reasonableness of current forecasts given the future plans of the business and the risk perceived in those strategies from our understanding of the business's past performance. We performed an assessment

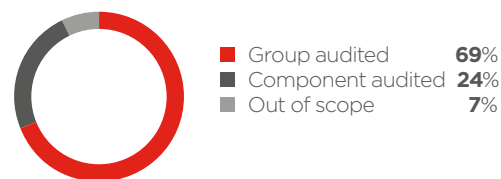
of sensitivity analysis of both discount rates and forecast cash flows and the resulting headroom on the value-in-use estimates across all valuations and considered the appropriateness of the resulting disclosures in light of this sensitivity.

Scoping and Coverage

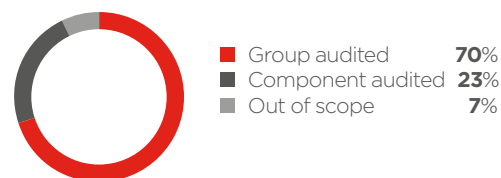
Group Revenue (%)



Group Profit Before Taxation (%)



Group Total Assets (%)



3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £2.7m (2013: £2.3m), determined with reference to a benchmark of Group profit before taxation, of which it represents 4.0% (2013: 7.4%). The lower percentage in 2014 reflects the increased risk profile of the audit following the acquisition of Cinema City; we will continue to re-assess materiality on an ongoing basis considering the changing risk profile of the Group.

We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £135,000, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group operates as Cineworld and Picturehouse in the UK and Cinema City in seven countries across the UK, Central and Eastern Europe and Israel, each of which is considered to be a reporting component. We performed audits for Group reporting purposes on five of these components, resulting in coverage of 87% of total Group revenue; 93% of Group profit before taxation; and 93% of Group total assets. For the remaining components, we performed analytical procedures at a Group level to re-examine our assessment that there were no significant risks of material misstatement within these.

Independent Auditor's Report Continued

The work was performed by component auditors at four components in Poland, Israel, Hungary and Romania, and by the Group audit team for Cineworld, United Kingdom.

The Group team instructed the component auditors as to the significant areas to be covered (which included the relevant risks detailed above) and set out the information required to be reported back to the Group audit team. The Group audit team approved the component materiality, which was set at £1.8m for all components, having regard to the mix of size and risk profile of the businesses within the Group.

The Group audit team visited two component locations in Poland and Israel to assess the audit risk and strategy and gain an understanding of the local finance environment. During the audit telephone conference meetings were also held with the auditors of these components and the two other components that were not visited. At these meetings, the findings and observations reported to the Group audit team were discussed in more detail, and any further work deemed necessary by the Group audit team was then performed by the component auditor.

4. Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

5. We have nothing to report in respect of the matters on which we are required to report by exception

Under ISAs (UK & Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the Annual Report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

In particular, we are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's performance, business model and strategy; or
- the Audit Committee Report does not appropriately address matters communicated by us to the Audit Committee.

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the Directors' statement, set out on page 64, in relation to going concern; and
- the part of the Corporate Governance Statement on pages 35 to 44 relating to the Company's compliance with the ten provisions of the 2012 UK Corporate Governance Code specified for our review.

We have nothing to report in respect of the above responsibilities.

Scope and responsibilities

As explained more fully in the Directors' Responsibilities Statement set out on page 69, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate. This report is made solely to the company's members as a body and is subject to important explanations and disclaimers regarding our responsibilities, published on our website at www.kpmg.com/uk/auditscopeukco2014a, which are incorporated into this report as if set out in full and should be read to provide an understanding of the purpose of this report, the work we have undertaken and the basis of our opinions.

Mark Summerfield (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London E14 5GL
12 March 2015

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

	Note	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Revenue	2	619.4	406.1
Cost of sales		(438.9)	(293.3)
Gross profit		180.5	112.8
Other operating income	3	2.0	0.5
Administrative expenses		(106.5)	(75.8)
Operating profit	4	76.0	37.5
Analysed between:			
Operating profit before depreciation, impairments, reversals of impairments and amortisation, onerous lease and other non-recurring or non-cash property charges, transaction and reorganisation costs		126.6	72.3
• Depreciation and amortisation	4	(46.6)	(24.0)
• Onerous leases and other non-recurring charges	4	1.9	(0.7)
• Impairments and reversals of impairments	4	1.0	(2.0)
• Transaction and reorganisation costs	4	(6.9)	(8.1)
Finance income	7	6.6	0.3
Finance expenses	7	(15.2)	(6.8)
Net finance costs		(8.6)	(6.5)
Share of loss of jointly controlled entities using equity accounting method, net of tax		(0.1)	(0.1)
Profit on ordinary activities before tax		67.3	30.9
Tax charge on profit on ordinary activities	8	(12.8)	(9.9)
Profit for the period attributable to equity holders of the Company		54.5	21.0
Basic earnings per share	5	22.1	14.0
Diluted earnings per share	5	21.9	13.8

The Notes on pages 78 to 124 are an integral part of these consolidated financial statements.

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

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

Consolidated Statement of Financial Position

at 1 January 2015

	Note	1 January 2015		26 December 2013	
		£m	£m	£m	£m
Non-current assets					
Property, plant and equipment	10		297.6		162.1
Goodwill	11		552.8		236.2
Intangible assets	11		59.8		13.8
Investments in equity-accounted investee	12		0.5		0.6
Other receivables	15		6.0		1.4
Employee benefits	19		8.6		5.3
Deferred tax assets	13		13.5		8.1
Total non-current assets			938.8		427.5
Current assets					
Inventories	14		7.7		3.5
Trade and other receivables	15		61.3		34.6
Assets classified as held for sale	16		1.5		2.3
Cash and cash equivalents			37.4		19.0
Total current assets			107.9		59.4
Total assets			1,046.7		486.9
Current liabilities					
Interest-bearing loans, borrowings and other financial liabilities	17		(24.8)		(6.3)
Trade and other payables	18		(110.7)		(82.7)
Current taxes payable			(8.5)		(3.9)
Bank overdraft			(2.1)		-
Liabilities classified as held for sale	16		-		(0.1)
Provisions	20		(6.6)		(1.1)
Total current liabilities			(152.7)		(94.1)
Non-current liabilities					
Interest-bearing loans, borrowings and other financial liabilities	17		(292.4)		(125.0)
Other payables	18		(57.1)		(54.8)
Government grants			(1.8)		(1.8)
Provisions	20		(21.2)		(10.4)
Employee benefits	19		(1.0)		-
Deferred tax liabilities	13		(14.2)		(6.9)
Total non-current liabilities			(387.7)		(198.9)
Total liabilities			(540.4)		(293.0)
Net assets			506.3		193.9
Equity attributable to equity holders of the Company					
Share capital	21		2.6		1.5
Share premium			294.9		188.2
Translation reserves	21		(32.4)		1.7
Merger reserve			207.3		-
Hedging reserves	21		(0.8)		(1.9)
Retained earnings			34.7		4.4
Total equity			506.3		193.9

These financial statements were approved by the Board of Directors on 12 March 2015 and were signed on its behalf by:

Mooky Greidinger
Director

Philip Bowcock
Director

Consolidated Statement of Changes in Equity

for the Period Ended 1 January 2015

	Issued capital £m	Share premium £m	Merger reserve £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Balance at 27 December 2012	1.5	188.1	-	1.3	(3.5)	1.2	188.6
Profit for the period	-	-	-	-	-	21.0	21.0
Other comprehensive income							
<i>Items that will not subsequently be reclassified to profit or loss</i>							
Remeasurement of the defined benefit asset	-	-	-	-	-	(0.7)	(0.7)
Tax recognised on items that will not be reclassified to profit or loss	-	-	-	-	-	0.1	0.1
<i>Items that will subsequently be reclassified to profit or loss</i>							
Movement in fair value of cash flow hedge	-	-	-	-	1.6	-	1.6
Retranslation of foreign currency denominated subsidiaries	-	-	-	0.4	-	-	0.4
Tax recognised on income and expenses recognised directly in equity	-	-	-	-	-	(0.3)	(0.3)
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(18.1)	(18.1)
Movements due to share-based compensation	-	-	-	-	-	1.2	1.2
Issue of shares	-	0.1	-	-	-	-	0.1
Balance at 26 December 2013	1.5	188.2	-	1.7	(1.9)	4.4	193.9
Profit for the period	-	-	-	-	-	54.5	54.5
Amounts reclassified from equity to profit and loss in respect of cash flow hedges	-	-	-	-	1.9	-	1.9
Other comprehensive income							
<i>Items that will not subsequently be reclassified to profit or loss</i>							
Remeasurement of the defined benefit asset	-	-	-	-	-	1.6	1.6
Tax recognised on items that will not be reclassified to profit or loss	-	-	-	-	-	(0.4)	(0.4)
<i>Items that will subsequently be reclassified to profit or loss</i>							
Movement in fair value of cash flow hedge	-	-	-	-	(0.8)	-	(0.8)
Retranslation of foreign currency denominated subsidiaries	-	-	-	(34.1)	-	-	(34.1)
Tax recognised on income and expenses recognised directly in equity	-	-	-	-	-	0.1	0.1
Contributions by and distributions to owners							
Dividends	-	-	-	-	-	(26.9)	(26.9)
Movements due to share-based compensation	-	-	-	-	-	1.4	1.4
Issue of shares	1.1	106.7	207.3	-	-	-	315.1
Balance at 1 January 2015	2.6	294.9	207.3	(32.4)	(0.8)	34.7	506.3

Consolidated Statement of Cash Flows

for the Period Ended 1 January 2015

	Note	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Cash flow from operating activities			
Profit for the period		54.5	21.0
Adjustments for:			
Financial income	7	(6.6)	(0.3)
Financial expense	7	13.3	6.8
Net change in fair value of cash flow hedges reclassified from equity	7	1.9	-
Taxation	8	12.8	9.9
Share of loss of equity-accounted investee		0.1	0.1
Operating profit		76.0	37.5
Depreciation and amortisation	4	46.6	24.0
Non-cash property charges		(2.5)	-
Impairments and reversals of impairments	4	(1.0)	2.0
Surplus of pension contributions over current service cost	19	(1.6)	(1.6)
Increase in trade and other receivables		(3.4)	(0.1)
(Increase)/decrease in inventories		(0.8)	0.3
(Decrease)/increase in trade and other payables		(7.0)	2.3
(Decrease)/increase in provisions and employee benefit obligations		(8.1)	0.9
Cash generated from operations		98.2	65.3
Tax paid		(12.1)	(9.7)
Net cash flows from operating activities		86.1	55.6
Cash flows from investing activities			
Interest received		0.2	0.1
Acquisition of subsidiaries net of acquired cash	9	(278.5)	-
Acquisition of property, plant and equipment	10	(48.1)	(18.9)
Proceeds from disposal of property, plant and equipment		0.7	-
Net cash flows from investing activities		(325.7)	(18.8)
Cash flows from financing activities			
Proceeds from share issue	9	107.4	-
Dividends paid to shareholders		(26.9)	(18.1)
Interest paid		(10.4)	(5.2)
Repayment of bank loans		(202.2)	(29.5)
Proceeds from bank loans		392.9	25.0
Payment of finance lease liabilities		(0.7)	(0.9)
Net cash from financing activities		260.1	(28.7)
Net increase in cash and cash equivalents		20.5	8.1
Exchange gains/(losses) on cash and cash equivalents		(2.1)	-
Cash and cash equivalents at start of period		19.0	10.9
Cash and cash equivalents at end of period		37.4	19.0

Notes to the Consolidated Financial Statements

(Forming Part of the Financial Statements)

1. Accounting Policies

Basis of Preparation

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

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the “Group”) and equity account the Group’s interest in jointly controlled entities. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

The Group financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”). The Company has elected to prepare its Parent Company financial statements in accordance with UK GAAP; these are presented on pages 118 to 124.

The accounting policies set out below have been applied consistently to all periods presented in these Group financial statements.

Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial period are set out below.

Information regarding the Group’s business activities, together with the factors likely to affect its future development, performance and position is set out in the Chief Executive Officer’s Review on pages 18 to 25 and the Risks and Uncertainties section on pages 26 to 29. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Executive Officer’s Review on pages 18 to 25. In addition Note 21 to the financial statements includes the Group’s objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

Going Concern

At the period end the Group met its day-to-day working capital requirements through its bank loan, which consisted of a term loan and a revolving facility (see Note 17 to the financial statements).

As part of the combination with CCI, Cineworld Group plc restructured its debt financing, an element of which was drawn to part settle the cash consideration of £272m. The residual of the facility has been drawn to refinance the existing facilities of the combined Group and to fund general working capital requirements going forward. The new facility provides funding of £400m of which £275m is term loan and £125m is a revolving credit facility. £160m (€192m) of the new facility is available in Euros, reflecting the composition of the combined Group. This new financing arrangement became effective on 10 January 2014, but the new facility was not drawn and the existing facility was not repaid until 27 February 2014. At the Year End the Group had utilised £275m of the term and £44m of the revolving credit facility.

The current bank facility is subject to two covenants: the ratio of EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges. 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 facility, including compliance with the bank facility covenants. The Group therefore continues to adopt the going concern basis.

Measurement Convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the income statement or as available for sale.

The financial information of subsidiaries is included in the consolidated financial information from the date that control commences until the date that control ceases.

Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Jointly Controlled Entities (Equity Accounted Investees)

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the venturers’ unanimous consent for strategic financial and operating decisions. Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The Group’s investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group’s share of the total recognised income and expense and equity movements of equity accounted investees, from the date that joint control commences until the date that joint control ceases. When the Group’s share of losses exceeds its interest in an equity accounted investee, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

1. Accounting Policies continued

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Use of non-GAAP Profit and Loss Measures

The Group believes that along with operating profit, the following measures:

- Adjusted EBITDA.
- Adjusted pro-forma earnings.
- Net debt.

Provide additional guidance to the statutory measures of the performance of the business during the financial period.

Adjusted EBITDA comprises of earnings before interest, tax, depreciation and amortisation, onerous lease and other non-recurring or non-cash property charges, transaction and reorganisation costs, defined benefit scheme indexation gain and refinancing costs.

Adjusted pro-forma earnings comprises profit after tax adjusted for certain non-recurring, non-cash items and foreign exchange as set out in Note 5. Adjusted pro-forma earnings is an internal measure used by management, as they believe it better reflects the underlying performance of the Group. A statutory tax rate is used, as tax is considered to be an external factor affecting earnings, which management are unable to influence.

Net debt represents net borrowings and derivatives.

Foreign Currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions.

Exchange differences arising from this translation of foreign operations after 23 August 2004 (the date of incorporation) are taken directly to the translation reserve. They are released into the income statement upon disposal.

Derivative Financial Instruments and Hedging

Cash Flow Hedges and Interest Swap Policy

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement except where derivatives qualify for hedge accounting when recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in the hedging reserve. Any ineffective portion of the hedge is recognised immediately in the statement of comprehensive income.

For cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the statement of other comprehensive income immediately.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Non-Derivative Financial Instruments

Non-derivative financial instruments comprise investments in equity, trade and other receivables, cash and cash equivalents, interest bearing borrowings, and trade and other payables.

Trade and Other Receivables

Trade and other receivables were initially measured on the basis of their fair value. Subsequently they are carried at amortised cost using the effective interest method less any impairment losses. A bad debt allowance for receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Cash and Cash Equivalents

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

Trade and Other Payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-Bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under finance leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

All other leases are operating leases. These leased assets are not recognised in the Group's balance sheet.

Depreciation is charged to the statement of comprehensive income to write assets down to their residual values on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

• Land and buildings: freehold properties	50 years
• Land and buildings: short leasehold properties including leasehold improvements	30 years or life of lease if shorter
• Plant and machinery	3 to 16 years
• Fixtures and fittings	3 to 16 years
• Motor vehicles	3 to 6 years

No depreciation is provided on assets held for sale or on assets in the course of construction.

Depreciation methods, residual values and the useful lives of all assets are reassessed annually.

In respect of borrowing costs relating to qualifying assets, the Group capitalises borrowing costs directly attributable to the acquisition, construction or production of qualifying assets as part of the cost of that asset. The Group has capitalised borrowing costs with respect to the construction of new sites.

Business Combinations

For acquisitions on or after 1 January 2010, the Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the Income Statement. Transactions costs, other than those associated with the issue of debt or equity securities that the Group incurs in connection with business combinations are expensed as incurred.

1. Accounting Policies continued**Intangible Assets and Goodwill**

Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Distribution rights that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. Distribution rights are amortised by film title from the date of release of the film, at 50% in the first year of release and 25% in each of the two subsequent years. The estimated useful lives are as follows:

- Brands 10 to 20 years
- Distribution rights 3 years
- Other intangibles 5 to 10 years

Non-current Assets Held for Sale

A non-current asset or a group of assets containing a non-current asset (a disposal group) is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, it is available for immediate sale and sale is highly probable within one year.

On initial classification as held for sale, non-current assets and disposal groups are measured at the lower of previous carrying amount and fair value less costs to sell with any adjustments taken to profit or loss. The same applies to gains and losses on subsequent remeasurement although gains are not recognised in excess of any cumulative impairment loss. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the Group's accounting policies. Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

In accordance with IFRS 5, the above policy is effective from 28 December 2012; no reclassifications are made in prior periods.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is based on the First-In, First-Out ("FIFO") principle. Cost comprises expenditure incurred in acquiring the inventories and bringing them to their existing location and condition, and net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling costs.

Impairment

The carrying amounts of the Group's assets other than inventories and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful economic life, the recoverable amount is estimated at each balance sheet date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis. A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Calculation of Recoverable Amount

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Reversals of Impairment

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount, including a change in fair value less costs to sell.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee Benefits

Defined Contribution Pension Plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

Defined Benefit Pension Plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in the Statement of Other Comprehensive Income ("OCI"). The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Share-Based Payment Transactions

The share option programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date using the Black-Scholes model and spread over the period during which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Share appreciation rights are also granted by the Company to employees. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the share appreciation rights is measured taking into account the terms and conditions upon which the instruments were granted. The liability is remeasured at each balance sheet date and at settlement date and any changes in fair value are recognised in the income statement.

Government Grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. They are then recognised in profit or loss as other income on a systematic basis over the useful life of the asset to which they relate.

Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Own Shares Held by Employee Benefit Trust ("EBT")

Transactions of the Group sponsored EBT are included in the Group financial information. In particular, the trust's purchase of shares in the Company are debited directly to equity.

1. Accounting Policies continued

Revenue

Revenue represents the total amount receivable for goods sold, excluding sales related taxes and intra-Group transactions. All the Group's revenue is received from the sale of goods.

- Box office revenue is recognised on the date of the showing of the film it relates to.
- Concessions revenue is recognised at point of sale.
- Advertising revenue is recognised over the period the advert is shown in cinemas.
- Unlimited card revenue is received annually or monthly in advance. When revenue from the Unlimited card is received annually in advance it is recognised on a straight-line basis over the year. Monthly Unlimited card revenue is recognised in the period to which it relates.
- Other revenue is recognised in the period to which it relates.

Other Income

Other income represents rent receivable. Rental income is recognised on a straight-line basis over the life of the lease.

Expenses

Operating Lease Payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense. Where the Group has operating leases that contain minimum guaranteed rental uplifts over the life of the lease, the Group recognises the guaranteed minimum lease payment on a straight-line basis over the lease term.

Finance Lease Payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Net Financing Costs

Net financing costs comprise interest payable, amortisation of financing costs, unwind of discount on onerous lease provisions, finance lease interest, net gain/loss on remeasurement of interest rate swaps, interest receivable on funds invested, foreign exchange gains and losses and finance costs for defined benefit pension schemes.

Sale and Leaseback

Where the Group enters into a sale and leaseback transaction whereby the risks and rewards of ownership of the assets concerned have not been substantially transferred to the lessor, any excess of sales proceeds over the previous carrying amount are deferred and recognised in the income statement over the lease term. At the date of the transaction the assets and the associated finance lease liabilities on the Group's balance sheet are stated at the lower of fair value of the leased assets and the present value of the minimum lease payments.

Where the Group enters into a sale and leaseback transaction whereby the risks and rewards of ownership of the assets concerned have been substantially transferred to the lessor, any excess of sales proceeds over the previous carrying amount is recognised in the income statement on completion of the transaction, when the sale and subsequent lease back has been completed at fair value.

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised using the balance sheet method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In applying the Group's accounting policies described above the Directors have identified that the following areas are the key estimates that have a significant impact on the amounts recognised in the financial statements.

Onerous Leases

Provision is made for onerous leases on acquisition of a cinema as part of a business, where it is considered that the unavoidable costs of the lease obligations are in excess of the economic benefits expected to be received from operating it. The unavoidable costs of the lease reflect the least net cost of exiting from the contract and are measured as the lower of the net cost of continuing to operating the lease and any penalties or other costs from exiting it.

When calculating the provision for an onerous lease the Group is required to make certain assumptions about the future cash flows to be generated from that cinema site. It is also required to discount these cash flows using an appropriate discount rate. The resulting provision is therefore very sensitive to these assumptions however, the Directors consider that the assumptions made represent their best estimate of the future cash flows generated by onerous cinema sites, and that the discount rate used is appropriate given the risks associated with these cash flows. Management has applied sensitivity analysis to the estimate (see Note 20).

Virtual Print Fees

A Virtual Print Fee ("VPF") represents a discount from the cost Cineworld pays for film rental and reflects the cost saving to the studios of the move to digital. A VPF is receivable the first time a film is played in a digital format on a screen rather than using 35mm film.

A VPF is recognised on the date of the showing of the film it relates to and is included in cost of sales as a reduction of the film hire costs. VPFs are expected to be received until between 2015 and 2016, dependent upon the rate of screenings of films on which VPF income is earned.

The income recognition criteria are complex as they include the number, type and timing of screenings and the recognition of the income on an accruals basis does not necessarily match the cash received.

Impairment of Goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimate of the value in use of the cash generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating unit that holds the goodwill at a determined discount rate to calculate the present value of those cash flows.

Forecasting expected cash flows, and selecting an appropriate discount rate inherently requires estimation, however management has also applied sensitivity analysis to the estimates which does not affect the outcome (see Note 11).

Impairment of Tangible Fixed Assets

The Group determines whether tangible fixed assets are impaired when indicators of impairments exist. This requires an estimate of the value in use of the cash generating units to which the tangible fixed assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash generating units that holds the tangible fixed assets at a determined discount rate to calculate the present value of those cash flows.

When reviewing fixed assets for impairment, the Group is required to make certain assumptions about the future cash flows to be generated from the individual cinema sites. It is also required to discount these cash flows using an appropriate discount rate. The resulting calculation is therefore very sensitive to these assumptions. However, the Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the cinema sites, and that the discount rate used is appropriate given the risks associated with these cash flows. Management has applied sensitivity analysis to the estimates (see Note 10).

1. Accounting Policies continued

Employee Post Retirement Benefit Obligations

The Group has two defined benefit pension plans. The obligations under these plans are recognised in the balance sheet and represent the present value of the obligations calculated by independent actuaries, with input from management. These actuarial valuations include assumptions such as discount rates, return on assets, salary progression and mortality rates. These assumptions vary from time to time according to prevailing economic and social conditions. Details of the assumptions used are provided in Note 19.

Management consider that the assumptions used are the most appropriate but recognise that the resulting pension liability is very sensitive to these assumptions.

Deferred Tax Assets

The Group recognises deferred tax assets for temporary differences arising at the balance sheet date. The Group applies estimates when calculating the carrying value of these assets and considering whether future taxable profits are sufficient to ensure their recoverability.

Judgements

In addition, the Directors are required to make certain judgements when applying the Group's accounting policies described above. The key judgements are:

Finance and Operating Leases

When the Group enters into a new lease it is required to consider whether it bears substantially all the risks and rewards of the asset. The Group considers the requirements of IAS 17 "Leases" when determining whether it has an operating or finance lease, and in most cases the outcome is clear.

Hedging Arrangements

The Group enters into interest rate swaps to fix a portion of its exposure to variable interest rates on its loan arrangements. In order to apply the hedge accounting provisions of IAS 39 "Financial Instruments", the Group must consider the effectiveness of its hedging arrangements when deciding whether it can hedge account.

Other Area of Significant Judgement

During 2014, management also consider that the following require significant judgement:

- The valuation on acquisition of the Cinema City intangible assets (see Notes 9 and 11).

New Standards and Interpretations

The Directors considered the impact of other new and revised accounting standards, interpretations or amendments on the Group that are currently endorsed but not yet effective. The Directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to impact the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

Defined Benefit Plans: Employee Contributions – Amendments to IAS 19

The amendments introduce a relief that will reduce the complexity and burden of accounting for certain contributions from employees or third parties. Such contributions are eligible for the practical expedient if they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

When contributions are eligible for the practical expedient, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

Notes to the Consolidated Financial Statements continued

2. Operating Segments

Determination and presentation of operating segments:

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

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

	Cineworld Cinemas £m	Picturehouse £m	Total UK & Ireland £m	Cinema City (CEE & Israel) £m	Total £m
53 weeks to 1 January 2015					
Total revenues ⁽¹⁾	385.6	39.7	425.3	194.1	619.4
EBITDA	74.1	4.7	78.8	47.8	126.6
Segmental operating profit	47.1	0.3	47.4	28.6	76.0
Net finance costs	(7.6)	-	(7.6)	(1.0)	(8.6)
Depreciation and amortisation	21.6	3.4	25.0	21.6	46.6
Share of loss of jointly controlled entities using equity method, net of tax	(0.1)	-	(0.1)	-	(0.1)
Profit before tax	39.4	0.3	39.7	27.6	67.3
Non-current asset additions – property, plant and equipment	24.0	5.5	29.5	155.4	184.9
Non-current asset additions – goodwill	-	-	-	336.3	336.3
Non-current asset additions – intangible assets	-	-	-	57.1	57.1
Investment in equity accounted investee	0.5	-	0.5	-	0.5
Non-current asset – goodwill	217.1	19.1	236.2	316.6	552.8
Onerous leases and other non-recurring charges	(2.2)	0.7	(1.5)	(0.4)	(1.9)
Impairments and reversals of impairments	(1.0)	-	(1.0)	-	(1.0)
Transaction and reorganisation costs	6.9	-	6.9	-	6.9
Segmental total assets	427.0	62.7	489.7	557.0	1,046.7
52 weeks to 26 December 2013					
Total revenues ⁽¹⁾	369.5	36.6	406.1	-	406.1
EBITDA	66.9	5.4	72.3	-	72.3
Segmental operating profit	35.7	1.8	37.5	-	37.5
Net finance costs	(6.3)	(0.2)	(6.5)	-	(6.5)
Depreciation and amortisation	22.4	1.6	24.0	-	24.0
Share of loss of jointly controlled entities using equity method, net of tax	(0.1)	-	(0.1)	-	(0.1)
Profit before tax	29.3	1.6	30.9	-	30.9
Non-current asset additions – property, plant and equipment	24.8	3.0	27.8	-	27.8
Non-current asset additions – goodwill	-	-	-	-	-
Non-current asset additions – intangible assets	-	-	-	-	-
Investment in equity accounted investee	0.6	-	0.6	-	0.6
Non-current asset – goodwill	217.1	19.1	236.2	-	236.2
Onerous leases and other non-recurring charges	0.7	-	0.7	-	0.7
Impairments and reversals of impairments	2.0	-	2.0	-	2.0
Transaction and reorganisation costs	8.1	-	8.1	-	8.1
Segmental total assets	419.5	67.4	486.9	-	486.9

(1) All revenues were received from third parties.

2. Operating Segments continued

Entity Wide Disclosures

Revenue by country	53 week period ended 1 January 2015 Total £m	52 week period ended 26 December 2013 Total £m
United Kingdom	425.5	406.1
Israel	36.4	-
Poland	70.8	-
Bulgaria	9.1	-
Romania	23.1	-
Hungary	30.6	-
Slovakia	6.2	-
Czech Republic	17.7	-
Total revenue	619.4	406.1

Cineworld Cinemas

Revenue by product and service provided	53 week period ended 1 January 2015 Total £m	52 week period ended 26 December 2013 Total £m
Box office	269.3	261.5
Retail	89.3	84.6
Other	27.0	23.4
Total revenue	385.6	369.5

Picturehouse

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

Cinema City (CEE & Israel)

Revenue by product and service provided	53 week period ended 1 January 2015 Total £m	52 week period ended 26 December 2013 Total £m
Box office	110.5	-
Retail	42.7	-
Other	40.9	-
Total revenue	194.1	-

Notes to the Consolidated Financial Statements continued

3. Other Operating Income

	53 week period ended 1 January 2015 Total £m	52 week period ended 26 December 2013 Total £m
Rental income	1.8	0.5
Other income	0.2	-
Total other operating income	2.0	0.5

4. Operating Profit

Included in operating profit for the period are the following:

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Depreciation (see Note 10)	37.3 ⁽¹⁾	22.3 ⁽¹⁾
Impairments (see Notes 10 and 11)	0.3 ⁽¹⁾	2.0 ⁽¹⁾
Reversals of impairments (see Notes 10 and 11)	(1.3) ⁽¹⁾	-
Amortisation of intangibles (see Note 11)	9.3 ⁽¹⁾	1.7 ⁽¹⁾
Onerous leases and other non-recurring charges	(1.9) ⁽¹⁾	0.7 ⁽¹⁾
Transaction and reorganisation costs	6.9 ⁽¹⁾	8.1 ⁽¹⁾
Hire of other assets - operating leases	50.2 ⁽²⁾	49.3 ⁽¹⁾

(1) Included in administrative expenses.

(2) £0.4m (2013: £0.4m) is included in administrative costs. The balance is included in cost of sales.

In 2014 there is a net gain of £4.6m on onerous leases following changes in trading assumptions, in 2013 there was no charge in respect of onerous leases. Other non-recurring charges made related to provisions of £2.0m and development costs incurred of 0.7m, in 2013 these related to other provisions made £0.4m and development costs incurred £0.3m.

In 2014 transactions and reorganisation costs include £5.5m relating to the acquisition of Cinema City Holdings B.V. (see Note 9) and £1.4m of reorganisation and redundancy costs. In 2013 transaction costs relate to the acquisition of Cinema City Holdings B.V. (£6.1m), the competition commission enquiry into the acquisition of Picturehouse in 2012 (£1.2m) and redundancy costs (£0.8m).

The total remuneration of the Group auditor, KPMG LLP, and its affiliates for the services to the Group is analysed below.

	53 week period ended 1 January 2015 £000	52 week period ended 26 December 2013 £000
Auditor's remuneration:		
Group - audit	591	242
Company - audit	6	6
Amounts received by auditors and their associates in respect of:		
- Audit of financial statements pursuant to legislation	597	248
- Audit related assurance services	86	50
- Tax compliance services	57	57
- Tax advisory services	206	11
- Other assurance services	75	243
- Corporate finance services	-	480
- All other services	55	33

5. Earnings Per Share

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

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

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 Number of shares (m)
Weighted average number of shares in issue	246.3	149.8
Basic and adjusted earnings per share denominator	246.3	149.8
Dilutive options	2.4	2.1
Diluted earnings per share denominator	248.7	151.9
Shares in issue at period end	263.9	149.9

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

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

Notes to the Consolidated Financial Statements continued

6. Staff Numbers and Costs

The average number of persons employed by the Group (including Directors) during the period, analysed by category, was as follows:

	Number of staff	
	2014	2013
Head office	636	266
Cinemas	8,043	5,232
	8,679	5,498

Included in the average number of persons employed by the Group are part-time employees. No distinction is made between full-time and part-time employees in the analysis above.

The aggregate payroll costs of these persons were as follows:

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Wages and salaries	82.6	59.4
Social security costs	6.7	3.7
Other pension costs - defined contribution	0.8	0.6
Share-based payments (see Note 19)	1.6	1.3
	91.7	65.0

See pages 45 to 62 for details of Directors' remuneration.

7. Finance Income and Expense

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Interest income	0.3	0.1
Net foreign exchange gain	6.0	-
Defined benefit pension scheme net finance income (Note 19)	0.3	0.2
Finance income	6.6	0.3
Interest expense on bank loans and overdrafts	10.2	5.2
Amortisation of financing costs	1.8	0.4
Unwind of discount on onerous lease provision	1.2	0.8
Unwind of discount on market rent provision	(0.7)	-
Interest charge as a result of change in discount rate relating to onerous lease provisions	(0.1)	-
Other financial costs	0.9	0.4
Finance expense	13.3	6.8
Amounts reclassified from equity to profit or loss in respect settled of cash flow hedges	1.9	-
Total finance expenses	15.2	-
Net finance costs	8.6	6.8

Recognised Within Other Comprehensive Income

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Movement in fair value of interest rate swap	0.8	1.6
Foreign exchange translation gain/(loss)	(34.1)	0.4
Finance expense	(33.3)	2.0

8. Taxation

Recognised in the Income Statement

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Current tax expense		
Current year	13.7	9.8
Adjustments in respect of prior years	(0.1)	(1.0)
Total current tax expense	13.6	8.8
Deferred tax expense		
Current year	-	1.1
Adjustments in respect of prior years	(0.8)	-
Total tax charge in income statement	12.8	9.9
Effective tax rate	19.0%	30.2%
Current year effective tax rate	20.3%	35.2%

Reconciliation of Effective Tax Rate

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Profit before tax	67.3	30.9
Tax using the UK corporation tax rate of 21.5% (2013: 23.25%)	14.5	7.2
Differences in overseas tax rates	(2.2)	(0.1)
Permanently disallowed depreciation	1.1	1.3
Other permanent differences	0.2	2.2
Adjustments in respect of prior years	(0.9)	(1.0)
Increase in unrecognised deferred tax assets	0.1	-
Effect of change in statutory rate to 20% (2013: 20%) on deferred tax	-	0.3
Total tax charge in income statement	12.8	9.9

During the period there was a deferred tax debit of £0.5m (2013: £0.2m) recognised directly in other comprehensive income. This relates to the actuarial loss on the defined benefit scheme and the movement in the fair value of the cash flow hedge on part of the Group's bank loans; see Note 13.

Factors that May Affect Future Tax Charges

As at 1 January 2015 the Group had potential UK tax assets relating to the following:

- Other non-trading losses of approximately £2.6m (2013: £2.6m).
- Capital losses of approximately £8.7m (2013: £7.6m).

A deferred tax asset has not been recognised in respect of UK non-trading and capital losses carried forward as it is not considered probable that future non-trading income or capital gains will be realised in the UK against which the losses may be utilised. The net tax benefit of utilising any of the above losses is expected to amount to approximately 20% of the losses utilised.

Deferred tax is not provided on unremitted earnings of subsidiaries and joint ventures where the Group controls the timing of remittance and it is probable that the temporary difference will not reverse in the foreseeable future.

Reductions in the UK corporation tax rate from 24% to 23% (effective from 1 April 2013) and to 21% (effective 1 April 2014) were substantively enacted on 3 July 2012 and 2 July 2013 respectively. A further reduction to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. This will reduce the Group's future current tax charge accordingly. The deferred tax asset and liability at 1 January 2015 have been calculated based on the rate of 20% substantively enacted at the balance sheet date.

As at 1 January 2015 the Group had potential overseas tax assets relating to the following:

- Trading losses of approximately £9.2m.
- Capital losses of approximately £1.9m.
- Other temporary differences of approximately £6.7m.

A deferred tax asset has not been recognised on these temporary differences as it is not considered probable that future trading income or capital gains will be realised in these countries against which the assets can be utilised. Losses of £7m are subject to time restriction rules and will expire between 2015 and 2018.

Notes to the Consolidated Financial Statements continued

9. Business Combinations

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

Consideration Transferred

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

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

Fair Value of Consideration Transferred

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

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

Identifiable Assets Acquired and Liabilities Assumed

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

Identifiable Assets Acquired and Liabilities Assumed

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

9. Business Combinations continued

Property and Leases

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

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

Tax

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

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

Other Fair Value Adjustments

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

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

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

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

Identifiable Intangible Assets

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

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

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

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

Notes to the Consolidated Financial Statements continued

9. Business Combinations continued

Following the business combination, GCH and its subsidiary companies ("GCH Group") are considered to be related parties of the Cineworld Group as Mooky Greidinger and Israel Greidinger are Directors of both groups. Transactions with related parties have been disclosed in Note 25.

10. Property, Plant and Equipment

	Land and buildings £m	Plant and machinery £m	Fixtures and fittings £m	Assets in the course of construction £m	Total £m
Cost					
Balance at 27 December 2012	117.4	62.7	61.3	0.2	241.6
Additions	2.5	2.2	12.6	10.5	27.8
Disposals	(6.3)	(2.7)	(10.6)	-	(19.6)
Transfers	5.2	0.6	3.1	(8.9)	-
Transfers to assets classified as held for sale	(2.3)	(1.7)	(0.3)	-	(4.3)
Effects of movement in foreign exchange	0.1	0.1	0.4	-	0.6
Balance at 26 December 2013	116.6	61.2	66.5	1.8	246.1
Additions due to acquisition	11.9	52.7	60.4	8.5	133.5
Additions	5.2	10.4	13.8	20.1	49.5
Disposals	-	(6.7)	(1.4)	-	(8.1)
Transfers	4.0	0.6	1.8	(6.4)	-
Effects of movement in foreign exchange	(3.1)	(9.4)	(8.0)	(0.6)	(21.1)
Balance at 1 January 2015	134.6	108.8	133.1	23.4	399.9
Accumulated depreciation and impairment					
Balance at 27 December 2012	30.3	21.1	30.2	-	81.6
Charge for the period	6.2	5.8	10.3	-	22.3
Disposals	(6.3)	(2.7)	(10.6)	-	(19.6)
Effects of movement in foreign exchange	0.1	-	0.3	-	0.4
Transfer to assets classified as held for sale	(0.7)	(1.2)	(0.1)	-	(2.0)
Impairments	0.6	0.5	0.2	-	1.3
Balance at 26 December 2013	30.2	23.5	30.3	-	84.0
Charge for the period	6.8	15.0	15.5	-	37.3
Disposals	-	(4.4)	(1.3)	-	(5.7)
Effects of movement in foreign exchange	(2.1)	(5.7)	(4.5)	-	(12.3)
Impairments	0.1	0.2	-	-	0.3
Reversals of impairments	(1.2)	-	(0.1)	-	(1.3)
Balance at 1 January 2015	33.8	28.6	39.9	-	102.3
Net book value					
At 27 December 2012	87.1	41.6	31.1	0.2	160.0
At 26 December 2013	86.4	37.7	36.2	1.8	162.1
At 1 January 2015	100.8	80.2	93.2	23.4	297.6

Land and buildings are made up of short leasehold properties encompassing leasehold improvements and freehold properties.

In 2014 and 2013 there were no significant additions in respect of any distinctive projects.

The net book value of assets held under a finance lease is:

	1 January 2015 £m	26 December 2013 £m
The net book value of assets held under finance leases comprised		
Opening net book value	5.0	5.3
Depreciation charge	(0.2)	(0.3)
Closing net book value	4.8	5.0

The above assets held under finance leases relate to a finance lease held on two cinema sites, one cinema site which is included within land and buildings and equipment at another site which is held in plant and machinery.

10. Property, Plant and Equipment continued

Interest of £89,000 (2013: £46,000) has been capitalised during the period which relates to the construction of new sites.

With respect to the tangible fixed asset disposals, no proceeds were receivable in the period.

Impairment

The Group considers each Cinema site to be a cash generating unit ("CGU") and each CGU is reviewed annually for indicators of impairment. In assessing whether an asset has been impaired, the carrying amount of the CGU is compared to its recoverable amount. The recoverable amount is the higher of its fair value less costs to sell and its value in use. In the absence of any information about the fair value of a CGU, the recoverable amount is deemed to be its value in use. The Group estimates value in use using a discounted cash flow model, which applies a pre-tax discount rate for the relevant territory, a table summarising the rates used is set out below.

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
United Kingdom	11.12%	10.41 %
Israel	16.53%	N/A
Poland	11.70%	N/A
Bulgaria	15.98%	N/A
Romania	17.31%	N/A
Hungary	16.54%	N/A
Slovakia	16.21%	N/A
Czech Republic	15.01%	N/A

The future cash flows are based on financial budgets approved by management covering a one-year period. Cash flows beyond the first period have been extrapolated using the assumptions used in the impairment model (see Note 11). The £0.2m impairment loss, recognised in the Cineworld operating segment, was caused by trading not reaching expectations for the foreseeable future in relation to three cinema sites.

Impairment Reversals

Following a significant improvement in trading performance and an increase in the estimated future cash flows of a previously impaired site, reversals of £1.3m have been recognised.

Sensitivity to Changes in Assumptions

The level of impairment is predominantly dependent upon forecasting future performance as well as the judgements used in arriving at future growth rates and the discount rate applied to cash flow projections. The impact on the impairment charge of applying different assumptions to the growth rates used in the five-year business plan and in the discount rates would be as follows:

	£m
Impairment if business plan growth rates were reduced by 1% for first five years	0.3
Impairment if property cost growth rates were increased by 1% for first five years	0.2
Impairment if discount rate was increased by 1%	0.3

Notes to the Consolidated Financial Statements continued

11. Intangible Assets

	Goodwill £m	Brand £m	Distribution rights £m	Other intangibles £m	Total £m
Cost					
Balance at 27 December 2012	244.4	16.7	-	-	261.1
Adjustment resulting from finalisation of fair values recognised on acquisition	0.2	(0.2)	-	-	-
Balance at 26 December 2013	244.6	16.5	-	-	261.1
Acquisition of subsidiary undertakings (see Note 9)	336.3	24.3	16.5	12.2	389.3
Additions	-	-	5.2	-	5.2
Effects of movement in foreign exchange	(19.7)	(1.4)	(2.7)	(0.8)	(24.6)
Balance at 1 January 2015	561.2	39.4	19.0	11.4	631.0
Accumulated amortisation and impairment					
Balance at 27 December 2012	7.7	1.0	-	-	8.7
Amortisation	-	1.7	-	-	1.7
Impairment	0.7	-	-	-	0.7
Balance at 26 December 2013	8.4	2.7	-	-	11.1
Amortisation	-	2.7	5.1	1.5	9.3
Effects of movement in foreign exchange	-	-	(1.6)	(0.4)	(2.0)
Balance at 1 January 2015	8.4	5.4	3.5	1.1	18.4
Net book value					
At 27 December 2012	236.7	15.7	-	-	252.4
At 26 December 2013	236.2	13.8	-	-	250.0
At 1 January 2015	552.8	34.0	15.5	10.3	612.6

Impairment Testing

Each individual cinema is considered to be a CGU. However, for the purpose of testing goodwill for impairment, it is acceptable under IAS 36 to group CGUs, in order to reflect the level at which it is monitored by management.

The ex-Cine-UK and ex-UGC (including Dublin) businesses are now fully integrated, meaning that goodwill is now monitored on a Cineworld wide level. The Picturehouse and Cinema City CGUs are considered as separate groups and have been tested for goodwill impairment on this basis.

The following assumptions have been applied to the individual CGUs when testing for impairment of PPE and groups of CGUs for goodwill impairment testing where applicable.

The recoverable amount of Cineworld, Picturehouse and Cinema City CGU's have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the first year period have been extrapolated using the below assumptions. This growth rate does not exceed the long-term average growth rate for the market in which Cineworld operates.

The key assumptions used in the cash flow projections for the purpose of the impairment review are as follows:

	Cineworld CGU		Picturehouse CGU		Cinema City CGU	
	53 week period ended 1 January 2015 %	52 week period ended 26 December 2013 %	53 week period ended 1 January 2015 %	52 week period ended 26 December 2013 %	53 week period ended 1 January 2015 %	52 week period ended 26 December 2013 %
Discount rate	11.12	10.41	11.12	10.41	N/A ⁽¹⁾	N/A
EBITDAR growth rate	3.00	3.00	3.00	3.00	3.00	N/A
Property cost growth rate	3.00	2.5	3.00	-	3.00	N/A

(1) Individual discount rates for each operating territory have been used, a summary is disclosed in Note 10.

2015 forecast EBITDA, as defined in Note 1, was used as the basis of the future cash flow calculation. This is adjusted to add back rent (EBITDAR). In line with long-term industry growth rates, EBITDAR is assumed to grow at 3% per annum.

Property costs are factored into the model, but are assumed to grow at 3.0% per annum over the life of the model. Cash flows are projected over the shorter of the lives of the property leases or the intangible assets to which the cash flow relates.

11. Intangible Assets continued

Cineworld and Picturehouse have discounted forecast flows using a pre-tax discount rate of 11.12% (2013: pre-tax 10.41%) being a market participant's discount rate. Cinema City have discounted forecast flows using a pre-tax discount rates relevant to the operating territory of each individual CGU, being a market participant's discount rate. This is considered to reflect the risks associated with the relevant cash flows each CGU.

Management have sensitised the key assumptions in the Cineworld goodwill impairment test including the discount rate and under both the base case and sensitised case no indicators of impairment exist. Management believe that any reasonably possible change in the key assumptions on which Cineworld's recoverable amount is based would not cause Cineworld's carrying amount to exceed its recoverable amount.

Management have assessed the carrying value of Cinema City and Picturehouse and sensitised key assumptions in making those assessments. Management believe that given the proximity to the acquisition of the CGUs any indications arising from sensitising key assumptions do not indicate potential impairment at this stage.

Amortisation Charge

The amortisation of intangible assets is recognised in the following line items in the income statement:

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Administrative expenses	9.3	1.7

12. Investment in Equity Accounted Investee

The Group has the following investment in a jointly controlled entity:

	Country of Incorporation	Class of shares held	Ownership
Digital Cinema Media Limited	England and Wales	Ordinary	50%

On 8 February 2008 the Group jointly formed Digital Cinema Media Limited ("DCM") with Odeon Cinemas Holdings Limited ("Odeon"). On 10 July 2008 DCM acquired certain trade and assets (substantially employees, computer systems, leasehold office and existing contracts) from Carlton Screen Advertising Limited, the Group's former advertising supplier.

Under the terms of the shareholder agreement between the Group and Odeon, key business decisions in respect of DCM require the unanimous approval of the shareholders. As a consequence, the Directors of the Group do not have total management control of DCM, therefore the Group's investment is accounted for as a joint venture.

	1 January 2015 £m	26 December 2013 £m
Cost	0.9	0.9
Share of post acquisition reserves	(0.3)	(0.2)
	0.6	0.7
Share of post tax loss	(0.1)	(0.1)
Carrying value	0.5	0.6

Summary aggregated financial information on jointly controlled entities - 100%:

	1 January 2015 £m	26 December 2013 £m
Current assets	20.0	20.3
Non-current assets	2.0	1.8
Current liabilities	(16.4)	(16.1)
Non-current liabilities	(6.1)	(6.4)
Net liabilities	(0.5)	(0.4)
Income	52.8	49.3
Expenses	(52.9)	(49.5)
Net loss	(0.1)	(0.2)

Notes to the Consolidated Financial Statements continued

12. Investment in Equity Accounted Investee continued

Screen advertising represents an important part of the Group's revenue streams and the joint venture partners recognise the importance of protecting this revenue stream. The joint venture partners are able to reduce their share of the advertising income if deemed necessary to support DCM.

13. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	1 January 2015 £m	26 December 2013 £m	1 January 2015 £m	26 December 2013 £m	1 January 2015 £m	26 December 2013 £m
Property, plant and equipment	2.4	-	(4.7)	(3.5)	(2.3)	(3.5)
Intangible assets	-	-	(7.8)	(2.8)	(7.8)	(2.8)
Employee benefits	1.0	0.5	(1.7)	(1.0)	(0.7)	(0.5)
Reverse premiums	1.8	1.9	-	-	1.8	1.9
Effect of straight-lining operating lease accruals	5.5	5.6	-	-	5.5	5.6
Onerous lease	0.7	-	-	-	0.7	-
Market rent	0.2	-	-	-	0.2	-
Interest rate swap	0.5	0.5	-	-	0.5	0.5
Tax losses	1.4	-	-	-	1.4	-
Tax assets/(liabilities)	13.5	8.5	(14.2)	(7.3)	(0.7)	1.2
Set off tax	(11.5)	(0.4)	11.5	0.4	-	-
Net tax assets/(liabilities)	2.0	8.1	(2.7)	(6.9)	(0.7)	1.2

See Note 8 for details of unrecognised tax assets.

Deferred taxation provided for in the financial statements at the period end represents provision at the local tax rates on the above items.

A review of the deferred tax will be performed at each balance date and adjustments made in the event of a change in any key assumptions.

Deferred tax assets and liabilities are attributable to the following:

	26 December 2013 £m	Acquisition £m	Recognised in income £m	Recognised in equity £m	Forex £m	1 January 2015 £m
Property, plant and equipment	(3.5)	0.3	0.9	-	-	(2.3)
Intangible assets	(2.8)	(5.7)	1.0	-	(0.2)	(7.7)
Employee benefits	(0.5)	0.3	(0.1)	(0.4)	-	(0.7)
Reverse premiums	1.9	-	(0.1)	-	-	1.8
Effect of straight-lining operating lease accruals	5.6	0.3	(0.5)	-	-	5.4
Onerous lease	-	0.9	(0.2)	-	-	0.7
Market rent	-	0.3	(0.1)	-	-	0.2
Interest rate swap	0.5	-	(0.1)	0.1	-	0.5
Tax losses	-	1.4	-	-	-	1.4
Tax assets/(liabilities)	1.2	(2.2)	0.8	(0.3)	(0.2)	(0.7)

	27 December 2012 £m	Recognised in income £m	Recognised in equity £m	Recognised on acquisition of subsidiary undertakings £m	26 December 2013 £m
Property, plant and equipment	(2.9)	(0.6)	-	(1.4)	(3.5)
Intangible assets	(3.6)	0.8	-	(3.6)	(2.8)
Employee benefits	(0.6)	-	0.1	-	(0.5)
Reverse premiums	2.2	(0.3)	-	-	1.9
Effect of straight-lining operating lease accruals	6.6	(1.0)	-	-	5.6
Interest rate swap	0.8	-	(0.3)	-	0.5
Tax assets/(liabilities)	2.5	(1.1)	(0.2)	(5.0)	1.2

14. Inventories

	1 January 2015 £m	26 December 2013 £m
Goods for resale	7.7	3.5

Goods for resale recognised in cost of sales in the period amounted to £40.0m (2013: £23.1m).

15. Trade and Other Receivables

	1 January 2015 £m	26 December 2013 £m
Current		
Trade receivables	22.6	6.2
Other receivables	3.4	0.1
Other property receivables	0.1	-
Prepayments and accrued income	35.2	28.3
	61.3	34.6
Non-current		
Other property receivables	4.6	-
Land lease premiums	0.9	0.9
Loan to jointly controlled entity	0.5	0.5
	6.0	1.4

Other property receivables represent the fair value asset of leases acquired with Cinema City Holdings B.V. The fair value liabilities of leases acquired are presented in Note 18.

The Virtual Print Fee accrued income balance recognised at the year end of £4.0m (2013: £4.4m) is included within the prepayments and accrued income. The balance is accrued based on the number of relevant film screenings during the period. Given the complexity of the income recognition criteria, as described in Note 1, and in accordance with IAS 1, the following sensitivity is relevant:

A decrease in the number of screenings recognised of 5% would decrease the VPF income recognised by £0.4m.

16. Non-Current Assets Held For Sale

The Competition Commission ruled on 31 January 2014 that as a result of Cineworld Group plc acquiring City Screen Limited and its subsidiaries ("Picturehouse") there was a substantial lessening of competition in three local geographical areas and that the divestment of either a Cineworld or Picturehouse cinema in each of the affected cities was required. As a result, the Group has divested itself of assets in Aberdeen and Bury St Edmunds during the year and divested assets in Cambridge on 29 January 2015. As at the period end, the Cambridge assets were being actively marketed for sale and are therefore presented as non-current assets held for sale.

The values in the table below represent the net book value of property, plant and equipment and associated liabilities which are shown as current assets and liabilities held for sale. Since the fair value less costs to sell is expected to be in excess of the net book value of the property, plant and equipment no impairment of such assets is required.

	1 January 2015 £m	26 December 2013 £m
Assets classified as held for sale		
Property, plant and equipment	1.5	2.3
Liabilities classified as held for sale		
Interest-bearing loans	-	(0.1)

As a result of the potential sale of Picturehouse sites in the prior year, we considered the carrying value of the brand asset and goodwill recognised on acquisition associated with these sites. It was determined that goodwill, presented in the Picturehouse operating segment, in respect of the sites was impaired by £0.7m in 2013. No such impairment was required in 2014 as assets held for sale were made up entirely of Cineworld sites with no associated goodwill or intangibles.

Notes to the Consolidated Financial Statements continued

16. Non-Current Assets Held For Sale continued

Significant estimation was required by management to allocate the goodwill across the cinema portfolio. Management took the forecast EBITDA for each cinema, analysing each sites relative performance and used this to allocate goodwill. This balance together with the property, plant and equipment assets were then compared to the fair values less costs to sell, resulting in the above impairment of £0.7m in 2013.

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

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

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

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	1 January 2015		26 December 2013	
				Face value £m	Carrying amount £m	Face value £m	Carrying amount £m
Unsecured bank loan - 1	GBP	LIBOR +1.95%	2016	-	-	123.5	122.7
Unsecured bank loan - 2	GBP	LIBOR +2.15%	2018	209.0	206.0	-	-
Unsecured bank loan - 3	EURO	EURIBOR +1.15%	2018	102.8	101.1	-	-
Finance lease liability - 1	GBP	7.2%	2029	6.4	6.4	6.6	6.6
Finance lease liability - 2	GBP	4.5%	2015	0.1	0.1	0.1	0.1
Finance lease liability - 3	EURO	6.5%	2021	0.9	0.9	-	-
Total interest bearing liabilities				319.2	314.5	130.2	129.4

See Note 22 for bank loan maturity analysis.

Finance Lease Liabilities

The maturity of obligations under finance leases is as follows:

	1 January 2015 £m	26 December 2013 £m
Within one year	0.7	0.7
Between one and two years	0.6	0.6
In the second to fifth years	2.7	2.0
Over five years	7.4	7.9
	11.4	11.2
Less future finance charges	(4.0)	(4.5)
	6.4	6.7

17. Interest-Bearing Loans and Borrowings and Other Financial Liabilities continued**Analysis of Net Debt**

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

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

18. Trade and Other Payables

	1 January 2015 £m	26 December 2013 £m
Current		
Trade payables	28.3	21.1
Other payables	7.5	10.8
Accruals and deferred income	74.9	50.8
	110.7	82.7
Non-current		
Accruals and deferred income	57.1	54.8
	57.1	54.8

Non-current accruals and deferred income include reverse-lease premiums and an accrual for straight-lining operating leases.

19. Employee Benefits**Pension Plans**

The Group operates two externally funded defined benefit pension schemes, one in the United Kingdom, the MGM Pension Scheme, and one in Ireland, the Adelphi-Carlton Limited Contributory Pension Plan.

MGM Scheme

The Scheme is a funded scheme of the defined benefit type, providing retirement benefits based on final salary. The Scheme closed to future accrual from 31 May 2009, though the link to final pay at retirement was retained.

The Group has engaged its actuary's assistance in measuring the defined benefit asset for the purposes of IAS19 revised for the period ended 1 January 2015.

The valuation used for IAS19 disclosures has been based on a full assessment of the liabilities of the Scheme as at 5 April 2012. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

Actuarial gains and losses have been recognised in the period in which they occur, but outside the Income Statement, through Other Comprehensive Income.

The Company made contributions of £1.6m during 2014 (2013: £1.6m).

Adelphi-Carlton Limited Contributory Pension Plan

The Adelphi-Carlton Limited Contributory Pension Plan is closed to new entrants and therefore the current service cost is £nil. The trustees of the Adelphi-Carlton Contributory Pension Plan have not agreed that any surplus on the plan can be refunded to the Company. Accordingly the surplus has not been recognised. The Scheme has a surplus of £0.5m as at 1 January 2015 (2013: £0.4m).

Notes to the Consolidated Financial Statements continued

19. Employee Benefits continued

Actuaries for Adelphi-Carlton Limited carried out the last actuarial valuation of the scheme as at 1 April 2013. Based on this assessment, the actuarial value of the assets of the scheme was more than sufficient to cover 100% of the benefits that had accrued to members. In view of this, a suspension of Company contributions was in force from 1 April 2001 to 1 January 2015. Total contributions for the 52 weeks ended 26 December 2013 and 53 weeks ended 1 January 2015 were £nil and £nil, respectively. No contributions are expected for the year ended 31 December 2015.

The net surplus/(deficit) in the pension scheme is:

	1 January 2015 £m	26 December 2013 £m
MGM Pension Scheme	8.6	5.3
Net surplus	8.6	5.3

MGM Pension Scheme
Profile of the Scheme

The defined benefit obligation includes benefits for current employees, former employees and current pensioners.

	1 January 2015 £m	26 December 2013 £m
Analysis of defined benefit obligation by membership category		
Total value of current employees benefits	2.8	2.3
Deferred members benefits	11.2	9.6
Pensioner member benefits	18.4	16.9
Total defined benefit obligation	32.4	28.8

The scheme duration is an indicator of the weighted-average time until benefit payments are made. For the Scheme as a whole, the duration is around 15 years reflecting the approximate split of the defined benefit obligation between current employees (duration of 26 years), deferred members (duration of 20 years) and current pensioners (duration of ten years).

Funding Requirements

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Scheme was carried out by a qualified actuary as at 5 April 2012 and showed a deficit of £0.4m.

The Company is paying deficit contributions of £1.6m per annum which, along with investment returns from return-seeking assets, is expected to make good this shortfall by February 2015. The next funding valuation is due no later than 5 April 2015 at which progress towards full-funding will be reviewed. A contribution of £1.6m is expected to be paid by the Company during the 52 week period ending 31 December 2015.

Risks Associated With the Scheme

The Scheme exposes the Group to a number of risks, the most significant of which are:

Asset Volatility	The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Scheme holds a significant proportion of growth assets (equity diversified growth funds and global absolute return fund) which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short term. The allocation to growth assets is monitored to ensure it remains appropriate given the Scheme's long-term objectives.
Changes in Bond Yields	A decrease in corporate bond yields will increase the value placed on the Scheme's liabilities for accounting purposes, although this will be partially offset by an increase in the value of the Scheme's bond holdings.
Inflation Risk	A significant proportion of the Scheme's benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). The majority of the assets are either unaffected by or only loosely correlated with inflation, meaning that an increase in inflation will also increase the deficit.
Life Expectancy	The majority of the Scheme's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

A contingent liability exists in relation to the equalisation of Guaranteed Minimum Pension ("GMP"). The UK Government intends to implement legislation which could result in an increase in the value of GMP for males. This would increase the defined benefit obligation of the plan. At this stage, it is not possible to quantify the impact of this change.

19. Employee Benefits continued

The amounts recognised on the Balance Sheet are set out below:

	1 January 2015 £m	26 December 2013 £m	27 December 2012 £m
Present value of funded defined benefit obligations	(32.4)	(28.8)	(28.1)
Fair value of plan assets	41.0	34.1	32.5
Surplus in scheme	8.6	5.3	4.4

When the members' benefits have been fully paid, the rules of the scheme permit any surplus to revert to the employer (the Group). Therefore the surplus on the scheme has been recognised as an asset.

Movements in present value of defined benefit obligation:

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
At beginning of period	(28.8)	(28.1)
Interest cost	(1.2)	(1.2)
Actuarial loss	(3.6)	(0.6)
Benefits paid	1.2	1.1
At end of period	(32.4)	(28.8)

Movements in fair value of plan assets:

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
At start of period	34.1	32.5
Expected return on plan assets	1.5	1.4
Actuarial gain/(loss)	5.2	(0.1)
Contributions by employer	1.6	1.6
Administration costs incurred	(0.2)	(0.2)
Benefits paid	(1.2)	(1.1)
At end of period	41.0	34.1

(Expense)/income recognised in the consolidated statement of comprehensive income:

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
<i>Operating cost</i>		
Administration expenses	(0.2)	(0.2)
<i>Net finance costs</i>		
Defined benefit pension scheme net finance income	0.3	0.2
<i>Other comprehensive income</i>		
Remeasurement of the defined benefit asset	1.6	(0.7)
Total recognised in profit and loss and other comprehensive income	1.7	(0.7)

Notes to the Consolidated Financial Statements continued

19. Employee Benefits continued

The (expense)/income is recognised in the following line items in the Consolidated Statement of Comprehensive Income:

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Administrative expenses	(0.2)	(0.2)
Finance income	0.3	0.2
Total	0.1	-

Analysis of amounts recognised in Other Comprehensive Income:

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Actuarial gains/(losses) recognised in the period	1.6	(0.7)

The Scheme assets are invested in the following asset classes (all assets have a quoted market value in an active market):

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m	52 week period ended 27 December 2012 £m
Equities	6.8	-	5.0
Index linked bonds	-	13.5	8.3
Corporate bonds	-	3.3	3.3
Absolute return funds	14.5	17.1	15.7
Liability driven instruments	19.4	-	-
Other	0.3	0.2	0.2
	41.0	34.1	32.5

Cineworld Cinemas Limited employs a building block approach in determining the long-term rate of return on pension plan assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed long-term rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Scheme at the accounting date.

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Expected return on scheme assets	1.5	1.4
Actuarial gains/(losses)	5.2	(0.1)
Actual return on plan assets	6.7	1.3

The principal actuarial assumptions used to calculate the liabilities under IAS 19 are set out below:

	53 week period ended 15 January 2015 %	52 week period ended 26 December 2013 %	52 week period ended 27 December 2012 %
RPI Inflation	3.1	3.4	3.0
CPI Inflation	2.0	2.4	2.3
Rate of general long-term increase in salaries	4.1	4.4	4.0
Rate of increase to pensions in payment	1.8-3.3	2.1-3.4	2.0-3.3
Discount rate for scheme liabilities	3.35	4.4	4.5

19. Employee Benefits continued

The financial assumptions reflect the nature and term of the Scheme's liabilities.

Main demographic assumptions	53 week period ended 1 January 2015	52 week period ended 26 December 2013	52 week period ended 27 December 2012
Mortality table adopted	SIPXA base table with future improvements in line with CMI 2014 core projections with long-term improvement rate of 1% per annum.	SIPXA base table with future improvements in line with CMI 2013 core projections with long-term improvement rate of 1% per annum.	SIPXA base table with future improvements in line with CMI 2011 core projections with long-term improvement rate of 1% per annum.
Life expectancy for male currently aged 65	22.1	22.0	22.2
Life expectancy for female currently aged 65	24.3	24.2	22.4
Cash commutation	Members assumed to exchange 31% of their pension for a cash lump sum at retirement	Members assumed to exchange 31% of their pension for a cash lump sum at retirement	Members assumed to exchange 31% of their pension for a cash lump sum at retirement

The mortality assumptions are based on the recent actual mortality experience of scheme members, and allow for expected future improvement in mortality rates.

History of Plans

The history of the plans for the current and prior periods is as follows:

Balance Sheet

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m	52 week period ended 27 December 2012 £m	53 week period ended 29 December 2011 £m	52 week period ended 30 December 2010 £m
Present value of defined benefit obligation	(32.4)	(28.8)	(28.1)	(28.4)	(28.3)
Fair value of plan assets	41.0	34.1	32.5	30.4	28.3
Surplus	8.6	5.3	4.4	2.0	-

Experience Adjustments

	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m	52 week period ended 27 December 2012 £m	53 week period ended 29 December 2011 £m	52 week period ended 30 December 2010 £m
Experience gain/(loss) on plan assets	5.2	(0.1)	0.4	0.3	0.7
Experience (loss)/gain on plan liabilities	(0.1)	(0.1)	1.0	-	0.2

Sensitivity to Key Assumptions

The key assumptions used for IAS 19 are: discount rate, inflation and mortality. If different assumptions were used, this could have a material effect on the results disclosed. The sensitivity of the results to these assumptions is as follows:

	Defined Benefit Obligation £m
Present value of Defined Benefit Obligation ("DBO")	(32.4)
DBO following a 0.25% decrease in the discount rate	(33.7)
DBO following a 0.25% increase in the discount rate	(31.3)
DBO following a 0.25% decrease in the inflation assumption	(31.7)
DBO following a 0.25% increase in the inflation assumption	(33.3)
DBO following a Life Expectancy increase by 1 year	(33.5)

The sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the balance sheet date.

The Group expects to contribute approximately £1.6m to its defined benefit plans in the next financial period.

Notes to the Consolidated Financial Statements continued

19. Employee Benefits continued

Defined Contribution Plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £0.6m (2013: £0.6m). There was £0.1m accruing to these pension schemes as at 1 January 2015 (2013: £0.2m).

Accrued Employee Retirement Rights

Local applicable labour laws and agreements in CEE require certain group companies to pay severance pay to dismissed or retiring employees (including those leaving their employment under certain other circumstances). The calculation of the severance pay liability has been made in accordance with labour agreements in force and based on salary components that, in management's opinion, create entitlement to severance pay.

Group companies' severance pay liabilities to their employees are funded partially by regular deposits with recognised pension and severance pay funds in the employees' names and by purchase of insurance policies. They are accounted for as if they were a defined contribution plan. The amounts funded as above are netted against the related liabilities and are not reflected in the statement of financial position since they are not under the control and management of the companies.

The amounts of the liability for severance pay presented in the statement of financial position (see below) reflect that part of the liability not covered by the funds and the insurance policies mentioned above, as well as the liability that is funded by deposits with recognised central severance pay funds held under the name of the Company's subsidiaries.

The cost of severance provision is determined according to the projected unit credit method. It has been calculated using a discounted cash flow approach. The calculations are based on the following assumptions:

- Discount at 1 January 2015 0.34%.
- Expected returns on plan assets at 1 January 2015 0.34%.

The net provision for accrued employee rights upon retirement comprises:

	1 January 2015 £m	26 December 2013 £m
Present value of unfunded obligation	2.8	-
Less: Fair value of plan assets	(1.8)	-
	1.0	-

Movements in the provision for accrued employee rights upon retirement:

	Gross amount £m	Amount deposited £m	Net amount £m
On acquisition of subsidiary undertakings (see Note 9)	2.5	(1.6)	0.9
Payments made upon retirement	-	0.1	0.1
Deposits made	-	(0.1)	(0.1)
Actuarial loss	-	-	-
Net movement in provision - charged to net profit	0.4	-	0.4
Effects of movement in foreign exchange	(0.1)	(0.2)	(0.3)
	2.8	(1.8)	1.0

Share-Based Payments

As at 1 January 2015 there were three types of share option and share schemes: the Cineworld Group 2007 Sharesave Scheme, the Cineworld Group 2007 Performance Share Plan and the Cineworld Group plc Company Share Option Plan.

Grants were made under the Sharesave Scheme in 2014.

The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options.

Period Ended 26 December 2013

Awards over 76,745 shares lapsed in 2013.

A charge of £100,000 was recorded in the income statement for the period in respect of the 2012 Sharesave Scheme grant.

19. Employee Benefits continued**Period Ended 1 January 2015**

Awards over 106,680 shares lapsed in 2014.

A charge of £221,000 was recorded in the income statement for the period in respect of the 2012 and 2014 Sharesave Scheme grants.

The Cineworld Group Performance Share Plan (“PSP”)**Period Ended 26 December 2013**

Under the PSP, awards of conditional shares or nil cost options can be made that vest or become exercisable after three years subject to continued employment and generally the achievement of specified performance conditions as follows:

- 30% of the shares under the award will vest if the average annual growth in earnings per share (“EPS”) (calculated by comparing the EPS for the financial year ended 27 December 2012 and the EPS for the financial year ending 30 December 2015) is not less than the annual compound increase in the UK RPI plus 3% per annum compared and calculated for the same periods;
- 100% of the shares under the award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 27 December 2012 and the EPS for the financial year ending 31 December 2015) is at least equivalent to the annual compound increase in the UK RPI plus 8% per annum compared and calculated for the same periods; and
- where the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 27 December 2012 and the EPS for the financial year ending 31 December 2015) is between the two limits above, the award shall vest on a straight-line basis between 30% and 100%.

Grants were made under the PSP scheme on 15 March 2013. Under these grants, awards over 551,900 shares were made in total. Awards over 317,228 shares were made with the performance conditions set out above. Further awards over 234,672 shares were made which will vest after three years subject to continued employment only, with no specified performance conditions attached.

EPS for the 2013 grant was defined as adjusted pro-forma diluted earnings per share as calculated in Note 5 to the financial statements.

Period Ended 1 January 2015

Further grants were made under the PSP scheme on 6 June 2014. Under these grants, awards over 705,515 shares were made in total. Awards over 563,210 shares were made with the performance conditions set out below.

- 30% of the shares under the award will vest if the average annual growth in earnings per share (“EPS”) (calculated by comparing the EPS for the financial year ended 26 December 2013 and the EPS for the financial year ending 31 December 2016) is not less than the annual compound increase of 10% per annum;
- 100% of the shares under the award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 26 December 2013 and the EPS for the financial year ending 31 December 2016) is at least equivalent to the annual compound increase of 18% per annum; and
- Where the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 26 December 2013 and the EPS for the financial year ending 31 December 2016) is between the two limits above, the award shall vest on a straight-line basis between 30% and 100%.

Further awards over 142,305 shares were made which will vest after three years subject to continued employment only, with no specified performance conditions attached.

EPS for the 2014 grant was defined as adjusted pro-forma diluted earnings per share as calculated in Note 5 to the financial statements.

Awards over 368,423 shares lapsed during 2014.

A charge of £1,327,000 was recorded in the income statement in respect of the 2011, 2012, 2013 and 2014 PSP schemes.

The Company Share Option Plan (“CSOP”)**Period Ended 26 December 2013**

Grants under the CSOP were made on 15 March 2013. Under these grants awards over 25,109 shares were made in total. Awards over 3,587 shares were made with the same conditions as the 2013 PSP grant. Awards over 21,522 shares were made with no performance conditions attached.

EPS for the 2013 grant was defined as adjusted pro-forma diluted earnings per share as calculated in Note 5 to the financial statements.

A charge of £29,000 was recorded in the income statement in respect of the 2010, 2011, 2012 and 2013 CSOP schemes.

Period Ended 1 January 2015

Further grants were made under the CSOP on 6 June 2014. Under these grants awards over 17,346 shares were made in total. Awards over 2,891 shares were made with the same conditions as the 2014 PSP grant. Awards over 14,455 were made with no performance conditions attached.

Notes to the Consolidated Financial Statements continued

19. Employee Benefits continued

EPS for the 2014 grant was defined as adjusted pro-forma diluted earnings per share as calculated in Note 5 to the financial statements.

Awards over 11,120 shares lapsed during 2014.

A charge of £22,000 was recorded in the income statement in respect of the 2011, 2012, 2013 and 2014 CSOP schemes.

The number and weighted average exercise prices of share options in equity settled schemes are as follows:

	Weighted average exercise price 2014 (£) Equity-settled	Number of options 2014 Equity-settled	Weighted average exercise price 2013 (£) Equity-settled	Number of options 2013 Equity-settled
Outstanding at the beginning of the year	0.56	2,435,336	0.68	2,256,626
Adjustment due to rights issue	-	282,606	-	-
Exercised in shares during the year	0.52	(401,885)	0.44	(272,811)
Granted during the year	1.03	1,214,046	0.13	577,009
Lapsed during the year	0.47	(486,223)	1.09	(125,488)
Outstanding at the end of the year	0.77	3,043,880	0.56	2,435,336
Exercisable at the end of the year	2.08	10,662	1.98	15,090

The average share price during 2014 was £3.38 (2013: £3.34).

Assumptions relating to grants of share options in 2013 were:

Scheme name	Date of grant	Share price at grant (£)	Exercise price (£)	Expected volatility (%)	Expected life (years)	Dividend yield (%)	Risk free rate (%)	Fair value (£)
PSP	15 March 2013	2.80	nil	42	3.0	4.7	0.51	2.43
CSOP	15 March 2013	2.80	2.79	42	3-10 years	4.7	0.51	0.58

Assumptions relating to grants of share options in 2014 were:

Scheme name	Date of grant	Share price at grant (£)	Exercise price (£)	Expected volatility (%)	Expected life (years)	Dividend yield (%)	Risk free rate (%)	Fair value (£)
PSP	6 June 2014	3.49	nil	41	3.0	4.3	0.56	3.07
CSOP	6 June 2014	3.49	3.46	41	3-10 years	4.3	0.56	0.73

The total expenses recognised for the period arising from share-based payments are as follows:

	52 week period ended 25 December 2014 £m	52 week period ended 26 December 2013 £m
Recognised in equity	1.4	1.2
Recognised in creditors	0.2	0.1
	1.6	1.3

The share-based payment expense recognised in creditors relates to dividends accrued by the option holders over the vesting period.

19. Employee Benefits continued**Directors Remuneration**

The table below sets out the aggregate remuneration paid to all directors during the year:

	Financial year	Base salary and fees (£000)	Benefits ⁽¹⁾ (£000)	Annual bonus (£000)	Sharesave ⁽²⁾ (£000)	PSP (£000)	CSOP (£000)	Total LTI (£000)	Pension (£000)	Total (£000)
Executive Directors										
Philip Bowcock	2014	358	20	249	-	377 ⁽³⁾	9 ⁽³⁾	386	72	1,085
	2013	343 ⁽⁶⁾	20	176	-	-	-	-	53	592
Mooky Greidinger	2014	459	66	349	-	-	-	-	92	966
	2013	-	-	-	-	-	-	-	-	-
Israel Greidinger	2014	313	60	239	-	-	-	-	63	675
	2013	-	-	-	-	-	-	-	-	-
Stephen Wiener ⁽⁴⁾	2014	122	12	85	-	462 ⁽³⁾	5 ⁽⁷⁾	467	25	711
	2013	479	41	197	-	507 ⁽⁸⁾	6 ⁽⁵⁾	513	96	1,326
Non-Executive Directors										
Anthony Bloom	2014	163	-	-	-	-	-	-	-	163
	2013	100	-	-	-	-	-	-	-	100
Martina King	2014	48	-	-	-	-	-	-	-	48
	2013	39	-	-	-	-	-	-	-	39
David Maloney	2014	72	-	-	-	-	-	-	-	72
	2013	55	-	-	-	-	-	-	-	55
Thomas McGrath ⁽⁴⁾	2014	-	-	-	-	-	-	-	-	-
	2013	14	13	-	-	-	-	-	-	27
Scott Rosenblum	2014	42	-	-	-	-	-	-	-	42
	2013	-	-	-	-	-	-	-	-	-
Arni Samuelsson ⁽⁴⁾	2014	42	-	-	-	-	-	-	-	42
	2013	-	-	-	-	-	-	-	-	-
Rick Senat	2014	53	-	-	-	-	-	-	-	53
	2013	39	-	-	-	-	-	-	-	39
Peter Williams	2014	59	-	-	-	-	-	-	-	59
	2013	54	-	-	-	-	-	-	-	54

(1) See page 47 for details of the other benefits provided to the Executive Directors. The figures in this column for the Non-Executive Directors relate to taxable travel costs to attend Cineworld Board meetings, including related sustenance and accommodation.

(2) Under the Sharesave Scheme, employees are able to acquire shares in the Company at a discount of up to 20% of the market value at grant. The figures in this table relate to the value of this discount at the date of grant.

(3) The gain on PSP shares and CSOP option vesting in the period has been calculated using a share price of £3.57, being the average price for the last three months of the period (as they will not vest until 26 March 2015) and in the case of the PSP award includes payment of a cash sum equivalent to the dividends that would have been paid on the vested shares in respect of dividend record dates occurring between grant and vesting. The dividend equivalent payment to Stephen Wiener will amount to £37,116 and to Philip Bowcock will amount to £30,300.

(4) Thomas McGrath and Stephen Wiener left the Company on 15 May 2013 and 31 March 2014 respectively.

(5) This CSOP option, although vested, had not been exercised and for comparison purposes a share price of £3.36, being the average price for the last three months of the period, has been used to calculate the value. It was subsequently exercised and details of the gain made are set out on page 55.

(6) Figure represents base salary and a special one-off salary supplement of £80,031 awarded to reflect the additional level of responsibility taken following the announcement that Stephen Wiener was leaving.

(7) Exercised early so figure reflects actual value received, but relates to the period in question. See page 55 for details.

(8) The gain on the PSP option vesting in this period was calculated using a share price of £3.36, being the average post rights issue for the last three months of the period (as they did not vest until 29 March 2014) and included payment of a cash sum equivalent to the dividends that would have been paid on the vested shares in respect of dividend record dates occurring between grant and vesting. The dividend equivalent payment to Stephen Wiener was £42,349. The option was subsequently exercised and details of the gain made are set out on page 54.

Notes to the Consolidated Financial Statements continued

19. Employee Benefits continued

Executive Directors are invited to participate in a Group Personal Pension Plan, which is a money purchase plan or alternatively may receive a pension allowance in cash. The Company contribution to this pension scheme for Executive Directors is 20% of salary. All the Executive Directors (except Stephen Wiener) have elected not to participate in this scheme and instead receive a cash pension allowance of 20% of salary.

Share options were exercised by Stephen Wiener and Richard Jones during the year, details of the amounts exercised can be found in the Remuneration Report on pages 45 to 62.

20. Provisions

	Property provisions £m	Other provisions £m	Total provisions £m
Balance at 26 December 2013			
Current	10.4	-	10.4
Non-current	0.7	0.4	1.1
	11.1	0.4	11.5
Additional provisions due to acquisition	16.3	9.5	25.8
Provisions released to administrative expenses during the period	(4.9)	(1.3)	(6.2)
Utilised against rent during the period	(5.0)	-	(5.0)
Unwound against interest during the period	1.7	-	1.7
Balance at 1 January 2015	19.2	8.6	27.8
Current	1.5	5.1	6.6
Non-current	17.7	3.5	21.2
Total	19.2	8.6	27.8

Property provisions relate to onerous leases, dilapidations, market rent adjustments and other property liabilities. Market rent provisions relate to the fair value of liabilities on leases acquired with Cinema City Holdings B.V.

The majority of the property provision relates to onerous leases, which is made on the acquisition of a cinema as part of a business, being the unavoidable costs of the lease obligations in excess of the economic benefits expected to be received from operating it. The unavoidable costs of the lease reflect the lease net cost of exiting from the contract and is measured as the lower of the net cost of continuing to operate the lease and any penalties or other costs from exiting it, measured on a discounted basis. The remaining provision will be utilised over the period to the next rent review date or the remaining lease life depending on the term of the lease. This is between one and 30 years (see further analysis below).

	1 January 2015 £m	26 December 2013 £m
Expected timing for utilisation of property provisions		
Analysed as:		
Within one year	1.5	0.7
Between one and two years	1.7	0.4
In the second to fifth years	7.7	1.8
Over five years	8.3	8.2
	19.2	11.1

Sensitivity to Changes in Assumptions Relating to Property Provisions

The level of provision is dependent upon judgements in forecasting future cash flows and used in arriving at the discount rate applied to cash flow projections. The impact on the property provisions by applying different assumptions to the discount rate would be as follows:

	£m
Property provisions if discount rate was increased by 1%	(0.3)
Property provisions if discount rate was decreased by 1%	0.3

21. Capital and Reserves

Share Capital

	1 January 2015 £m	26 December 2013 £m
Cineworld Group plc		
<i>Allotted, called up and fully paid</i>		
263,860,665 (2013: 149,892,079) ordinary shares of £0.01 each	2.6	1.5

During the year rights issue shares were offered by way of rights to all qualifying shareholders on the basis of eight rights issue shares at 230 pence per rights issue share for every 25 Existing Ordinary Shares held and registered in their name at the close of business on the record date. The rights issue price of 230 pence per rights issue share represented a discount of approximately 41.3% to the closing price of an existing ordinary share of 392 pence on 9 January 2014 (being the latest Business Day prior to the announcement of the Rights Issue) and a 34.8% discount to the theoretical ex-rights price based on that closing price.

During the year a total of 113,968,586 ordinary shares of nominal value £0.01 were issued. 299,305 (2013: 210,475) ordinary shares were part of the Cineworld Group 2007 Performance Share Plan, 87,278 (2013: 53,080) ordinary shares were part of the Cineworld Group plc Company Share Option Plan, 15,302 (2013: 9,256) were part of the Cineworld Group 2007 Sharesave Scheme, 47,965,465 were arose from the rights issue described above and 65,601,236 arose as part of the consideration for Cinema City, as described in Note 9. Total consideration of £110,512,403 (2013: £121,000) was received for shares issued in the year excluding the consideration shares described in Note 9. This is after deducting transaction costs.

Translation Reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Merger Reserve

In accordance with section 612 of the Companies Act 2006, the premium on ordinary shares issued in relation to acquisitions is recorded as a merger reserve.

Hedging Reserve

The hedging reserve comprises the liability in relation to the interest rate swaps entered into, to hedge against variable interest payments on £141.5 (2013: £55.0m) of the total £283.9m (2013: £123.5m) of bank debt. As hedge accounting has been adopted the gains/losses are recorded through equity until such time as the cash flows being hedged occur, when they are recycled to the income statement. During the year a £1.9m loss was recycled through the Profit or Loss account in respect of the fair value of cash flow hedges on loans settled during the year.

Dividends

The following dividends were recognised during the period:

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

An interim dividend of 3.8p per share was paid on 2 October 2014 to ordinary shareholders (2013: 4.1p). The Board has proposed a final dividend of 9.7p per share, which will result in total cash payable of approximately £9.1m on 9 July 2015. In accordance with IAS10 this had not been recognised as a liability at 1 January 2015.

Notes to the Consolidated Financial Statements continued

22. Financial Instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk.
- Liquidity risk.
- Market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has in place a risk management programme and regular reports are made to the Audit Committee, which is tasked with general oversight.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks by the Group. The Group's Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of certain risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

The Group's credit risk is primarily attributable to its trade receivables. However, due to the nature of the Group's business, trade receivables are not significant which limits the related credit risk. The Group's trade receivables are disclosed in Note 15. Of the total balance of £22.6m (2013: £6.2m) due 68% (2013: 75%) are within credit terms. The bad debt provision as at 2014 is £11k (2013: £11,000), with a bad debt expense in the period of nil (2013: £nil). Based on past experience the Group believes that no impairment allowance is necessary in respect of the trade receivables that are past due. The credit risk on liquid funds and derivative financial instruments is also limited because the counterparties are banks with high credit-ratings.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. The amounts disclosed in the table are contractual undiscounted cash flows, including interest payments calculated using interest rates in force at each balance sheet date, so will not always reconcile with the amounts disclosed on the balance sheet.

22. Financial Instruments continued

1 January 2015

	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
Non-derivative financial liabilities							
Unsecured bank loans	307.1	(311.8)	(12.2)	(12.2)	(24.3)	(263.1)	-
Finance lease liabilities	6.5	(10.8)	(0.4)	(0.3)	(0.7)	(2.0)	(7.4)
Trade and other payables	28.3	(28.3)	(28.3)	-	-	-	-
Derivative financial liabilities							
Interest rate swap 1	0.6	(0.6)	(0.3)	(0.2)	(0.1)	-	-
Interest rate swap 2	0.6	(0.6)	(0.3)	(0.2)	(0.1)	-	-
Interest rate swap 3	0.5	(0.7)	(0.1)	(0.1)	(0.3)	(0.2)	-
Interest rate swap 4	0.5	(0.7)	(0.1)	(0.1)	(0.3)	(0.2)	-
Interest rate swap 5	0.25	(0.2)	(0.05)	(0.05)	(0.05)	(0.05)	-
Interest rate swap 6	0.25	(0.2)	(0.05)	(0.05)	(0.05)	(0.05)	-
	344.6	(353.9)	(41.8)	(13.2)	(25.9)	(265.6)	(7.4)

As part of the combination Cineworld Group plc restructured its debt financing, an element of which was drawn to part settle the cash consideration of £272m and €14.5m. The residual of the facility has been drawn to refinance the existing facilities of the combined group and to fund general working capital requirements going forward. The new facility provides funding of £400m of which £275m is term loan and £125m is a revolving credit facility. £160m (€192m) of the new facility is available in Euros, reflecting the composition of the combined group. This financing arrangement became effective from 27 February 2014. The bank loan is unsecured and subject to two covenants: the ratio of EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges.

26 December 2013

	Carrying amount £m	Contractual cash flows £m	6 months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
Non-derivative financial liabilities							
Unsecured bank loans	122.7	(129.5)	(3.9)	(3.9)	(7.6)	(114.1)	-
Finance lease liabilities	6.7	(11.2)	(0.4)	(0.3)	(0.6)	(2.0)	(7.9)
Trade and other payables	21.1	(21.1)	(21.1)	-	-	-	-
Derivative financial liabilities							
Interest rate swap 1	0.95	(1.3)	(0.1)	(0.6)	(0.5)	(0.1)	-
Interest rate swap 2	0.95	(1.3)	(0.1)	(0.6)	(0.5)	(0.1)	-
	152.4	(164.4)	(25.6)	(5.4)	(9.2)	(116.3)	(7.9)

Cash Flow Hedges

The following table indicates the periods in which the discounted cash flows associated with derivatives that are cash flow hedges are expected to occur.

Notes to the Consolidated Financial Statements continued

22. Financial Instruments continued
1 January 2015

	Carrying amount £m	Expected cash flows £m	6 months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
Interest rate swaps:							
Swap 1	(0.6)	(0.6)	(0.3)	(0.2)	(0.1)	-	-
Swap 2	(0.6)	(0.6)	(0.3)	(0.2)	(0.1)	-	-
Swap 3	(0.5)	(0.5)	(0.1)	(0.1)	(0.2)	(0.1)	-
Swap 4	(0.5)	(0.5)	(0.1)	(0.1)	(0.2)	(0.1)	-
Swap 5	(0.25)	(0.25)	(0.05)	(0.05)	(0.1)	(0.05)	-
Swap 6	(0.25)	(0.25)	(0.05)	(0.05)	(0.1)	(0.05)	-
	(2.7)	(2.7)	(0.9)	(0.7)	(0.8)	(0.3)	-

26 December 2013

	Carrying amount £m	Expected cash flows £m	6 months or less £m	6-12 months £m	1-2 years £m	2-5 years £m	More than 5 years £m
Interest rate swaps:							
Swap 1	(0.95)	(0.95)	(0.05)	(0.4)	(0.4)	(0.1)	-
Swap 2	(0.95)	(0.95)	(0.05)	(0.4)	(0.4)	(0.1)	-
	(1.9)	(1.9)	(0.1)	(0.8)	(0.8)	(0.2)	-

It is expected that the expected cash flows will impact profit and loss when the cash flows occur.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign Currency Risk

Following the acquisition of Cinema City the Group is subject to greater currency risk exposure. Wherever possible, overseas operations will fund their day-to-day working capital requirements in local currency with cash generated from operations, naturally hedging the currency risk exposure to the Group. Management will continually monitor the level of currency risk exposure, and consider hedging where appropriate. Currently the Group considers the currency risk on consolidation of the assets and liabilities of its foreign entities to be of low materiality and no hedging has been undertaken.

Interest Rate Risk

The Group's policy is to manage its cost of borrowing by securing fixed interest rates on a portion of its term loan.

Whilst fixed-rate interest-bearing debt is not exposed to cash flow interest rate risk, there is no opportunity for the Group to enjoy a reduction in borrowing costs in markets where rates are falling.

In addition, the fair value risk inherent in fixed-rate borrowing means that the Group is exposed to unplanned costs should debt be restructured or repaid early as part of the liquidity management process.

The Group uses interest rate swaps agreed with other parties to hedge a portion of its bank loans that have fixed interest rates. Interest rate swaps are measured at fair value, which have been calculated by discounting the expected future cash flows at prevailing interest rates.

The revolver loan, of which £44.0m (2013: £38.5m) was drawn down at the end of the period, is not hedged. As a result, there is no impact on the income statement relating to the hedged bank debt as a result of any changes in interest rates. At the period end the Group had six (2013 period end: two) interest rate swaps which hedged 50% (2013: 65%) of the Group's variable rate unsecured term loan.

22. Financial Instruments continued

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2014	2013
Fixed rates instruments		
Financial liabilities (interest rate swap)	(2.7)	(1.9)
Financial liabilities (unsecured bank loans – hedged portion)	(135.0)	(55.0)
Finance lease liabilities	(6.4)	(6.7)
	(144.1)	(63.6)
Variable rate instruments		
Financial liabilities (unsecured bank loans – unhedged portion)	(172.3)	(68.5)

£135m (2013: £55m) of the variable rate financial liability is hedged via the interest rate swaps with the balance attracting a variable interest rate. In 2014 the balance is the additional £128.3m term loan and the revolving facility. In 2013 the balance is the additional £30m term loan and the revolving facility.

Fair Value Sensitivity Analysis for Fixed Rate Instruments

The Group accounts for fixed-rate derivative financial instruments (interest rate swaps) at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement except where derivatives qualify for hedge accounting when recognition of any resultant gain or loss depends on the nature of the item being hedged. Hedge accounting was adopted from the year ended 27 December 2007 on the swap taken out in May 2007.

A change of 100 basis points in interest rates would have increased equity by £1.8m (2013: £1.2m) or decreased equity by £1.8m (2013: £1.2m) for each swap and would have increased or decreased profit or loss by £nil (2013: £nil).

Cash Flow Sensitivity Analysis for Variable Rate Instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2013.

Effect in GBP thousands	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
1 January 2015				
Variable rate instruments	(3,200)	3,200	(3,200)	3,200
Interest rate swap	1,400	(1,400)	1,400	(1,400)
Cash flow sensitivity (net)	(1,800)	1,800	(1,800)	1,800
26 December 2013				
Variable rate instruments	(1,205)	1,205	(1,205)	1,205
Interest rate swap	589	(589)	589	(589)
Cash flow sensitivity (net)	(616)	616	(616)	616

Fair Values

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 1 January 2015 £m	Fair value 1 January 2015 £m	Carrying amount 26 December 2013 £m	Fair value 26 December 2013 £m
Unsecured bank loans	307.1	311.8	122.7	123.5
Finance lease liabilities	6.5	6.5	6.7	6.7
Interest rate swaps	2.7	2.7	1.9	1.9
	316.3	321.0	131.3	132.1

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 unsecured 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.

Notes to the Consolidated Financial Statements continued

22. Financial Instruments continued

The difference between net carrying amount and estimated fair value reflects unrealised gains or losses inherent in the instruments based on valuations at 1 January 2015 and 26 December 2013. The volatile nature of the markets means that values at any subsequent date could be significantly different from the values reported above.

Fair Value Hierarchy

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
1 January 2015				
Derivative financial instruments	-	2.7	-	2.7
Interest bearing loans and borrowings	-	313.6	-	313.6
26 December 2013				
Derivative financial instruments	-	1.9	-	1.9
Interest bearing loans and borrowings	-	129.4	-	129.4

There have been no transfers between levels in 2014. No other financial instruments are held at fair value.

Capital Management

The capital structure of the Group consists of the following items:

	2014 £m	2013 £m
Cash and cash equivalents	37.4	19.0
Bank loans	307.1	122.7
Equity attributable to equity holders of the parent	548.6	235.8
	893.1	377.5

The Board of Directors constantly monitor the ongoing capital requirements of the business and have reviewed the current gearing ratio, being the ratio of bank debt to equity and consider it appropriate for the Group's current circumstances. Ratios used in the monitoring of debt capital include the ratio of EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges.

The Group's objective when managing capital is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business, to provide returns for shareholders and to optimise the capital structure to reduce the cost of capital. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity and the level of dividends to ordinary shareholders.

23. Operating Leases

Non-cancellable operating lease rentals commitments are as follows:

	Land and buildings £m	Other £m	1 January 2015 £m	Land and buildings £m	Other £m	26 December 2013 £m
Less than one year	85.6	0.1	85.7	52.1	0.1	52.2
Between one and five years	324.3	0.3	324.6	215.8	0.5	216.3
More than five years	1,016.3	-	1,016.3	851.0	-	851.0
	1,426.2	0.4	1,426.6	1,118.9	0.6	1,119.5

The total future minimum sublease payments expected to be received are £5.4m (2013: £6.1m).

24. Capital Commitments

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

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

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

25. Related Parties

The compensation of the Directors is as follows:

	Salary and fees including bonus £000	Compensation for loss of office £000	Pension contributions £000	Total £000
53 weeks ended 1 January 2015				
Total compensation for Directors	2,341	89	252	2,682
52 weeks ended 26 December 2013				
Total compensation for Directors	1,570	-	150	1,720

Share-based compensation benefit charges for Directors was £0.4m in 2013 (2013: £0.5m). Details of the highest paid Director can be found in the Directors' Remuneration Report on pages 45 to 62.

Other Related Party Transactions

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

During the year the Group was charged expenses of £3.2m by companies under the ownership of Global City Holdings N.V. ("GCH"), considered a related party of Group as Mooky Greidinger and Israel Greidinger are Directors of both groups (see Note 9).

Details of subsidiaries held by the Group can be found in Note 29.

26. Post Balance Sheet Events

On 31 January 2014, the Competition Commission published the report on their investigation into the Group's acquisition of Picturehouse Cinemas in 2012. The Competition Commission ruled that the Group had to divest in cinemas in Aberdeen, Bury St Edmunds and Cambridge. The contract to operate the Belmont Picturehouse in Aberdeen transferred out of the Group in April 2014, and the Abbeygate Picturehouse in Bury St Edmunds was sold in June 2014. As at the year end, the process of disposing a site in Cambridge was still ongoing. On 29 January 2015, the Group announced that Cineworld Cambridge had been sold to The Light cinema chain for cash consideration of £8.0m.

Company Balance Sheet

at 1 January 2015

	Note	1 January 2015 £m	1 January 2015 £m	26 December 2013 £m	26 December 2013 £m
Fixed assets					
Investments	29		646.9		134.7
Current assets					
Debtors	30	274.4		191.8	
Cash at bank		-		-	
		274.4		191.8	
Creditors: amount falling due within one year					
Interest-bearing loans	31	(23.2)		-	
Other payables	32	(53.1)		(90.7)	
Bank overdraft		(12.5)		-	
		(88.8)		(90.7)	
Net current assets			185.6		101.1
Total assets less current liabilities			832.5		235.8
Creditors: amount falling due within one year					
Interest-bearing loans	31	(283.9)		-	
Net assets			548.6		235.8
Capital and reserves					
Called up share capital	33		2.6		1.5
Share premium account	33		294.9		188.2
Merger reserve	33		207.3		-
Profit and loss account	33		43.8		46.1
Shareholders' funds - equity			548.6		235.8

These financial statements were approved by the Board of Directors on 12 March 2015 and were signed on its behalf by:

Mooky Greidinger
Director

Philip Bowcock
Director

Company Reconciliation of Movements in Shareholders' Funds

for the Period Ended 1 January 2015

	Note	53 week period ended 1 January 2015 £m	52 week period ended 26 December 2013 £m
Profit for the period		23.2	32.5
Dividends paid during the period	33	(26.9)	(18.1)
Movements due to share-based compensation	33	1.4	1.2
Equity instruments issued		315.1	0.1
Net increase in shareholders' funds		312.8	15.7
Opening shareholders' funds		235.8	220.1
Closing shareholders' funds		548.6	235.8

Notes to the Company Financial Statements

27. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Chief Executive Officers' Review on pages 18 to 25 and the Risks and Uncertainties section on pages 26 and 29. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Executive Officers' Review on pages 18 to 25. In addition Note 22 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

Going Concern

As highlighted in Note 22 to the financial statements, the Group meets its day-to-day working capital requirements through its bank facilities which provides funding of £400m of which £275m is term loan and £125m is a revolving credit facility. £160m (€192m) of the facility is available in Euros, reflecting the composition of the combined Group. This financing arrangement became effective from 27 February 2014. The bank loan is unsecured and subject to two covenants: the ratio of EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges. As at the period end, £165m and €132m of the term loan plus £44m of the revolving facility were drawn down.

While the current economic conditions create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance in the foreseeable future, 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 facility, including compliance with the bank facility covenants. The Directors therefore continue to adopt the going concern basis.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that its cash flows are included within the consolidated financial statements of Cineworld Group plc.

The Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Cineworld Group where the Group controls 100% of the voting rights.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Impairment

The Group evaluates its investments for financial impairment where events or circumstances indicate that the carrying amount of such assets may not be fully recoverable. When such evaluations indicate that the carrying value of an asset exceeds its recoverable value, an impairment in value is recorded.

Deferred Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Classification of Financial Instruments Issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

27. Accounting Policies continued

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Share-Based Payment Transactions

The share options programme allows Group employees to acquire shares of the Company. The fair value of options granted is recognised as an addition to fixed asset investments with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an evaluation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of shares options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

Shares appreciation rights are also granted by the Company to employees. The fair value of the amount payable to the employee is recognised as an expense with a corresponding increase in liabilities. The fair value is initially measured at grant date and spread over the period during which the employees become unconditionally entitled to payment. The fair value of the share appreciation rights is measured based on an option valuation model, taking into account the terms and conditions upon which the instruments were granted. The liability is remeasured at each balance sheet date and at settlement date and any changes in fair value recognised in profit and loss spread equally over the vesting period.

Where the Company grants options over its own shares to the employees of its subsidiaries it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiary's financial statements with the corresponding credit being recognised directly in equity. Amounts recharged to or reimbursed by the subsidiary are recognised as a reduction in the cost of investment in subsidiary.

Own Shares Held by Employee Benefit Trust ("EBT")

Transactions of the Group sponsored EBT are included in the Group financial information. In particular, the trust's purchase of shares in the Company are debited directly to equity.

28. Staff Numbers and Costs

The Company pays no employees. Salaries of the Directors of the Company, including Non-Executive Directors, as well as the Company Secretary are recharged to the Company from its subsidiary Cineworld Cinemas Ltd. Total salaries paid to Non-Executive Directors were £478,000 (2013: £314,000). See pages 45 to 62 for further details of Directors' emoluments.

29. Fixed Asset Investments

Company	Shares in Group undertakings £m
Balance at 26 December 2013	134.7
Additions	512.2
Balance at 1 January 2015	646.9
Net book value	
At 26 December 2013	134.7
At 1 January 2015	646.9

Notes to the Company Financial Statements continued

29. Fixed Asset Investments continued

During the period the Company acquired Cinema City Holding B.V. for £510.6m, see Note 9. For details of the remaining £1.6m additions to investment see Note 33.

	Country of incorporation	Principal activity	Class	% of shares held
Subsidiary undertakings				
<i>Directly Held</i>				
Augustus 1 Limited	England and Wales	Holding company	Ordinary	100
Cinema City Holding B.V.	The Netherlands	Holding company	Ordinary	100
Cinema Finco 1 Limited	Eire	Financing company	Ordinary	100
Cinema Finco 3 Limited	Eire	Financing company	Ordinary	100
Cinema Finco 4 Limited	Eire	Financing company	Ordinary	100
<i>Indirectly Held</i>				
Augustus 2 Limited	England and Wales	Holding company	Ordinary	100
Cineworld Holdings Limited	England and Wales	Holding company	Ordinary	100
Cine-UK Limited	England and Wales	Cinema operation	Ordinary	100
Cineworld Cinemas Holdings Limited	England and Wales	Holding company	Ordinary	100
Cineworld Cinemas Limited	England and Wales	Holding company and cinema operation	Ordinary	100
Cineworld Finance Limited	England and Wales	Dormant	Ordinary	100
Cineworld Estates Limited	England and Wales	Cinema property leasing	Ordinary	100
Cineworld South East Cinemas Limited	England and Wales	Holding company	Ordinary	100
Cineworld Exhibition Limited	England and Wales	Dormant	Ordinary	100
Gallery Holdings Limited	England and Wales	Holding company	Ordinary	100
Gallery Cinemas Limited	England and Wales	Dormant	Ordinary	100
Slough Movie Centre Limited	England and Wales	Dormant	Ordinary	100
Adelphi-Carlton Limited	Eire	Cinema operation	Ordinary	100
Cineworld Cinema Properties Limited	England and Wales	Property company	Ordinary	100
Cineworld Elite Pictures Theatre (Nottingham) Limited	England and Wales	Non-trading	Ordinary	100
Classic Cinemas Limited	England and Wales	Retail services company	Ordinary	100
Computicket Limited	England and Wales	Dormant	Ordinary	100
Digital Cinema Media Limited	England and Wales	Screen Advertising	Ordinary	50
Picturehouse Cinemas Limited (formerly City Screen Limited)	England and Wales	Cinema operations	Ordinary	100
City Screen (Aberdeen) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen (Bath) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen (Brighton) Limited	England and Wales	Cinema operations	Ordinary	100
CS (Brixton) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen (Cambridge) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen (Clapham) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen Developments Limited	England and Wales	Cinema operations	Ordinary	100
CS (Exeter) Limited	England and Wales	Cinema operations	Ordinary	100
CS (Greenwich) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen (Liverpool) Limited	England and Wales	Cinema operations	Ordinary	100
CS (Norwich) Limited	England and Wales	Cinema operations	Ordinary	100
Newman Online Limited	England and Wales	Software development and provider	Ordinary	100
City Screen (Oxford) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen (Southampton) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen (SOA) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen (Stratford) Limited	England and Wales	Cinema operations	Ordinary	100

	Country of incorporation	Principal activity	Class	% of shares held
Picturehouse Bookings Limited	England and Wales	Ticket booking operations	Ordinary	100
City Screen (Virtual) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen (York) Limited	England and Wales	Cinema operations	Ordinary	100
Picturehouse Entertainment Limited	England and Wales	Film distribution	Ordinary	100
City Screen (3D) Limited	England and Wales	Cinema operations	Ordinary	100
City Screen No. 2 Limited	England and Wales	Cinema operations	Ordinary	100
Our Screen Ltd	England and Wales	Cinema operations	Ordinary	60
Cinema Finco 2	Eire	Financing company	Ordinary	100
Cinema City Holdco (Hungary) K.F.T.	Hungary	Financing company	Ordinary	100
I.T. Planet Advertising Ltd	Israel	Dormant	Ordinary	100
Norma Film Limited	Israel	Cinema operations	Ordinary	100
Cinema Theatres Limited	Israel	Cinema operations	Ordinary	100
Cinema-Phone Ltd	Israel	Cinema operations	Ordinary	100
Forum Film Limited	Israel	Cinema operations	Ordinary	100
IT Magyar Cinema Moziüzemeltető és Filmforgalmazó K.F.T.	Hungary	Cinema operations	Ordinary	100
Palace Cinemas Hungary K.F.T.	Hungary	Cinema operations	Ordinary	100
Forum Hungary K.F.T.	Hungary	Cinema operations	Ordinary	100
New Age Cinema K.F.T.	Hungary	Advertising	Ordinary	100
Seracus Limited	Cyprus	Holding company	Ordinary	100
Forum 40 Fundusz Inwestycyjny Zamkniety	Poland	Holding company	Ordinary	100
All Job CC sp. Zoo. SJ	Poland	Cinema operations	Ordinary	100
CC Sp. Zoo	Poland	Fund general partner	Ordinary	100
Cinema City Poland CC sp. Zoo SJ	Poland	Cinema operations	Ordinary	100
Cinema City Poland spolka komandytowa sp. Zoo (Poland)	Poland	Cinema operations	Ordinary	100
Forum Film Poland CC Sp. Zoo SJ	Poland	Film distribution	Ordinary	100
I.T. Poland Development 2003 CC sp. Zoo SJ	Poland	Cinema operations	Ordinary	100
New Age Media CC sp. Zoo SJ	Poland	Advertising	Ordinary	100
Entertainment SCSp	Luxembourg	Holding company	Ordinary	100
Film SCSp	Luxembourg	Holding company	Ordinary	100
Hollywood SCSp	Luxembourg	Holding company	Ordinary	100
Star SCSp	Luxembourg	Holding company	Ordinary	100
Studio SCSp	Luxembourg	Holding company	Ordinary	100
Cinema City Czech s.r.o.	Czech Republic	Cinema operations	Ordinary	100
Forum Film Czech s.r.o.	Czech Republic	Film distribution	Ordinary	100
Forum Home Entertainment Czech s.r.o.	Czech Republic	Film distribution	Ordinary	100
Cinema City Slovakia s.r.o.	Slovakia	Cinema operations	Ordinary	100
Forum Film Slovakia s.r.o.	Slovakia	Film distribution	Ordinary	100
Cinema City Bulgaria EOOD	Bulgaria	Cinema operations	Ordinary	100
Forum Film Bulgaria EOOD	Bulgaria	Film distribution	Ordinary	100
Cinema City Romania SRL	Romania	Cinema operations	Ordinary	100
Forum Film Romania SRL	Romania	Film distribution	Ordinary	100
New Age Media Romania SRL	Romania	Advertising	Ordinary	100

Notes to the Company Financial Statements continued

30. Debtors

	1 January 2015 £m	26 December 2013 £m
Amounts due from subsidiary undertakings	274.4	191.8

31. Interest-Bearing Loans

	1 January 2015 £m	26 December 2013 £m
Non-current liabilities		
Unsecured bank loan, less issue costs of debt to be amortised	283.9	-
Current liabilities		
Unsecured bank loans, less issue costs of debt to be amortised	23.2	-

For details of interest bearing loans see Note 17.

32. Creditors: Amounts Falling Due Within One Year

	1 January 2015 £m	26 December 2013 £m
Amounts due to subsidiary undertakings	48.9	84.3
Accruals	4.2	6.4
	53.1	90.7

33. Share Capital and Reserves

	Share capital £m	Share premium account £m	Merger reserve £m	Profit and loss account £m	Total £m
At 26 December 2013	1.5	188.2	-	46.1	235.8
Profit for the period	-	-	-	23.2	23.2
Dividends paid during the period	-	-	-	(26.9)	(26.9)
Movements due to share-based compensation	-	-	-	1.4	1.4
Equity instruments issued	1.1	106.7	207.3	-	315.1
At 1 January 2015	2.6	294.9	207.3	43.8	548.6

For details of share issue see Note 21.

Share premium is stated net of share issue costs.

Equity instruments granted of £1.4m represents the £1.6m fair value of share options granted to employees of subsidiary undertakings less £0.2m in respect of cash dividends paid to option holders during the year. There is a corresponding increase in investments, see Note 29.

This element of the profit and loss reserve is not distributable.

34. Share-Based Payments

See Note 19 to the Group financial statements.

Shareholder Information

as at 1 January 2015

Directors

A H Bloom (Non-Executive Director and Chairman)
M Greidinger (Chief Executive Officer)
I Greidinger (Deputy Chief Executive Officer)
P Bowcock (Chief Financial Officer)
D Maloney (Non-Executive Director and Senior Independent Director)
M King (Non-Executive Director)
S Rosenblum (Non-Executive Director)
A Samuelsson (Non-Executive Director)
R Senat (Non-Executive Director)
P Williams (Non-Executive Director)

Head Office

Power Road Studios
114 Power Road
London W4 5PY

Telephone Number

020 8987 5000

Website

www.cineworldplc.com

Place of Incorporation

England and Wales

Company Number

Registered Number: 5212407

Registered Office

Power Road Studios
114 Power Road
Chiswick
London W4 5PY

Final Dividend - 2014

Announcement	12 March 2015
Ex Dividend	11 June 2015
Record Date	12 June 2015
Payment Date	9 July 2015

Auditor

KPMG LLP
15 Canada Square
London E14 5GL

Joint Brokers

JP Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP

Investec Bank plc
2 Gresham Street
London EC2V 7QP

Legal Advisers to the Company

Olswang LLP
90 High Holborn
London WC1V 6XX

Cineworld
Group plc



Cineworld Group plc
Power Road Studios
114 Power Road
Chiswick
London W4 5PY
020 8987 5000

www.cineworldplc.com