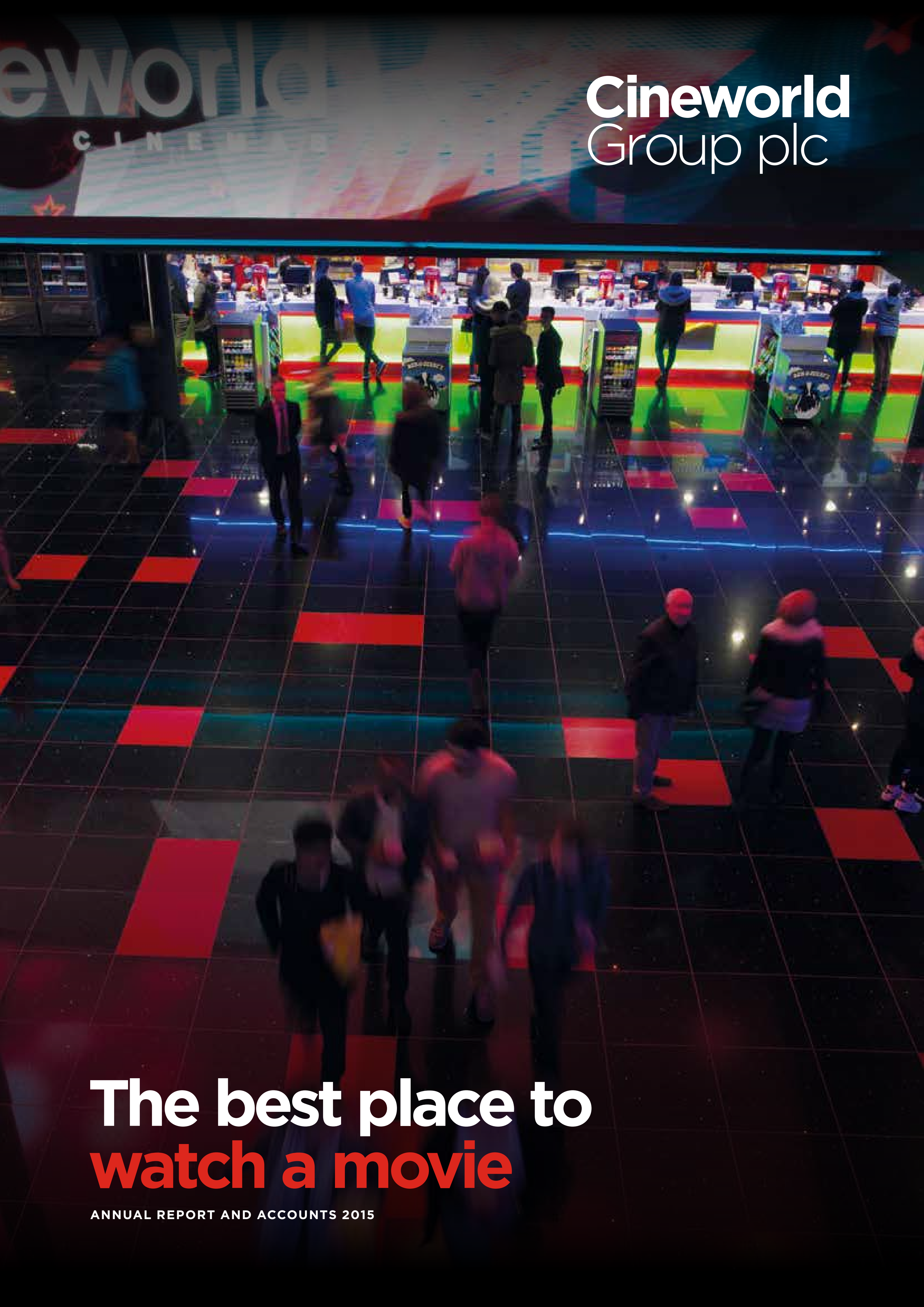
Cineworld Group plc



The best place to watch a movie

ANNUAL REPORT AND ACCOUNTS 2015

We are a business with a **simple strategy**

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 value for shareholders by delivering our growth plans in an efficient and effective way**

For more information visit:
www.cineworldplc.com/investors

Highlights 2015[1]

GROUP REVENUE	(£m)
+13.9%	
2015	**705.8**
2014	619.4

EBITDA[3]	(£m)
+22.7%	
2015	**155.3**
2014	126.6

PROFIT BEFORE TAX	(£m)
+48.1%	
2015	**99.7**
2014	67.3

ADJUSTED PROFIT BEFORE TAX[4]	(£m)
+37.1%	
2015	**102.8**
2014	75.0

ADJUSTED DILUTED EPS[5]	(p)
+28.7%	
2015	**31.4**
2014	24.4

DIVIDEND PER SHARE[5]	(p)
+29.6%	
2015	**17.5**
2014	13.5

Other Key Highlights

- Group revenue growth of 13.9% on a statutory basis and 12.4% on a pro forma[2] basis;
  - UK & Ireland revenue growth of 12.7% on a 52 week v 52 week basis; and
  - CEE[6] & Israel revenue growth of 11.7% on a pro forma basis.
- EBITDA growth of 22.7% on a statutory basis and 18.5% on a pro forma basis;
- Adjusted profit before tax increased by 37.1% to tax of £102.8m after non-recurring costs and amortisation of £3.1m.
- Profit after tax increased by 49.2% to £81.3m;
- EPS growth of 38.9% to 30.7p;
- Adjusted diluted EPS[5] growth of 28.7% to 31.4p;
- Full year dividend increased by 29.6% to 17.5p;
- Net cash generated from operating activities increased by 92.7% to £165.9m; and
- Net debt reduced from £281.9m to £245.2m, reducing the EBITDA to net debt ratio at the year end to 1.6 times.

Operational Highlights

- Record number of 18 sites opened during the period, taking the Group to 2,011 screens;
- A record 93.6m admissions, an increase of 12.9%;
- Top ranked UK cinema chain in highly-regarded annual survey by the Institute of Customer Service; and
- Integration of the two Groups successfully completed and the synergies achieved have significantly exceeded original expectations.

1 The 2014 statutory results for Cineworld Group plc "the Group" include the results of Cineworld Cinemas and Picturehouse for the 53 week period ended 1 January 2015 and the results of Cinema City for the 44 week period ended 1 January 2015.

2 Pro forma results refer to the Group's performance had Cinema City been consolidated for the entirety of the period and has been calculated by reference to the acquired management accounts of Cinema City. For the purposes of percentage movements, the impact of the 53rd week has been eliminated (week ending 1 January 2014, the first week of the prior period) and movements in performance have been calculated on a constant currency basis.

3 EBITDA is defined as reported in the Consolidated Statement of Profit and Loss as Operating profit before depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets.

4 Adjusted profit before tax is calculated by adding back amortisation of intangible assets (excluding acquired movie distribution rights), and certain non-recurring, non-cash items and foreign exchange as set out in Note 5. Adjusted profit after tax is arrived at by applying an effective tax rate to adjusted profit before tax.

5 The 2014 adjusted diluted earnings per share and dividend per share have been adjusted for the first 48 days of the period to take into account the rights issue of 8 for 25 shares on 14 February 2014.

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

At a Glance

The Group operates in nine different territories. We have 218 cinema sites with 2,011 screens. We are the second largest cinema business in Europe and the number one or two (by number of screens) in each territory of operation.

Our brands

UK and Ireland

cineworld CINEMAS | 898 SCREENS / 90 SITES

Cineworld is one of the UK's leading cinema chains 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 offers the highly successful 'Unlimited' card which allows customers access to unlimited films for a monthly subscription. During the period Cineworld continued the renovation of some of its older cinemas, completing the renovation of Milton Keynes which included the first 4DX screen to be launched in the UK and Sheffield which includes our first VIP offering in the UK in addition to the opening of eight new cinema sites.

Picture house | 70 SCREENS / 22 SITES

Picturehouse provides a unique, local and intimate film viewing experience having created cinemas of both high quality and of architectural merit. Picturehouse operates in 13 towns and cities, with eight 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 generally 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. During the period, our flagship site, Picturehouse Central was opened in the heart of London's West End, close to Leicester Square with a unique offering including a restaurant and members bar.

Central & Eastern Europe and Israel

CINEMA CITY | 937 SCREENS / 97 SITES

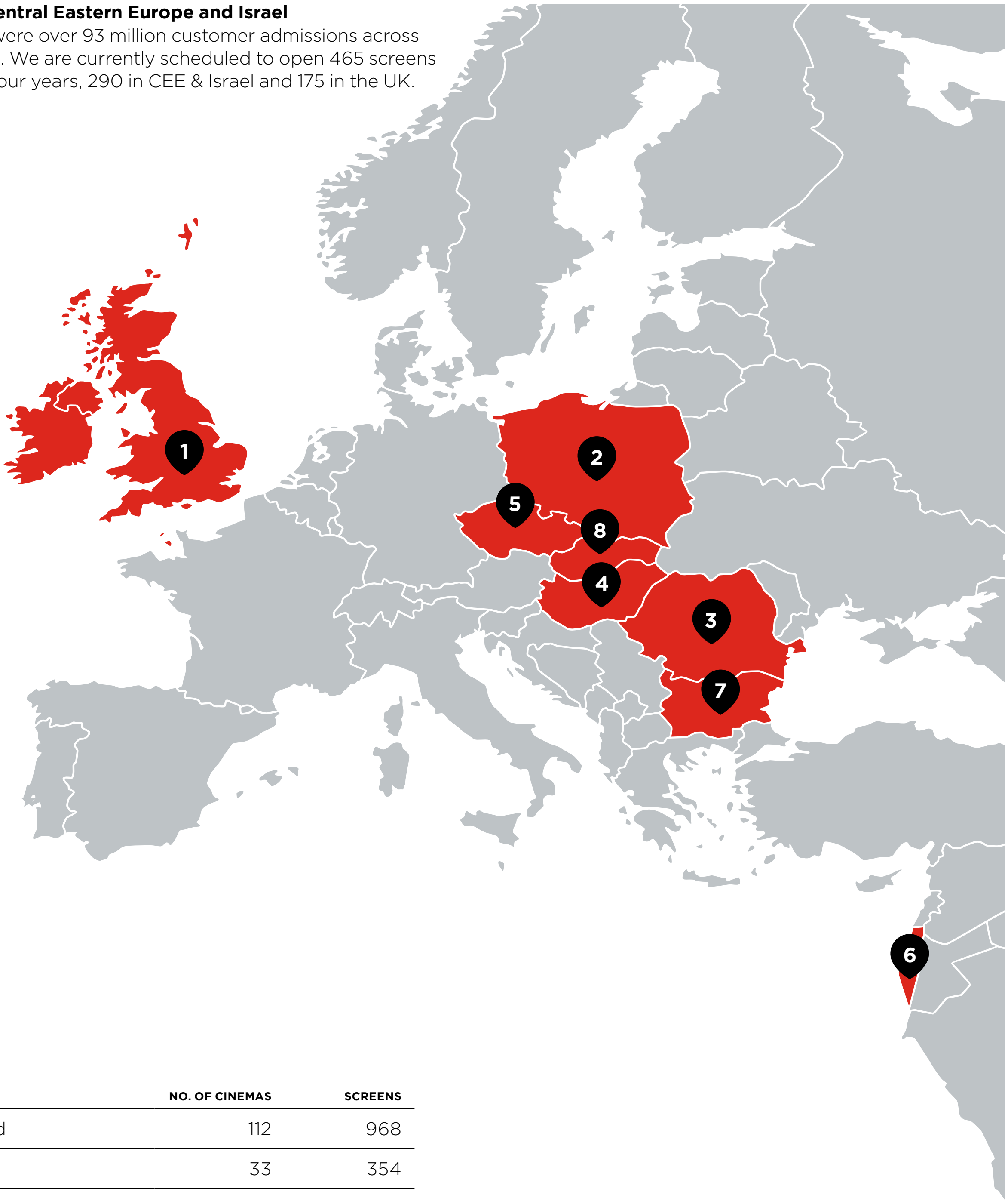
Cinema City operates in six Central and Eastern European territories and is either the number one or two, measured by screens, in each of the markets in which it operates. The cinemas are all modern, well designed multiplexes with four or more screens, have market leading technologies such as IMAX, 4DX 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 territory in which the cinemas are situated. Romania has been the focus market for expansion and development with five new cinema sites opened in 2015 and a further five scheduled for opening in 2016.

yes PLANET | 106 SCREENS / 9 SITES

Yes Planet and Rav-Chen are the two brands the 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. During 2015 a state-of-the art 16 screen cinema was opened in Jerusalem with IMAX, 4DX, and VIP screens.

Theatre Operations

UK, Ireland, Central Eastern Europe and Israel
In 2015, there were over 93 million customer admissions across all our cinemas. We are currently scheduled to open 465 screens over the next four years, 290 in CEE & Israel and 175 in the UK.



COUNTRY	NO. OF CINEMAS	SCREENS
1 UK & Ireland	112	968
2 Poland	33	354
3 Romania	22	198
4 Hungary	20	176
5 Czech Republic	13	115
6 Israel	9	106
7 Bulgaria	6	65
8 Slovakia	3	29
Total	**218**	**2,011**

Highlights of the Year

The opening of Yes Planet, Jerusalem

16 screen Multiplex

The UK's first 4DX screen

opens in Cineworld, Milton Keynes

44 new screens

open in Cinema City, Romania

Cineworld's first Superscreen in the UK

opens in Milton Keynes

The fantastic refurbishment

of Picturehouse Central, London

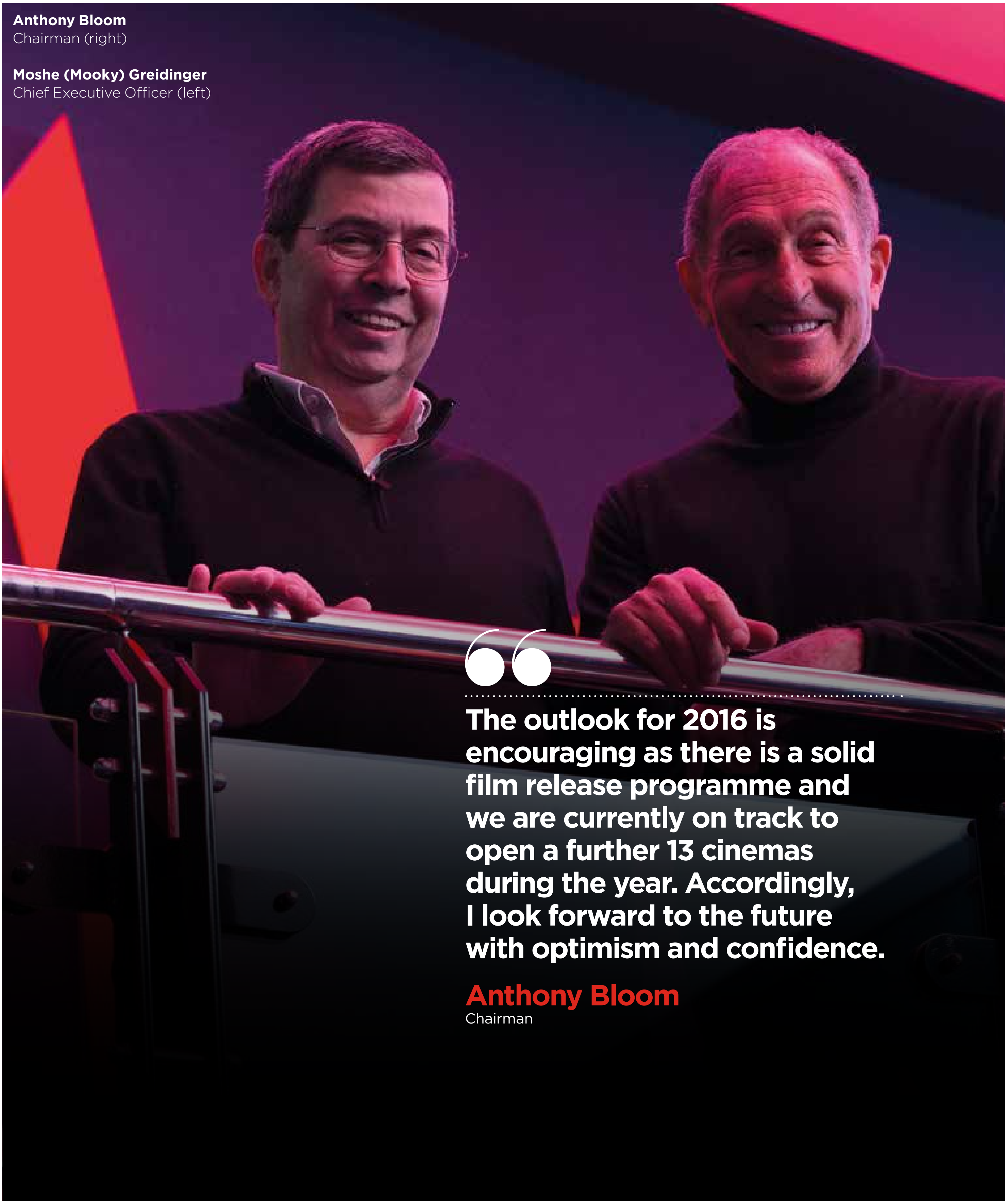
Over 2,000 screens:

milestone reached across the Group

VIP screen experience

opens in Cineworld, Sheffield

Chairman's Statement



Anthony Bloom
Chairman (right)

Moshe (Mooky) Greidinger
Chief Executive Officer (left)

The outlook for 2016 is encouraging as there is a solid film release programme and we are currently on track to open a further 13 cinemas during the year. Accordingly, I look forward to the future with optimism and confidence.

Anthony Bloom
Chairman

Overview

I am pleased to report that 2015 was another successful and exciting year for the Cineworld Group and its shareholders. Revenues continued to grow as more than 93 million customers came through our doors and enjoyed the movies we showed. The film slate was strong with a number of blockbusters exceeding expectations – "Jurassic World", "Spectre" and "Star Wars: The Force Awakens" being the most significant. The increase in EBITDA was the result of that positive trend in admissions, two months additional results from the Cinema City acquisition, as well as better operating efficiencies and the effect of our new cinemas, limited in the latter case as most of them only opened towards the end of the period.

The Group's EBITDA for the period increased by 22.7% to £155.3m (2014: £126.6m), on revenue which improved by 13.9% to £705.8m (2014: £619.4m). Statutory profit before tax increased by 48.1% to £99.7m (2014: £67.3m).

The Group's balance sheet is strong. Net debt reduced to £245.2m, thus reducing the EBITDA to net debt ratio at the year end to 1.6 times, compared to 2.1 times in the prior year. This strength along with the excellent operating performance of the Group has enabled the Board to declare a full year dividend of 17.5p per share, which represents 29.6% growth. I am particularly proud of the fact that the Group has increased the dividend every year since the Company was listed in 2007, in varying economic conditions which in some years were extremely challenging.

During 2015 we focused on both expanding and renovating our estate. There were a record number of 18 site openings in the UK and Ireland and CEE and Israel. We operate 2,011 screens, in 218 cinemas, across nine different territories as at the end of 2015. This translates into approximately 10,000 shows a day in 9 different territories, a managerial task of considerable magnitude which our management team handled with great skill. We are currently scheduled to open a further 465 screens over the next four years – 290 of which are in CEE and Israel and 175 of which are in the UK. This expansion will be financed from internal resources and provide excellent growth potential into the future.

The Group's performance in 2015 was gratifying in a number of important areas, particularly in the field of enhanced customer service. Driven by our focus on ensuring that we make good on our publicly expressed promise to be "The Best Place To Watch A Movie", we were pleased that our efforts in this regard were validated by the fact that we were the top ranked UK cinema chain in the highly regarded Annual Survey conducted by the Institute of Customer Service. In addition, our CEO Mooky Greidinger will be awarded the prestigious "Global Achievement Award" by the National Association of Cinema Owners in Las Vegas in April this year, a mark of the respect in which our Company is held internationally. Going forward we will continue to make excellent customer experience a top priority, as it has always been between Cineworld and Cinema City. The integration process of the two companies was completed during the year and I am pleased to report that the synergies achieved have significantly exceeded our original expectations.

Board

Following nine years of committed service, David Maloney and Peter Williams ceased to be considered independent as Non-Executive Directors, as defined by the UK Corporate Governance Code, and stepped down from the Board at the AGM on 26 May 2015. 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 one the UK's most successful cinema chains, expand internationally and enter the FTSE 250. They made a significant contribution and we wish both of them well for the future.

At the AGM, Julie Southern and Alicja Kornasiewicz were elected to join the Board as independent Non-Executive Directors. Julie Southern was appointed as the Chair of the Audit Committee, to replace David Maloney. Julie has an extensive background both in finance and consumer facing businesses and is well qualified to assume this role. Alicja has extensive experience in most of the Eastern European territories in which the Group operates and brings a valuable skill set to the Board. Both Julie and Alicja have already made significant contributions to the Board discussions and coincidentally have the added advantage of addressing the gender imbalance which previously existed on the Board.

On 26 May 2015 Rick Senat was appointed as the Senior Independent Director, a position previously held by David Maloney, and Martina King was appointed as the Chair of the Remuneration Committee, succeeding Peter Williams. Fiona Smith, who joined the Company as In House Counsel in 2011, was appointed as Company Secretary and General Counsel, with effect from 30 June 2015. I would like to welcome Fiona Smith to the role of Company Secretary, and thank outgoing Company Secretary and General Counsel Richard Ray, who has helped guide Cineworld for seven years since its early years as a listed Company.

On 9 June 2015 Philip Bowcock stepped down as Chief Financial Officer. Deputy CEO Israel Greidinger, formerly CFO of Cinema City International before its combination with Cineworld in February 2014, assumed the responsibility of CFO on an interim basis. I would like to thank Philip for his important contribution as CFO of Cineworld and on the Group's Board.

It goes without saying that we will continue to attain 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.

On behalf of myself and the Board I would like to express my sincere appreciation to the Group's management and all its employees for their hard work, competence and professionalism and their achievements during 2015. We have an excellent and highly motivated management team, a modern estate with state of the art equipment and bold plans for the future, all of which will continue to provide shareholder value.

Outlook

The outlook for 2016 is encouraging as there is a solid film release programme and we are currently on track to open a further 13 cinemas during the year. Accordingly, I look forward to the future with optimism and confidence.

Anthony Bloom
Chairman
10 March 2016

Chief Executive Officer's Statement

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

Moshe (Mooky) Greidinger
Chief Executive Officer

Our Strategy
As a Group, we are committed to ensuring our customers have the best possible experience when visiting our cinemas. The Cineworld Group continues to be "The Best Place to Watch a Movie".

Our strategy is to:
- Deliver a great cinema experience for all cinemagoers, every time – to achieve this we invest in our existing estate, as well as identify new sites for expansion. The full experience of our cinemas starts with the best planning, the best technology, the best marketing and the best service;
- Expand our estate and look for profitable opportunities to grow – we have the financial capability to expand through the cash generative nature of our business and our debt facility, and have opened a record number of new sites during 2015;
- With the integration of Cineworld and Cinema City successfully completed, we are committed to enhancing our existing estate and new sites, ensuring we deliver a consistent high quality offering across the Group;
- Be leaders in the industry by offering customers the latest audio and visual technology – technical innovation has also allowed the Group to enhance the customer experience through premium formats such as IMAX, 3D, 4DX, Superscreen and VIP. This gives our customers the opportunity at our larger sites, not only to choose which movie to see but also how to see it; and
- Drive value for shareholders by delivering our growth plans in an efficient and effective way.

Overall we have made significant progress in delivering our strategy during 2015, with the key developments summarised below.

Customer Experience
We provide the films our customers want to see in the most appropriate venues and locations, using the best technology, with the right retail offerings and great customer service. Our cinemas now have up to six different offerings of how to watch movies; regular screens, 3D, 4DX, IMAX, Superscreen and VIP theatres.

During 2015, with the VIP experience in Israel, Poland, Romania and Hungary having proved a success, our first VIP experience was launched in the UK in Sheffield in December. Our VIP experience provides a premium offering to our customers from the moment they walk through the door, including access to a private lounge ahead of their movie screening where, as part of the ticket price they can enjoy unlimited buffet food and soft drinks before watching the movie in our dedicated auditoriums with luxurious reclining seats. The VIP experience will be rolled out to further cinemas across the Group where there is opportunity in the market.

The Group has increased the number of Starbucks coffee outlets in the UK, taking the total number to 17 at 31 December 2015 with further outlets planned for 2016.

The Cineworld Unlimited programme provides our customers with a range of benefits, while at the same time being one of the pillars that underpins our strategy for growing revenues and admissions. With regular subscription income it reduces the level of fluctuations in our revenues for the Group. It also brings operational benefits by encouraging repeat visits, often at off-peak times. We commenced the expansion of our Unlimited programme, with its launch in Poland at the end of 2015.

Cinema Expansion
During 2015 we opened a record number of 18 cinemas, 10 in the UK and 8 in CEE & Israel and we have a further 45 development sites contractually scheduled to open in the next four years, 13 which are scheduled for opening in 2016 and nine of which are already under construction. As half of the new sites were opened in the second half of 2015 the full benefit to the Group will not be realised until 2016.

The rate of new cinema openings is dependent upon local market conditions. Mature markets such as the UK and Israel tend to be characterised by higher admissions per capita, higher average ticket prices and a much lower population per screen ratio. In the more mature markets, the rate of new cinema openings has been slower in recent years, partly due to the limited number and associated lead time of new retail and leisure developments. Despite this the Group successfully opened 11 sites in the more mature markets during 2015.

Growth markets have the opposite characteristics including lower admissions per capita and lower average ticket prices but do provide greater investment potential for the Group. There is clear potential upside as the habit of going to the cinema becomes more established and ticket prices increase with the standard of living. There are a great number of development opportunities, such as in Romania where we have invested significantly during 2015 and will continue to do so in 2016.

Enhancement of the Existing Estate
The estate in the UK is generally older than that of Cinema City in the CEE and Yes Planet in Israel. A number of key sites were identified for refurbishment to ensure our high standards are consistently maintained across our estate. This programme commenced during the second half of 2014, with the redevelopment of our Milton Keynes cinema, and continued throughout 2015. Milton Keynes was successfully re-launched in January 2015 and included the UK's first 4DX screen, the new additional sensory cinema concept which had proved popular with customers in our other territories. The Milton Keynes site became a blue-print for future developments in the UK, with a Superscreen, the first 4DX experience and a Starbucks.

During the period we also completed the refurbishment of the Shaftesbury Avenue site and this was re-launched as Picturehouse Central, our flagship Picturehouse cinema in the West End. Other refurbishments completed during 2015 included Sheffield (UK), Letnany (Czech Republic), Slovansky Dum (Czech Republic) and Yes Planet Haifa (Israel). The refurbishment programme will continue across the Group during 2016.

Digital Film and Technological Innovation
During 2015 we opened seven 4DX screens, three in the UK, Milton Keynes, Crawley and Sheffield and four in the CEE & Israel – Yes Planet Haifa (Israel), Yes Planet Jerusalem (Israel), Bucharest Mega Mall (Romania) and Constanta City Park (Romania). We now have a total of 14 4DX screens across the Group. We are delighted to have provided this new technology to cinemagoers and look forward to continuing the expansion of the service with a pipeline of a further 10 4DX screens scheduled to open in 2016.

In addition to the introduction of 4DX, we have expanded the IMAX format across a selection of our sites which remains popular, especially for films such as "Star Wars: The Force Awakens", "Spectre" and "Jurassic World". We opened three IMAX screens during the year in Broughton and Solihull – Birmingham NEC (UK) and at Yes Planet Jerusalem (Israel). By the end of 2015, the Group was operating 28 IMAX screens in total, with a further two scheduled to open in 2016 in Israel and Romania, and more in the pipeline.

When the Group moved to digital projection, an agreement was entered into with the main Hollywood studios (via an agent in the UK) to recoup our investment in digital projection equipment by the Virtual Print Fee Mechanism ("VPF"). The small amount of remaining VPF income from the UK contract is expected to be earned during 2016 and therefore there will be no VPF income in the UK from the 2017 onwards.

From May 2015 we started to roll out the updates to our Cineworld UK website by location and will continue this during 2016. As the trend of booking online continues, in 2016 we will develop our mobile app to provide our customers with greater visibility of our offerings and allow bookings to be made more quickly and easily on the move. During the year we have also centralised our customer call centres in Poland and enhanced our customer relationship management database to provide a consistent service across the Group.

Value for Shareholders
Through our focus on driving revenues, increasing profits and prudently managing our cash position we have been able to continue rewarding our shareholders with growth in both the dividend and adjusted diluted earnings per share, 29.6% and 28.7% respectively.

Future
We devote a considerable amount of time to assessing new site opportunities and this, along with further acquisitions is a key part of our future growth strategy.

I am happy to say that when we look forward, we can do so with optimism. We have great cinemas being run by a great team. Hollywood looks more committed than ever to quality productions, which include many sequels as well as many original movies. Our upcoming UK cinemas will continue to be in the "new generation" style, with a large number of screens and a wide range of features to enable us to give our customers a great experience. This is accompanied by a great line-up of new cinemas in our other territories.

Overall, the film slate for 2016 looks solid, and includes a strong family film slate. Notable releases include "Fantastic Beasts And Where To Find Them", "The BFG", "Star Wars: Rogue One", "Captain America: Civil War", "X-Men: Apocalypse", "Batman v Superman" "Finding Dory", "The Secret Life of Pets", "Ice Age 5", "Angry Birds", "Warcraft" and "Alice Through The Looking Glass".

Last but for sure not least, I would like to thank the whole Cineworld team across all nine territories for their great work in 2015 and wish them all many more successful years to come. Teamwork is the secret of our success and the key to our future.

Mooky Greidinger
Chief Executive Officer
10 March 2016

Market Overview

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

Characteristics of the Cinema Market

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

Mature markets such as the UK and Israel tend to be characterised by higher admissions per capita, higher average ticket prices and a much lower population per screen ratio. Growth markets have the opposite characteristics and provide great investment potential for the Group. Romania is an example of such a growth market where we have invested significantly during 2015 and will continue to do so in 2016.

Property Market and Development

The rate of new cinema openings is dependent upon local market conditions. Planning laws, the economic environment, and the ability of developers to finance their projects are factors which impact where we chose to locate our cinemas. These characteristics differ by territory. In more mature markets (such as the UK and Israel), the rate of new cinema openings has been slower 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) where the number of development opportunities tends to be greater. The Group opened a record number of new sites during 2015, with 11 being in the more mature markets.

Structure of the Market and Competitive Landscape

There are four significant cinema chains in Europe with over 1,000 screens. The rest of the market is represented by smaller multiplex operators, which may only operate in one or two territories, and independent operators which are specific to local markets.

European Cinema Industry(1)

RANK	COMPANY	NO. OF SCREENS
1.	Odeon	2,243
2.	**Cineworld Group**	**1,864**
3.	Vue	1,723
4.	Pathé	1,021
5.	Nordic Cinema Group	635
6.	UGC	469
7.	CGR	440
8.	Cinepolis	428
9.	Event Hospitality & Entertainment	421
10.	Kinepolis	371

(1) Source: Dodana 2014

External Factors

The cinema industry is dependent upon the customer choosing to spend 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.

Market Performance

The industry is dependent on the quality of films and therefore 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.

2015 was a strong year for the cinema industry, with the main blockbusters of the year being "Spectre", with global revenues of $877.8m, "Jurassic World", with revenues of $1,670.4m globally and "Star Wars: The Force Awakens" which managed to gross revenues of $1,985.3m globally in the last two weeks of the calendar year and continued to generate revenue into 2016. These Hollywood titles were popular across all of the territories in which the Group operates. However, in certain territories, especially Poland and the Czech Republic, local films continue to be popular and account for a greater percentage of annual admissions. In particular, during the year the Polish box office was supported by a local blockbuster called Listy Do Movie 2 which generated gross revenues in Poland of $13.8m.

COUNTRY	TOP 3 FILMS	ORIGIN
UK & Ireland	1. Spectre	US/UK
	2. Star Wars: The Force Awakens	US
	3. Jurassic World	US
Poland	1. Listy Do Movie 2	Poland
	2. Star Wars: The Force Awakens	US
	3. Spectre	US/UK
Hungary	1. Star Wars: The Force Awakens	US
	2. Minions Movie	US
	3. Jurassic World	US
Romania	1. Fast and Furious 7	US
	2. Star Wars: The Force Awakens	US
	3. Minions Movie	US
Israel	1. Fast and Furious 7	US
	2. Inside Out	US
	3. Minions Movie	US
Czech Republic	1. Minions Movie	US
	2. Star Wars: The Force Awakens	US
	3. Spectre	US/UK
Slovakia	1. Minions Movie	US
	2. Fifty Shades of Grey	US
	3. Spectre	US/UK
Bulgaria	1. Fast and Furious 7	US
	2. Star Wars: The Force Awakens	US
	3. Minions Movie	US

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 items. There is, however, a growing demand for cinema's to offer a wider range of products, including healthier or reformulated variants of the traditional offerings. There is also an increase in supplementary products including branded coffee outlets, such as Starbucks in the UK.

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 strength of the film slate in 2015 had a positive impact on the screen advertising revenues for the period.

Distribution income is also generated in certain territories in the CEE & Israel where Cinema City acts as the local country distributor for the main Hollywood studios or by directly acquiring the rights to specific title. Where rights are directly acquired the Group earns royalties not only from cinema exhibition but also from Video on Demand, DVDs and TV screenings. Cinema City acted as the distributor for certain territories within the Group for three of the main titles in the year, "Spectre", Hunger Games: Mockingjay Part 2 and "Star Wars: The Force Awakens".

Future Market Trends

Although streaming and downloading of films at home has become increasingly popular, the cinema continues to offer a unique experience which cannot be replicated at home and is often associated with an inexpensive social outing. Cinema auditoriums are also increasingly being used for purposes other than just exhibiting movies such as the streaming of live events for example opera and ballet and for corporate event space.

The cinema industry continues to believe that the interests of the film industry and the customer are generally best served by the existence of the cinematic window, the period between the release of a film in a cinema theatre and on any other platform. There is no expectation that the current cinema window will significantly change in the near future.

Business Model

Cineworld is an international cinema chain operating in nine territories.

Our primary customers are the cinema-going public who rely on us to provide the best entertainment experience in this field. In our cinemas we want to give our customers, not just the choice of cinema, but also the choice of how to watch movies. In many cinemas we have up to six different offerings of how to watch movies; regular screens, 3D, 4DX, IMAX, Superscreen and VIP theatres.

We provide the films our customers want to see in the most appropriate venues and locations, using the best technology, with the right retail offerings and great customer service. Our ticket price represents the various offerings of how to watch a movie. Our major source of revenue is 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
We see our brands as a guarantee to the quality of the cinema experience and service our customers can always expect. We have focused brands in each territory in which we operate. Interaction with our teams on the day is critical, but we have extended the experience by developing our cinema subscription schemes, such as our "Unlimited" programme in the UK (which was also recently launched in Poland), online discounts, and other tailored offers to encourage frequent visits. Our brands are also important to our commercial 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 and most varied selection for our customers at the right time. The Group's box office revenue is driven by admissions which 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 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.

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 and with our pricing policy. By having a 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 commercial partners in this area.

Property
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. As such, we can offer an important proposition for property developers, leading to mutually beneficial leasing agreements.

Our People
Our people underpin the whole of our business model. 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. Promoting internal succession is a key focus across the Group.

Value
Value is generated through our focus on continually aiming to enhance revenue, profit generation and prudent cash management. We share the value we generate by reinvesting in the business and expanding our offer to customers, rewarding our employees and paying dividends to our shareholders.

Our Customers

Drives repeat visits

Resources and Relationships

- Our People
- Key Commercial Relationships
- Customers
- Brands
- Property
- Technology

Revenue

- Box Office
- Retail
- Advertising
- Distribution

Reinvest

Value

- Customer Experience
- Motivated Team
- Financial Returns

Shareholder Returns

- Earnings Per Share
- Dividends

Strategy and Key Performance Indicators ("KPIs")

What we are focused on

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

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

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

What we achieved in 2015

1

We delivered admission growth in all of our nine territories on a pro-forma basis.

We continued to expand and develop our retail offerings to provide our customers with the widest possible choice to suit their tastes. We now have a total of 17 Starbucks franchises in the UK and 6 sites with VIP offerings.

We invested significantly in the training and development of our people to ensure they deliver a great experience to our customers. This was reflected in being the top ranked cinema chain in the highly regarded UK Annual Survey conducted by the Institute of Customer Service.

2

In the UK & Ireland, during the year, we opened 10 new cinema sites:

- Chesterfield – 11 screens
- Glasgow Silverburn – 14 screens
- Whiteley – 9 screens
- Hinckley – 5 screens
- Solihull (NEC) – 11 screens
- Newport Friars Walk – 8 screens
- Stoke-on-Trent – 9 screens
- Swindon Regent Circus – 6 screens
- Crouch End – 5 screens
- East Dulwich – 3 screens

In CEE & Israel, during the year, we opened 8 new cinema sites:

- Lublin Felcity (Poland) – 9 screens
- Starogard (Poland) – 6 screens
- Jerusalem (Israel) – 16 screens
- Consanta City Park (Romania) – 10 screens
- Deva (Romania) – 6 screens
- Severin (Romania) – 6 screens
- Suceava (Romania) – 8 screens
- Bucharest (Romania) – 14 screens

At the end of the year we had a pipeline of 45 new cinemas (465 screens) signed which are contracted to come on-stream over the next four 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 for our leasehold sites.

3

During the year we completed the refurbishment of three sites in the UK, Milton Keynes, Sheffield and Shaftsbury Avenue, two in Czech Republic, Letnany and Slovansky Dum and one in Israel, Yes Planet Haifa.

In January 2015 the Milton Keynes site became the blue-print for future developments in the UK, with a Superscreen, the first UK 4DX experience and a Starbucks.

The refurbished Shaftsbury Avenue site was re-launched as Picturehouse Central, our flagship Picturehouse cinema which includes an exclusive members bar.

During the period we have commenced a further three refurbishments in the UK – Crawley, Glasgow Renfrew Street and Swindon Shaw Ridge, one in Slovakia – Aupark Bratislava and one in Hungary – Compona – Budapest.

Key performance indicators(1)

1

Admissions(2)

93.6m

+6.5%

2014: 87.9m(2)

Retail spend per person(2)

£1.74

+6.7%

2014: £1.63(2)

Average ticket price(2)

£4.82

+4.8%

2014: £4.60(2)

2

New sites

18

2014: 4

Total no. of screens

2,011

2014: 1,874

Average payback period

Average payback period of leasehold sites opening in the last five years: 5 years (2014: 4 years).

3

Refurbishment expenditure

£27.4m

Refurbishment expenditure on existing estate during the year £27.4m (2014: £18.7m).

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

We have continued to expand the 4DX offering across the Group with the first 4DX screen which opened in the UK in Milton Keynes in January 2015. During the year we have opened seven 4DX screens bringing the total for the Group to 14 as at the end of 2015.

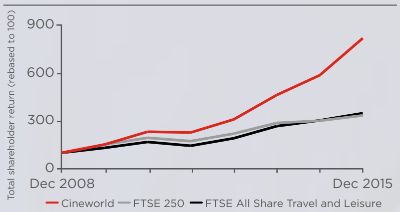
We continued to deepen our partnership with IMAX by opening three new IMAX screens bringing the total for the Group to 28 as at the end of 2015.

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

We have successfully completed the integration of Cineworld and Cinema City and exceeded the expected synergies from the integration.

We delivered solid growth in underlying profitability, with an increase in EBITDA, adjusted EPS and dividends.

TOTAL SHAREHOLDER RETURN



Capital expenditure on technology

£8.2m

Capital expenditure on technology on the existing estate during the year of £8.2m (2014: £7.5m).

EBITDA(2)

£155.3m

+ 18.5%

2014: £131.0m

Dividend per share

17.5p

+ 29.6%

2014: 13.5p

Adjusted diluted EPS(3)

31.4p

2014: 24.4p

(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) Figures are based on pro-forma results refer to the Group's performance had Cinema City been consolidated for the entirety of 2014 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.

(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.

Feel more at Cineworld...

The best way to watch a movie

Transforming our customers' experiences through the investment in new innovative **cinema technologies**.

4DX

A thrilling multi-sensory 4D experience makes customers feel like they are in the movie

14

LOCATIONS		SCREENS
1	UK	3
2	Poland	3
3	Israel	3
4	Romania	2
5	Hungary	1
6	Czech	1
7	Bulgaria	1

IMAX

The ultimate in 'big screen' experience, IMAX is the most immersive cinematic experience

28

LOCATIONS		SCREENS
1	UK	17
2	Poland	5
3	Israel	2
4	Romania	1
5	Bulgaria	1
6	Czech	1
7	Hungary	1

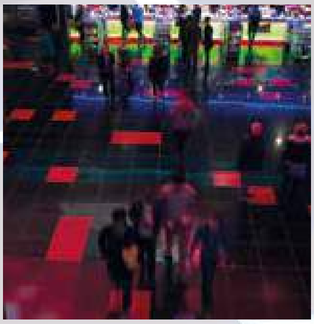
VIP

A premium cinema experience delivered through a private lounge, light buffet meal and fully-reclined seats, for just one price.

6

LOCATIONS		SCREENS
1	Israel	2
2	Poland	1
3	UK	1
4	Hungary	1
5	Romania	1

Bringing technology to life: Cineworld Sheffield



Cineworld Sheffield is the biggest cinema in the Cineworld estate with 20 screens. The cinema was refurbished in 2015 to become the epitome of the vision of 'the best way to watch a movie', thrilling customers from the moment they enter the foyer. It is an excellent example of how Cineworld's investment in innovation and great customer experience has come together to make people 'feel more' in a Cineworld Cinema.

SHEFFIELD CINEWORLD
Valley Centertainment
Broughton Lane
Sheffield S9 2EP

4DX

A new 140 seated 4DX screen has been installed giving customers a hugely exhilarating multi-sensory '4D' experience whilst watching a movie.

IMAX with Laser

The existing 542 seated IMAX screen has been upgraded to IMAX with laser; crystal-clear laser projection delivers the best possible picture on the massive 12.9m high x 23.9m wide screen. Along with the highest quality laser-aligned sound and with new seats, this is a truly amazing big screen experience.

VIP

Two new 40-seated VIP screens have been built with fully-reclining seats providing the ultimate premium cinema experience. Guests in VIP enjoy a light buffet meal in a private lounge in advance of the film all for one fixed price. The private lounge is fully licensed and makes for a special evening at the movies.

Starbucks

Cineworld Sheffield was the first cinema within the Cineworld estate to have a dedicated Starbucks within its cinema, conveniently located at the entrance and accessible to customers out of hours.

Bar and Foyer

Customers are wowed on entering the fully digital foyer with huge LED screens that allow the trailers to come alive; the bar on the first floor has also been refurbished and can seat over 75 guests.

Growing our Portfolio

Investing in a bigger audience

We've increased the size of our business to over **2,000 screens** across the group with investment in both new cinemas and refurbishments.

156

NEW SCREENS IN 2015

LOCATIONS	NEW
1 UK	81
2 Romania	44
3 Israel	16
4 Poland	15

2015 was the biggest year in Cineworld's history for new builds and refurbishments, with eighteen new cinemas opened in four markets, meaning an increase in 156 screens across the Cineworld Group. New cinemas were built in the UK (Wales, Scotland and England), Israel, Poland and Romania, improving accessibility for people to watch the best films on the biggest screens.

UK

In the UK, ten new cinemas were opened and Cineworld refurbished two of its biggest cinemas in Milton Keynes and Sheffield, introducing 4DX and VIP to the UK for the first time and a new Superscreen large screen format to wow audiences. A new five screen Cineworld cinema in Hinckley, opened in December 2015 meant the Cineworld Group had over 2000 screens for the first time.

Israel

In Israel, Yes Planet opened an amazing new 16-screen cinema at the Sherover complex in Jerusalem with a 4DX and IMAX.

Romania

Cinema City opened five new cinemas across Romania, the biggest of which was in the mega mall in Bucharest, with 14 screens and a 4DX.

Poland

Two new cinemas, Lublin Felcity and Starogard Gdański, with 9 screens (including a 4DX screen) and 6 screens respectively, were opened in July 2015.

Resources and Relationships

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

Customers
Our customers are fundamental to our success. By delivering our vision: to be "The Best Place to Watch a Movie", we focus on ensuring that our customers have a positive experience and increase the likelihood of repeat visits. We aim to deliver a broad range of films, in high-quality venues with 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, and from the end of 2015 in Poland, 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 other membership schemes across the UK and other territories which offer discounts and allow us to interact with our customer base more frequently. We have recently entered the top 50 UK Customer Satisfaction Index, climbing 65 places from the prior year which is a great achievement.

Event cinema screenings have enabled us to bring a wider range of content to customers throughout our estate, enabling our audiences to see live shows taking place around the world. 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 different type of customer.

As many of our customers still associate going to the cinema as a treat or special occasion, they choose to eat traditional cinema snacks as part of their experience. We work with our partners to offer a wider variety of products including healthy options. In line with our philosophy of offering wider snacking options we have now opened 17 Starbucks outlets across the UK estate, which have been very well received.

In our Picturehouse circuit, the food and drink proposition is more akin to that found in restaurants and closely tailored to the audience profile to which it caters. A wide range of snacks and meals are available, many of which include ingredients sourced from local producers and suppliers. In addition, the range of its retail products is extensive and offers low sugar and sugar free options. We continue to ensure that we provide good nutrition and allergen advice to enable our customers to make informed choices.

Our People
Our people are key to ensuring the ongoing success of the business and employee engagement continues to be central to our People Strategy and a success story for the Group.

Following further investment in pay and benefits, especially for our front of house teams, as well as continued focus on our management teams, we have seen participation in our annual survey and engagement levels reach an all-time high in the UK in 2015. Our experience in this area has started to be applied across other territories, and we will continue to do so as appropriate, over the coming year.

In line with our business growth strategy across the Group, internal succession has been a key focus for all our territories. Internal succession in the UK has improved since the introduction of the Talent Development Review process and this has resulted in the promotion of over 60 managers in 2015 with an even more robust pipeline in place for 2016.

In support of internal succession, we have further developed and initiated a number of Learning and Development programmes, some of which we are already starting to apply across the Group. This included continued investment in our on-line learning and management platform and during the second half of 2015, 100% of our cinema team members, have completed or started on-line development session to support their personal and professional development. During 2015 we also saw the graduation of 17 managers from the Cineworld Academy Development Programme (diplomas at levels 5 & 7 accredited by the Institute of Leadership and Management "ILM"). We also launched Cineworld's Talent Programme, 'Be More', which saw an intake of 25 junior managers who have been identified with high potential. We have also evolved our Apprenticeship Programme and now have 23 young people completing their Apprenticeship enabling them to become Supervisors of the future. This programme continues to provide an opportunity for young people to learn straight from school and offers an exciting career path into the cinema industry.

Employees throughout the Group participate in the success of the Group in different ways. Depending on location, our people can also benefit from the success of the Company by participating in its SAYE Share Option Scheme; flexible benefits and quarterly bonus schemes. Additionally, a number of people participate in annual bonus schemes – we are proud that for the 21st 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.

In recent years, there have been a number of increases to minimum and living wages, both in the UK and in our overseas territories and throughout this period our aim has been to pay “a fair wage”. For this reason, our pay rates aim to be above statutory minimums and this will continue to be the Group’s policy.

Diversity and Human Rights
The Group 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 of 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)	TOTAL EMPLOYEES
Male	6	7	4,685
Female	3	4	4,621

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

Key Commercial Relationships
We work hard at developing good relationships with a range of film studios and distributors, 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 with industry bodies, including The Federation Against Copyright Theft (FACT), 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, Baskin Robbins, Candy King 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.

Safety
The ongoing management of the day-to-day health, safety and welfare of our customers, employees and contractors is of major importance. With over 93 million customer visits a year and over 9,000 employees, the Group 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.

Principal Risks and Uncertainties

Operating as a cinema chain across nine different territories presents a number of risks and uncertainties that continue to be the focus of the Board's ongoing attention.

Cineworld's approach to risk management and internal control is designed to manage risk. Therefore, where possible, the Group have implemented mitigation strategies to reduce the overall risk exposure in line with the Board's risk appetite.

Risk management has continued to evolve across the Group, building on the introduction of a revised Risk Management Framework in 2014. The 2015 focus has been on embedding, through training and communication, the Cineworld approach into the culture and behaviour of how the Group operates to ensure risk is considered at all levels.

This has been supported by a programme of on-going monitoring and reporting that has been undertaken to ensure the risk profile remains up-to-date, reflecting the current risk exposure and driving control improvement activity.

The Board has developed risk appetite statements against each of the principal risks, clearly setting out the Board's perspective on its willingness to accept risk in pursuit of the strategic objectives of the Group. Full details of our risk work are set out on page 47.

In addition, the Directors' viability assessment has taken into consideration the potential impacts of the principal risks in the business model, future performance, solvency and liquidity over the period, including principal mitigating actions such as reducing capital expenditure. More details about our viability assessment may be found on page 50.

The Board considers it has undertaken a robust assessment of the principal risks facing the Group during the year, including those that would threaten its business model, future performance, solvency and liquidity. The horizon time-frame for consideration of the principal risks is aligned to the 3 year period used when considering the future viability of the Group (please see the Group's viability statement on page 40).

Principal Risks Summary

1. Technology and Data	No significant change ◀▶
2. Availability and Performance of Film Content	Decrease ▼
3. Expansion and Growth of Our Cinema Estate	No significant change ◀▶
4. Viewer Experience and Competition	No significant change ◀▶
5. Revenue from Retail/ Concession Offerings	No significant change ◀▶
6. Cinema operations	New for 2015
7. Regulatory Breach	No significant change ◀▶
8. Strategy and Performance	New for 2015
9. Retention and Attraction of Senior Management and Key Employees	No significant change ◀▶
10. Governance and Internal Control	New for 2015
11. Terrorism and Civil Unrest	Increase ▲

The Group's principal risks are identified below, together with:

- a description of the risk and its potential impact;
- examples of the current controls and mitigation;
- a summary of developments in the year;
- an indication of the direction of travel of the risk exposure; and
- an indication of the link to the Group's strategic objectives as set out on pages 14 and 15.

1 Technology and Data Control

Owner: Deputy CEO

Description and Impact

The Group continues to grow in its reliance on IT systems and data. From online ticket sales to managing financial information and everything in between, the Group is reliant on its IT systems remaining operational and secure. Therefore, any critical system interruption for a sustained period could have a significant impact on the Group's performance. In addition, any breach (cyber or otherwise) of data protection rules or security measures surrounding the storage of confidential and proprietary information (including movie content) could result in unauthorised access, loss or disclosure of this information. This would then lead to claims, regulatory penalties, disruption of operations of the Group and ultimately reputational damage.

Example Controls and Mitigation

The Group IT function monitors, manages and optimises our systems, including ensuring their resilience through regular back-ups and implementing security measures. Additional external experts are employed where necessary to oversee, and help manage, major projects involving the upgrading or replacement of key systems. The Group continually reviews its approach to information security, specifically controlling the sensitive data it holds through restricted access. A specific focus is on being fully compliant with Payment Card Industry – Data Security Standards.

Risk Trend

No significant change ◀▶

Commentary and Rationale for Trend

The increase in global criminal cyber activity and the on-going implementation of a number of new IT systems across the Group has meant the Board focus in this area continues to remain high.

Strategic Relevance:

4,5

2 Availability and Performance of Film Content

Owner: Senior Vice President – Commercial

Description 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. Where the film distributors do not produce the level of expected films, or films underperform, this has a direct impact on cinema attendance and, therefore, the principal box office revenue for the Group may 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 Controls and Mitigation

We work closely with the film distributors to understand as early as possible the upcoming film slate and, therefore, forecast likely film performance. 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 wide 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 continues to be 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.

Risk Trend

Decrease ▼

Commentary and Rationale for Trend

The film slate in the year was strong with a number of Hollywood blockbusters exceeding expectations. In addition, in certain territories, local films continue to be popular and account for a greater percentage of annual admissions (please see Market Overview on page 10). The overall film slate for 2016 looks solid (please see the CEO and Chairman statements on page 6 and 8).

Strategic Relevance

1,4

Principal Risks and Uncertainties continued

3 Expansion and Growth of Our Cinema Estate

Owner: CEO

Description and Impact

Our estate growth is dependent on our ability to effectively expand operations through the development of new sites or acquiring existing cinemas. Planning laws, the 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 regions is higher.

Example Controls and Mitigation

The Group devotes a considerable amount of time assessing new site opportunities and this, along with further acquisitions, is a key part of our future growth strategy. We also focus a significant amount of time and effort on maintaining good relationships with potential key partners. This allows us to be 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. Board approval is obtained for all new sites and significant refurbishments.

Risk Trend

No significant change ◀▶

Commentary and Rationale for Trend

The Group continues to grow the cinema estate with a record 18 new cinemas (UK – 10 and CCE&I – 8) opened in the year. A further 45 development sites are contractually scheduled to open in the next 4 years, 13 of which are scheduled for 2016, with nine already under construction (please see CEO statement on page 8).

Strategic Relevance

2,3,4,5

4 Viewer Experience and Competition

Owner: CEO

Description 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. 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 Controls and Mitigation

Our strategy is focused on continually improving the quality of services we offer to customers. This includes enhancing our approach to online booking, removing clutter from our foyers, investing in technical innovation and premium offerings (4DX and other large screen formats), upgrading our seating options and improving our retail offers. The customer interaction with the Group outside of the cinema environment is also important. We have continued to enhance our subscription and membership programs to offer added value though offers and information.

Risk Trend

No significant change ◀▶

Commentary and Rationale for Trend

The Group continued to invest during the year in enhancing the existing estate, ensuring that the cinemas have the latest technology (for example, 4DX and IMAX) and provide an environment that allows the viewer to have the best possible experience. The significant investment in training and development during the year has been rewarded as the Group were ranked top for customer service in the annual survey carried out by the Institute of Customer Service (please see Chairman's statement on page 6).

Strategic Relevance

1, 3, 4, 5

5 Revenue from Retail/Concession Offerings

Owner: Senior Vice President – Commercial

Description and Impact

Retail/concession 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. 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 Controls and 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. The introduction of using franchising models for some of our key suppliers has also been a key way of enhancing our range of offerings.

Risk Trend

No significant change ◀▶

Commentary and Rationale for Trend

The retail spend per customer has continued to increase with a 6.6% rise in 2015. Key developments in the year (based on our response to customer preferences) have been the introduction of Starbucks into a further seventeen sites and also the launch of the first UK VIP experience (please see Strategy and KPIs on page 14).

Strategic Relevance

1,5

6 Cinema operations (NEW FOR 2015)

Owner: CEO

Description and Impact

Operating our cinemas well is pivotal to the overall success of the Group. Key to this, is to ensure that management understand their local market (film scheduling, pricing and retail offerings), effectively manage their employees, maintain service standards, and are able to react to incidents should they occur. A reduction in performance in any area, can have a direct effect on the overall viewer experience, reputation of the cinema's and ultimately the Group's financial performance.

Example Controls and Mitigation

Cinema management continually monitor their staffing requirements, making adjustments to scheduling based on customer demand, forecasts and film scheduling. On a monthly basis detailed operational and financial reviews are undertaken by cinema management teams to ensure performance matches expected targets.

Risk Trend

New for 2015

Commentary and Rationale for Trend

Cinema operational and financial performance continues to be improved across the Group driven by a combination of savings on some direct cost lines during 2015 and our continual investment in learning and development programmes that increases the experience and expertise of our cinema management teams. The re-fresh of the Group's risk profile as a result of the introduction of the new Risk Management Framework resulted in the escalation of this risk to a principal risk.

Strategic Relevance

1,5

Principal Risks and Uncertainties continued

7 Regulatory Breach
Owner: Deputy CEO

Description and Impact
The Group's business and operations are affected by regulations covering such matters as planning, the environment, health and safety (cinemas and construction sites), licensing, food and drink retailing, data protection and the minimum wage. Failure to ensure ongoing compliance with regulation/legislation could result in fines and/or suspension of the activity or (in very extreme circumstances) entire business operation.

Example Controls and Mitigation
Management operate an ongoing cinema compliance programme which is then supplemented by a programme of independent assurance reviews and support from external advisers where appropriate on compliance verification. Our Group support functions use a combination of ongoing staff development as well as updates from professional advisers to ensure the Group is aware of the latest regulations in key areas.

Risk Trend
No significant change ◀▶

Commentary and Rationale for Trend
The results of our cinema compliance programmes, health and safety assessments, and wider assurance activity continue to indicate no significant increase in risk exposure with standards in all areas remaining high (please see Resources and Relationships on page 20).

Strategic Relevance
1,2,3,5

8 Strategy and Performance (NEW FOR 2015)
Owner: Deputy CEO

Description and Impact
Even with the relative simplicity of the Cineworld business, delivery of our long-term objectives requires effective setting, communicating, monitoring and executing a clear strategy.

Example Controls and Mitigation
A Governance structure is in place that supports effective strategy development as well as on-going reporting and monitoring of business performance on a daily, weekly, monthly, quarterly and annual basis.

There are various communication strategies (emails, meetings and conferences) used to ensure the strategic goals of the Group are clearly understood and executed by Senior Management.

Risk Trend
New for 2015

Commentary and Rationale for Trend
The delivery of this year's annual conference provided the platform to re-confirm the Group's strategy with senior management, and ensure a clear understanding of execution strategies. The re-fresh of the Group's risk profile as a result of the introduction of the new Risk Management Framework resulted in the escalation of this risk to a principal risk.

Strategic Relevance
1,2,3,4,5

9 Retention and Attraction of Senior Management and Key Employees

Owner: Deputy CEO

Description and Impact

The Group's performance and its ability to mitigate significant risks within its control depend on its employees and management teams. Therefore, reliance is placed on the Group's ability to recruit, develop and retain senior management and other key employees. If the Group loses key people this is likely to have a direct impact on its ability to deliver business objectives.

Example Controls and Mitigation

The Group uses a variety of techniques to attract, retain and motivate its staff, with particular attention on those in key roles to help ensure the long-term success of the Group. These techniques include the regular review of remuneration packages, share incentive schemes, training, regular communication with staff and an annual performance review process. As an overall approach we focus on internal promotion where possible. Where employees have the right mix of skills and experience there are many ways for them to further their career within the Group.

Risk Trend

No significant change ◀▶

Commentary and Rationale for Trend

The Group has made further investment in pay and benefits, especially for our front of house teams. There has also been a continued focus on internal succession through the further development and initiation of a number of learning and development programmes, and the delivery of the talent development review process (please see Resources and Relationship on pages 20 to 21).

Strategic Relevance

1,2,3,4,5

10 Governance and Internal Control (NEW FOR 2015)

Owner: Deputy CEO

Description and Impact

Maintaining corporate governance standards and an effective and efficient risk management and internal control system proportionate to the needs of the Group is a key part of our short and long term success. Any systematic failure and/or weaknesses in this environment (financial and non-financial) could have a fundamental and direct impact on the efficient and effective operations of the Group.

Example Controls and Mitigation

The Group uses various mechanisms to support the implementation and monitor the effectiveness of controls. These include:

- Implementation of the Group Risk Management Framework;
- Ongoing self assessment process for monitoring cinema compliance and financial control standards;
- Work of internal auditors;
- Regular consultation and advice from external advisers;
- A risk based cinema compliance and financial control audit programme;
- The delivery of targeted risk based internal audit reviews; and
- The use of technology for live forensic monitoring.

Risk Trend

New for 2015

Commentary and Rationale for Trend

Continued evolution of the Group's risk management programme, and the delivery of supporting assurance programmes, is providing on-going improvements to the overall system of internal control (please see Corporate Governance report page 39). The appointment of two new independent Non-Executive Directors and therefore changes in the Board and Committee composition in the year has meant a new Senior Independent Director, Audit Committee Chair and Remuneration Committee Chair (please see Chairman's statement page 6). The re-fresh of the Group's risk profile as a result of the introduction of the new Risk Management Framework resulted in the escalation of this risk to a principal risk.

Strategic Relevance

1,2,3,4,5

Principal Risks and Uncertainties continued

11 Terrorism and Civil Unrest

Owner: CEO

Description and Impact

Cinema businesses could be affected by civil unrest or terrorist acts/threats, resulting in the public avoiding going to the 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 performance of the Group.

Example Controls and 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.

Risk Trend

Increase ▲

Commentary and Rationale for Trend

The increase in acts of terrorism across the globe has increased the likelihood of a potential incident occurring at a cinema.

Strategic relevance

1,5

Removed Risks

The update of the Group's risk profile as a result of the introduction of the new Risk Management Framework resulted in the removal of the following from the set of risks disclosed in the 2014 Annual Report and Accounts:

- **Integration of the Enlarged Cineworld Group** – This is no longer applicable given the time period since the acquisition and the integration work that has been completed.
- **Film Piracy** – This is included within risks 6 (cinema operations) and 7 (regulatory breach) and therefore not specifically required as a principal risk in its own right.
- **Extreme weather conditions** – This is no longer considered a Principal Risk for the Group. Consideration of the impact of weather is managed at an operational level on a cinema by cinema basis.

Financial Review

Performance Overview

	52 WEEK PERIOD ENDED 31 DECEMBER 2015			53 WEEK PERIOD ENDED 1 JANUARY 2015
	UK & IRELAND	CEE & ISRAEL	**TOTAL GROUP**	TOTAL GROUP
Admissions	50.9m	42.7m	**93.6m**	82.9m
	£M	£M	**£M**	£M
Box office	311.9	139.7	**451.6**	399.2
Retail	107.2	55.5	**162.7**	141.9
Other income	46.8	44.7	**91.5**	78.3
Total revenue	**465.9**	**239.9**	**705.8**	**619.4**

Cineworld Group plc results are presented for the 52 week period ended 31 December 2015 and reflect the trading and financial position of the UK & Ireland and CEE & Israel (the "Group"). Cinema City Holding N.V. and its subsidiaries ("CEE & Israel") became part of the Group on 28 February 2014 and were consolidated for the final ten months of the prior period.

Unless explicitly referenced, all figures in the commentary below are on a pro-forma 52 weeks for 2015 v 2014 and calculated by excluding the trade of the week ending 1 January 2014, the first week of the prior 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 2015 average exchange rates to 2014 performance.

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).

Total revenue in the 52 week period ended 31 December 2015 was £705.8m. On a 52 week v 52 week pro-forma basis, this equates to an increase of 12.4%. Overall admissions increased by 6.5%, combined with average ticket pricing increasing by 4.8% to £4.82 the total box office revenues increased by 11.9%. Spend per person increased by 6.7% to £1.74 resulting in retail revenue growth of 13.6%. Other revenues increased by 12.9%.

UK & Ireland

	52 WEEKS TO 31 DECEMBER 2015	53 WEEKS TO 1 JANUARY 2015	52 WEEK V 53 WEEK	52 WEEK V 52 WEEK
Admissions	50.9m	51.1m	-0.4%	2.7%
	£M	£M		
Box office	311.9	288.7	8.0%	11.4%
Retail	107.2	99.2	8.1%	11.3%
Other Income	46.8	37.6	24.5%	26.8%
Total revenue	**465.9**	**425.5**	**9.5%**	**12.7%**

The results for the UK & Ireland include the two cinema chain brands in the UK, Cineworld and Picturehouse. Following completion of the Competition Commission investigation into the acquisition of Picturehouse, Picturehouse has been fully integrated into the wider UK business. As such the performance of Cineworld and Picturehouse is now reported together as "UK & Ireland".

Box Office

The principal income for the UK & Ireland is box office revenue. Except for the revenue generated by Cineworld subscription services, box office revenue is a function of the number of admissions and the ticket price per admission, less VAT. Admissions in the period increased by 2.7%, combined with an increase in the average ticket price of 8.4% this resulted in double digit revenue growth of 11.4%. Box office revenues generated by the UK & Ireland cinema industry as a whole were up 17.4% during the same period (Source: UK Cinema Association).

Overall box office performance was underpinned by a strong film slate in 2015 which included a number of global blockbusters. In 2015, in the UK as a whole, the top three films grossed £245.4m ("Spectre" – £93.8m, "Star Wars: The Force Awakens" – £87.3m and "Jurassic World" £64.3m) compared to the top three films in 2014 which grossed £100.4m ("The Lego Movie" – £34.3m, "Inbetweeners 2" – £33.4m and "Dawn of the Planet of the Apes" – £32.7m).

The average ticket price achieved in the UK & Ireland grew by 8.4% to £6.13 (2014: £5.65). The increase in average ticket price was in part due to an inflationary price rise during the period, but is mainly reflective of the film mix and our continued expansion of the premium offerings including opening two new IMAX screens and launching the first 4DX screen in the UK. The most popular IMAX films during the period were "Star Wars: The Force Awakens", "Spectre" and "Jurassic World" and for 4DX "Star Wars: The Force Awakens", "Jurassic World" and "Fast & Furious 7".

Retail

Food and drink sales are the second most important source of revenue and represent 23.0% (2014: 23.3%) of the total revenues. Total retail revenues were £107.2m (2014: £99.2m) increasing by 11.3%.

Financial Review continued

Net retail spend per person increased by 8.4% in the period to £2.11 (2014: £1.94) partly due to the film mix, where blockbusters tend to attract higher retail spend per person, but also reflecting the expansion of our cinemas' retail offer, strong promotions, growth in our Unlimited customer base and operational improvements. We opened a further four Starbucks outlets during the period taking our total circuit to 17 at 31 December 2015 with a number of further openings scheduled for 2016. Also, in December we opened our first VIP offering in our Sheffield cinema and we plan to open additional sites where we believe there is the appropriate market opportunity.

Other Income
Other Income includes all revenue streams other than box office and retail and represents 10.0% (2014: 8.8%) of total revenue. It increased to £46.8m (2014: £37.6m) and grew by 26.8%.

The largest single element of Other Income is screen advertising revenue. Screen advertising revenue is collected through Digital Cinema Media Limited ("DCM"), our joint venture screen advertising business. 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. 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. The nature of the film mix during 2015 had a positive impact on the advertising revenues as it delivered an attractive demographic to advertisers. Also included within Other Income is the online booking fee. The booking fee was re-introduced during 2014 and therefore 2015 has seen the full year impact. The trend of booking online continues to increase, with total online bookings increasing 12.0% year on year.

Central & Eastern Europe ("CEE") and Israel
The combination with Cinema City International N.V. ("Cinema City" or CCI"), a leading cinema business in seven territories across Central & Eastern Europe & Israel completed in the prior period on 28 February 2014. The results for CEE & Israel are included in the Group's consolidated performance and position for the comparative period for the 44 week period ended 1 January 2015.

	52 WEEKS TO 31 DECEMBER 2015	53 WEEKS TO 1 JANUARY 2015	52 WEEK V 53 WEEK	52 WEEK V 52 WEEK
Admissions	42.7m	31.8m	34.3%	11.5%
	£M	£M		
Box office	139.7	110.5	26.4%	12.9%
Retail	55.5	42.7	30.0%	18.1%
Other Income	44.7	40.7	9.8%	1.3%
Total revenue	**239.9**	**193.9**	**23.7%**	**11.7%**

The information below represents the pro-forma trading performance of CEE & Israel as if it had been part of the Group for 52 weeks in the prior period. The information is presented on a constant currency basis.

Box Office
The principal income 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 11.5% and 12.9% respectively. On a pro-forma basis there was growth in admissions across all territories, with double digit growth achieved in Poland, Romania, Czech Republic and Hungary. Admissions increased in Czech Republic by 19.1% predominantly due to improvements in the local economy and Romania by 15.1% due to our significant expansion, with 38 news screens opened during the period.

The average ticket price increased overall by 1.3%, to £3.27, with increases across all territories apart from the Czech Republic and Slovakia. As with the UK & Ireland 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 and the continued expansion of premium offerings, with a new IMAX screen in Jerusalem (Israel) and four additional 4DX screens opened during the period in, Yes Planet Haifa (Israel), Yes Planet Jerusalem (Israel), Bucharest MegaMall (Romania) and Constanta City Park (Romania).

As with the UK, Hollywood films are popular in CEE & Israel and "Star Wars: The Force Awakes" 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 "Minions" was also a top-three film in a six of the territories. Locally produced films continue to be popular in Poland and the top film in Poland during the period was "Listy Do Movie 2".

Retail
Food and drink sales to our customers are the second most significant source of revenue and represents 23.1% (2014: 22.0%) of the total revenues. Total retail revenues were stronger at £55.5m (2014: 42.7m), an increase of 18.1%.

Retail spend per person increased by 5.7% to £1.30 (2014: £1.23) during the period, with increases achieved across all territories. The greatest increases were achieved in Poland and the Czech Republic and this was predominantly driven by the film mix but also due to operational improvements.

Other income
Other income includes distribution, advertising and other revenues and represents 18.6% (2014: 21.0%) of the total revenues. 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 increased by 9.0% on a pro-forma basis, largely driven by key titles in the period which were distributed by Forum Film including "Spectre", "Hunger Games: Mockingjay Part 2" and "Star Wars: The Force Awakens". New Age Media is Cinema City's advertising and sponsorship arm. Revenues in respect of New Age Media decreased compared to the prior period as a result of no longer providing on and off-screen advertising to other cinema chains in the region.

Financial Performance

	52 WEEK PERIOD ENDED 31 DECEMBER 2015			53 WEEK PERIOD ENDED 1 JANUARY 2015
	UK & IRELAND	CEE & ISRAEL	**TOTAL GROUP**	TOTAL GROUP[1]
Admissions	50.9	42.7	**93.6**	82.9m
	£M	£M	**£M**	£M
Box office	311.9	139.7	**451.6**	399.2
Retail	107.2	55.5	**162.7**	141.9
Other Income	46.8	44.7	**91.5**	78.3
Total revenue	465.9	239.9	**705.8**	619.4
EBITDA[2]	95.7	59.6	**155.3**	126.6
Operating profit	71.3	31.8	**103.1**	76.0
Financial income	8.2	0.5	**8.7**	6.6
Financial expense	(11.2)	(0.9)	**(12.1)**	(15.2)
Net financing costs	(3.0)	(0.4)	**(3.4)**	(8.6)
Share of loss from joint venture	–	–	**–**	(0.1)
Profit on ordinary activities before tax	68.3	31.4	**99.7**	67.3
Tax on profit on ordinary activities	(12.9)	(5.5)	**(18.4)**	(12.8)
Profit for the period attributable to equity holders of the Company	55.4	25.9	**81.3**	54.5

(1) Cinema City results consolidated for 44 weeks to 1 January 2015.
(2) EBITDA is defined as Operating profit before depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets.

The following commentary on the profitability, cash flow and balance sheet focuses on the Group except where stated.

EBITDA and Operating Profit

Group EBITDA was up 22.7% to £155.3m (2014: £126.6m) compared to the prior period which included the ten months results for CEE & Israel.

EBITDA generated by the UK & Ireland increased by 21.4% during the period to £95.7m (2014: £78.8m). Excluding the impact of the 53rd week in the prior period EBITDA increased by 25.1%.The EBITDA margin of 20.5% represented a 2.0 percentage point improvement from 2014, which is largely driven from the overall increase in admissions, improvement in both the average ticket price and spend per person as well as the savings achieved across a number of direct cost lines.

EBITDA generated by the CEE & Israel increased by 24.8% during the period to £59.6m (2014: £47.8m) predominantly a result of being part of the Group for twelve months compared to ten in the prior period, and on a pro-forma basis the EBITDA increased by 9.4%. As the Group operates across nine territories, it is exposed to exchange rate fluctuations. Wherever possible, cash income and expenditure are settled in local currency to mitigate exchange losses. However, there are translation exchange differences arising when presenting the year-on-year performance of CEE & Israel in the reporting currency of the Group. During the period, EBITDA of £155.3m was £5.3m lower than it would have been had it been translated by applying the exchange rates at the start of the year, and £2.4m lower based on the average rate for the comparable 2014 period. The EBITDA margin of 22.0% represents an increase of 1.4 percentage points compared to the prior period.

Operating profit of £103.1m was 35.7% higher than the prior period (2014: £76.0m). Operating profit included a number of non-recurring and non-trade related items that have a net impact of £2.8m (2014: £4.0m). These primarily related to:

- Transaction and reorganisation costs of £1.9m (2014: £6.9m) related to the integration of the two businesses
- A net credit of £1.7m (2014:£1.9m) related to onerous leases and other non-recurring charges which comprised a release in the onerous lease provisions due to improvements in future trading assumptions of £2.0m offset by an increase in the provision for dilapidations of £0.3m.
- Impairments of £9.0m (2014: £1.0m credit) related to the write off of capital expenditure on weaker performing cinema sites, primarily the redevelopment of Picturehouse Central.
- The profit on the disposal of the Cambridge Cineworld cinema of £6.4m (2014: nil).

The total depreciation and amortisation charge (included in administrative expenses) in the period totalled £49.4m (2014: £46.6m). Of this, £25.6m related to depreciation and amortisation in the UK & Ireland (2014: £25.0m) and £23.8m related to depreciation and amortisation in CEE & Israel (2014: £21.6m).

Finance Costs

As part of the combination with Cinema City, the Group entered into a five-year facility in January 2014 which was used to part finance the combination, repay the pre-combination facilities of both Cineworld and Cinema City and fund the general working capital requirements of the Group. The facility included term loans of £165.0m and €132.0m and revolving credit facilities of £75.0m and €60.0m. In June 2015, the first re-payments were made to the term loans, reducing the liabilities to £157.5m and €126.0m.

Financial Review continued

On 29 July 2015 Cineworld Group plc signed an amendment and extension to its existing banking facility, which was effective immediately upon signing and extends the facility to June 2020. As a result, the term loans were reduced from £157.5m and €126.0m to £130.0m and €63.0m. The Group now also has a revolving credit facility of £190.0m.

The facility remains subject to the existing two covenants: the ratio of EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges. A margin, determined by the results of the covenant tests at a given date is added to LIBOR or EURIBOR. The margins currently applicable to Group are 1.65% on the term loans and 1.40% on the revolving credit facility.

The Group has hedging arrangements in place to mitigate the potential risk of a material impact arising from interest rate fluctuations. At 31 December 2015, the Group had six (2014: six) interest rate swaps, four GBP denominated swaps which hedged 59% (2014: 50%) of the Group's variable rate GBP unsecured term loan, the two remaining Euro denominated swaps hedging 100% (2014:50%) of the Euro denominated unsecured loan. The amendment and extension of the Group's financing during the year did not constitute a break in the existing hedge relationship and the criteria for hedge accounting are still met. As such, movements in the fair values of the swaps in the year have been recognised in the statement of other comprehensive income.

Net financing costs totalled £3.4m during the period (2014: £8.6m) which is a net decrease of £5.2m. Finance income of £8.7m (2014: £6.6m) included net foreign exchange gains of £8.0m (2014: £6.0m) on translation of the Euro term loan at the balance sheet date. £0.3m (2014: £0.3m) related to interest income and £0.4m (2014: £0.3m) related to finance income on assets held by defined benefit pension schemes.

Finance expense of £12.1m (2014: £15.2m) included £9.3m in respect of interest on bank loans and overdrafts (2014: £10.2m), with the decrease being the result of the reduction of the term loans. Other net finance costs of £2.8m (2014: £3.1m) included amortisation of prepaid finance costs of £1.3m (2014:£1.8m), £1.2m (2014: £0.4m) in respect of the unwind of discount and interest charges on property-related leases and £0.3m (2014: £0.9m) of other financial costs.

Taxation
The overall tax charge during the year was £18.4m giving an overall effective tax rate of 18.5% (2014:19.0%). The tax rate during the current period reflects the impact of the tax rates applicable in the different territories in which the Group operates. The corporation tax charge in respect of the current year was £11.2m and the current deferred tax charge was £7.2m, resulting in a current year effective tax rate of 18.5% (2014: 20.3%). The deferred tax charge principally related temporary differences on the recognition of property leasing costs.

Earnings
Profit on ordinary activities after tax in the period was £81.3m, compared to the comparative period (2014: £54.5m). The significant increase is attributable, in part to CEE & Israel being part of the Group for the full period, revenue growth across the Group as well as the cost savings achieved, predominantly in the UK & Ireland.

Basic earnings per share amounted to 30.7p (2014: 22.1p). Eliminating the one-off, non-trade related items described above (totalling £2.8m within operating profit), amortisation of intangibles of £4.2m and net foreign exchange gains of £3.9m), adjusted diluted earnings per share were 31.4p (2014: 24.4p).

Balance Sheet
Overall, net assets have increased by £28.4m, to £534.7m since 1 January 2015. This is largely driven by the reduction in net debt of £36.7m as well as movements in non-current assets of £15.6m driven by the expansion and refurbishments of cinema sites during the year as part of the expansion and renovation programme and movements in other net liabilities of £23.9m.

Cash Flow and Net Debt
The Group continued to be cash generative at the operating level. Total net cash generated from operations in the period was £165.9m (2014: £86.1m).

Net cash spent on capital during the year was £88.6m. Included in this expenditure was £53.0m in relation to the development of new sites, £27.4m in respect of refurbishments and £8.2m on technology.

Net debt decreased to £245.2m at the end of the current year compared to the prior year (2014: £281.9m). The movement was primarily due to the amendment of the Group's banking facilities, with a reduction in the term loans during the period of £72.2m, repayments during the period of the term loans of £25.3m offset by a draw down on the revolving credit facility of £86.0m and bank loans of £3.3m and net cash inflows of £28.5m. Net debt at the period end represented 1.6 times the rolling 12 month EBITDA figure for the Group.

Combination with Cinema City
In the prior period 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. The combination was completed on 28 February 2014. 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.

Dividends
The Directors are recommending to shareholders for approval a final dividend in respect of the period ended 31 December 2015 of 12.5p per share, which taken together with the interim dividend of 5.0p per share paid in October 2015 equates to a total dividend in respect of 2015 of 17.5p per share (2014: 13.5p per share). The record date for the dividend is 10 June 2016 and the payment date is 7 July 2016. Cineworld has increased its dividend every year since the Company was listed in 2007.

By order of the Board

Mooky Greidinger
Chief Executive Officer
10 March 2016

Corporate Social Responsibility

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

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.

Ethics

Cineworld's policy on ethics seeks to guide the behaviour of our people by specifying 12 principles which establish common values on which we do business. We strive to ensure that we act in appropriate ways to maintain and enhance our reputation. The principles provide a framework for how we manage corporate responsibility issues. The Company 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 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

It is the aim of the Group to show a wide range of film product and other screen content, subject to film classification guidelines. Film programmes are tailored to each community and screenings are frequently driven by local preferences. Operating large sites with high numbers of screens enables us to offer a wide choice and bring more people into the cinema, frequently a different type of customer. Throughout the Group, all national regulators' film classification guidelines are followed, unless the local regulators' require otherwise. In some of our territories, there are no such classification guidelines, and in such cases we provide information to customers about films so they can make informed choices about the types of film being shown. We also ensure that all trailers are complementary in terms of suitability to the main feature.

Our work with charities, local government, and community groups across all the territories includes activities such as working with distributors on charity screenings and providing free shows for organisations working with disadvantaged children. In some territories our cinemas hold regular workshops for schools, designed in line with relevant national curriculums.

At Picturehouse, work is undertaken with local groups, charities and educational bodies to deliver a year-round programme of film related activity that contributes to film knowledge and film culture at a local level. Examples of work with schools include screenings and talks for Anti Bullying Week and Black History Month and extensive activity around events such as Holocaust Memorial Day, World Book Day, Science and Engineering Week and Refugee Week.

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 runs short film competitions for students encouraging the development of future talent. This involvement once again helps to promote Cineworld's brands through the wider film industry.

Access for All

The Group actively promotes a philosophy of access for all by offering accessible cinemas that show a wide range of films and event cinema. Cinema management teams play an important role within the community and engage with local groups in order to identify opportunities that will enhance accessibility. Employees receive disability awareness training and specific advice on welcoming disabled customers. Many of our cinemas offer audio descriptive, autism-friendly and subtitled performances and in some territories, Cineworld allows customers with disabilities to be accompanied by a carer free of charge.

At Picturehouse, considerable attention is paid to ensuring that new and existing cinemas are disabled-friendly, and that staff are trained to attend to the needs of our disabled customers and their carers. Regular closed caption screenings are scheduled for the deaf and hard of hearing. Picturehouse also continues to work with the National Autistic Society to provide regular autism friendly screenings for the public and for schools. During 2015 the team developed the first Picturehouse Dementia Friendly Screenings with test screenings in Liverpool and Hackney, and it is intended that the programme will be rolled out over 2016.

Corporate Social Responsibility continued

All new cinemas are designed with an intention to exceed current statutory requirements and to provide buildings which are technically advanced, accessible and safe. When cinemas undergo major refurbishment as part of an ongoing programme of improvements and renovations, the opportunity is also taken to enhance access within cinemas where practicable to do so.

Cineworld actively encourages our future film going audience by specifically tailoring film schedules to attract families and young people. Where necessary, these performances are dubbed into the native language to ensure that all customers can enjoy the full cinema experience. Concessionary rates are offered for senior citizens and students at certain times of the day.

Film Piracy

Cineworld is committed to protecting the intellectual property rights of films and Event Cinema exhibited within its cinemas. Across the Group, policies and procedures are constantly reviewed and developed to ensure cinema teams are able to effectively monitor and prevent film piracy. Night-vision technology is utilised and there is an increased vigilance around high-profile titles which are particularly vulnerable.

Cineworld will continue to work closely with relevant industry and law enforcement organisations in order to help reduce and prevent film piracy.

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. In 2015 the Company participated with the Energy Savings and Opportunities Scheme (ESOS) which surveyed 10 cinemas and the UK head office to assess and identify energy savings opportunities. London based cinemas were entered into the Mayor of London Business Energy Challenge, which looks to acknowledge and share expertise in reducing the carbon foot-print of London businesses.

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 since 2014, 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 page 78.

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 move away from 35mm celluloid prints and the use of digital projection technology has further reduced Cineworld's environmental impact, reducing 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.

3D technology has its own environmental challenges with the use of special disposable 3D glasses. Throughout the Group, customers are encouraged to reuse their 3D glasses by pricing structures. This approach has had significant results.

Retail

We offer a range of products to our customers in a way that is responsible, takes account of alternative healthier options, and reduces the impact on the environment. We continue to ensure that we provide good nutrition and allergen advice to enable our customers to make informed choices.

In line with our philosophy of offering wider snacking options we have now opened 17 Starbucks Licensed Stores across the UK estate, which have been well received. As many of our customers still associate going to the cinema as a treating or special occasion, they choose to eat traditional cinema snacks as part of their experience. However, we continually work with our partners to consider healthier alternatives where appropriate.

In our Picturehouse circuit, the food and drink proposition is more akin to that found in restaurants and closely tailored to the audience profile to which it caters. A wide range of snacks and meals are available, many of which include ingredients sourced from local producers and suppliers. In addition, the range of its retail products is extensive and offers low sugar and sugar free options.

Information on our policies on Diversity, Human Rights and Our People may be found in the Resources and Relationships section of the Report on pages 20 to 21.

The Strategic Report is set out on pages 1 to 34.

By order of the Board

Mooky Greidinger **Israel Greidinger**
10 March 2016

Governance

Directors' Biographies

As at 31 December 2015

Anthony Bloom
Chairman
Age 76

Date appointed as Chairman:
October 2004

Tenure on Board:
11 years 2 months

Independent:
No

Committee memberships:
No formal memberships, but attends all meetings by invitation

Relevant skills, qualifications, and experience:
- Extensive Board-level and Chairman experience in a range of companies, sectors and jurisdictions
- Bachelor of Commerce and Bachelor of Law, University of Witwatersrand, South Africa
- Master of Law, Harvard Law School
- Sloan Fellow, Graduate School of Business, Stanford University
- Doctor of Law (H.C.), University of Witwatersrand, awarded in recognition of his contribution towards establishment of a non-racial society in South Africa
- Chairman and Chief Executive of The Premier Group Limited (South Africa)
- Director of Barclays Bank (South Africa)
- Director of South African Breweries
- Director of Liberty Holdings (South Africa)
- Director of RIT Capital Partners PLC
- Deputy Chairman of Sketchley PLC

Principal external appointments:
- Non-Executive Director of London Symphony Orchestra
- Non-Executive Director of TechnoServe, Inc.

Israel Greidinger
Deputy Chief Executive Officer
Age 54

Date appointed to Board:
February 2014

Tenure on Board:
1 year 10 months

Independent:
No

Committee memberships:
None

Relevant skills, qualifications, and experience:
- Over 20 years' senior executive experience in the cinema industry in central and eastern Europe, and Israel
- 1994–2014 Cinema City International N.V. ("CCI"), appointed Chief Financial Officer 1995
- 1985–1992 Managing Director of C.A.T.S. Limited (Computerised Automatic Ticket Sales)
- 1992 to 1994 President and Chief Executive Officer of Pacer C.A.T.S. Inc

Principal external appointments:
- Director of Israel Theatres Limited since 1994
- Non-Executive Director of Global City Holdings N.V. (formerly CCI)

Israel is the brother of Moshe Greidinger.

Moshe (Mooky) Greidinger
Chief Executive Officer
Age 63

Date appointed to Board:
February 2014

Tenure on Board:
1 year 10 months

Independent:
No

Committee memberships:
None

Relevant skills, qualifications, and experience:
- Over 40 years' senior executive experience in the cinema industry in central and eastern Europe, and Israel
- 1994–2014 Cinema City International N.V. ("CCI")
- Cinema City Group, various executive positions since 1984
- "Exhibitor of the Year Award" at ShoWest in Las Vegas in 2004
- "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

Principal external appointments:
- Non-Executive Director of Global City Holdings N.V. (formerly CCI)
- Director of Israel Theatres Limited since 1983
- Co-Chairman of the Cinema Owners Association in Israel since August 1996
- Head of the Board of Trustees of the Hebrew Reali School of Haifa

Mooky is the brother of Israel Greidinger.

Martina King
Non-Executive Director
Age 55

Date appointed to Board:
July 2010

Tenure on Board:
5 years 5 months

Independent:
Yes

Committee memberships:
- Audit Committee
- Remuneration Committee (Chair)

Relevant skills, qualifications, and experience:
- Extensive experience in company turn around, management, marketing, online media, and data analytics.
- 2011–2012 Managing Director of Aurasma
- 2005–2014 Non-Executive Director Capita plc
- 1999–2004 Managing Director of Yahoo! UK and Europe
- 1993–1999 Managing Director of Capital Radio plc

Principal external appointments:
- CEO of Featurespace since 2012
- Non-Executive Director of Debenhams Plc since 2009

Alicja Kornasiewicz
Non-Executive Director
Age 64

Date appointed to Board:
May 2015

Tenure on Board:
7 months

Independent:
Yes

Committee memberships:
- Audit Committee

Relevant skills, qualifications, and experience:
- Extensive Central and Eastern Europe financial and political experience
- 2011–2012 Chairwoman of the Supervisory Board of Bank Pekao S.A.
- 2010–2011 President of the Management Board of Bank Pekao S.A.
- 2000–2010 Executive management roles at UniCredit Bank
- 1997–2000 Secretary of State for the Ministry of the State Treasury of the Republic of Poland

Principal external appointments:
- Managing Director and Head of CEE for Morgan Stanley & Co, International PLC since 2012

Scott S. Rosenblum
Non-Executive Director
Age 66

Date appointed to Board:
February 2014

Tenure on Board:
1 year 10 months

Independent:
No

Committee memberships:
- Nomination Committee

Relevant skills, qualifications, and experience:
- Extensive experience of management of an international law firm, and of corporate governance and disclosure matters
- Extensive experience and expertise in areas of general corporate and securities law, corporate finance, mergers and acquisitions, and joint ventures
- 2004–2014 member of the Supervisory Board of Cinema City International N.V. ("CCI"), appointed Chairman of the Supervisory Board of CCI on 14 November 2011. Also Chairman of the CCI Remuneration Committee and the CCI Appointment Committee of CCI from November 2006 and was a member of the CCI Audit Committee
- Licensed as a lawyer and admitted to the New York Bar Association

Principal external appointments:
- Partner, Executive Committee and Co-Chairman of Corporate Department in the law firm of Kramer Levin Naftalis & Frankel LLP, New York since 1991, and Managing Partner 1994–2000
- Serves, and has served, as a director and advisor to the boards of various public and private companies

Directors' Biographies continued
As at 31 December 2015

Arni Samuelsson
Non-Executive Director
Age 73

Date appointed to Board:
February 2014

Tenure on Board:
1 year 10 months

Independent:
Yes

Committee memberships:
Nomination Committee

Relevant skills and experience:
- 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
- 1972–1982 Director and owner of Vikurbaer, a supermarket business in Keflavik

Principal external appointments:
- Chief Executive Officer of Samfilm EHF (SAMfélagið's distribution arm) since 1975
- Chief Executive Officer of SAMcinema (SAMfélagið's cinema arm) since 1975

Eric (Rick) Senat
Non-Executive Director and Senior Independent Director
Age 66

Date appointed to Board:
July 2010

Tenure on Board:
5 years 5 months

Independent:
Yes

Committee memberships:
- Nomination Committee (Chairman)
- Remuneration Committee

Relevant skills, qualifications, and experience:
- Over 40 years' experience in the film industry
- 1976–2001 Warner Bros, becoming Senior Vice President for Business Affairs in Europe. Closely associated with the "Harry Potter" films, "Greystoke", "Batman", "Superman" and many others
- 2001 – 2007 Director of Hammer Film Productions
- 1999 – 2003 Deputy Chair of the British Film Institute
- Solicitor and Bachelor of Law, University College London

Principal external appointments:
- Partner in The Blair Partnership – a literary agency – since 2011
- Non-Executive Director of Pottermore Limited since 2011
- Chairman of the London Film Museum since 2009

Julie Southern
Non-Executive Director
Age 56

Date appointed to Board:
May 2015

Tenure on Board:
7 months

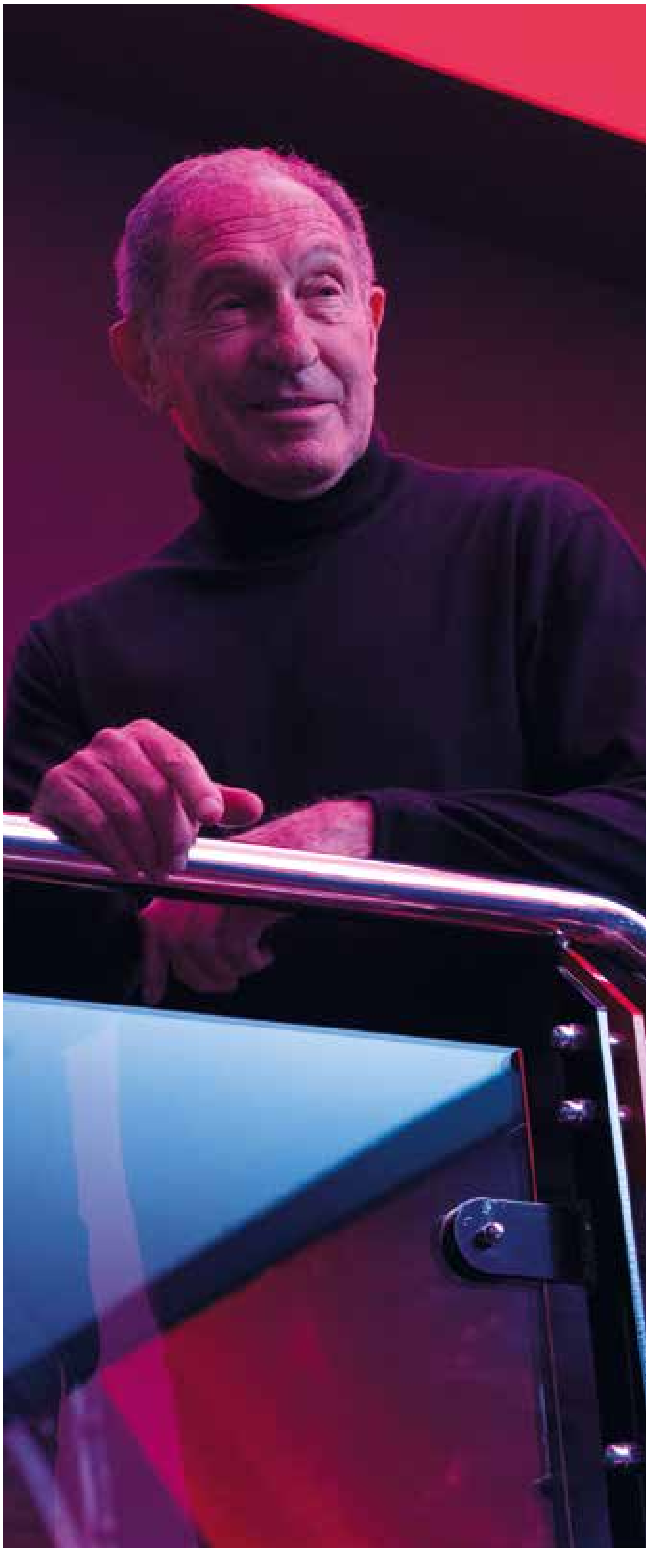
Independent:
Yes

Committee memberships:
- Audit Committee (Chair)
- Remuneration Committee

Relevant skills, qualifications, and experience:
- Experience as a Chief Financial Officer and Chief Commercial Officer, driving strategy, revenue and commercial planning, and working across multiple industry sectors and sizes of organisations
- 2010–2013 Chief Commercial Officer of Virgin Atlantic Airways
- 2000–2010 Chief Financial Officer of Virgin Atlantic Airways
- 1996–2000 Group Financial Director of Porsche Cars GB Ltd
- 1988–1995 Finance Director of H J Chapman & Co
- Chartered Accountant (ICAEW) and graduate of Cambridge University (Economics B.S)

Principal external appointments:
- Non-executive Director and Chair of the Audit Committee at Rentokil-Initial Plc since 2014
- Non-Executive Director and Chair of the Audit Committee at DFS Furniture Plc since 2015
- Non-Executive Director at NXP Semiconductors N.V. since 2013
- Non-Executive Director and Chair of the Nomination and Compensation Committee at Gategroup Holding AG since 2015

Corporate Governance Statement



Introduction

Dear Shareholders

As Chairman of the Company, I am pleased to present our Corporate Governance Statement for 2015.

It has been another full year for the Board and its Committees. In March, we announced that David Maloney and Peter Williams would be stepping down from the Board at the AGM in May, following nine years of service. In their place, we announced that Julie Southern and Alicja Kornasiewicz would be proposed as Independent Non-Executive Directors. Following their election to the Board at the AGM, Julie became Chair of the Audit Committee, and I believe the business is already benefiting greatly from her substantial financial and commercial experience. In addition, Alicja has contributed significantly, reflecting her extensive experience and market knowledge of Central and Eastern Europe, thus further aligning the skillset of the Board with the strategy and recent growth into this geographical area, following Cineworld's combination with Cinema City in 2014.

Following these Board changes, we also announced that Rick Senat, Independent Non-Executive Director, would become the new Senior Independent Director, in place of David Maloney. At the same time, Martina King was appointed Chair of the Remuneration Committee, in place of Peter Williams. Martina has served on the Committee since 2010, and is well placed to take on this important role. Julie also became a member of the Remuneration Committee and Alicja joined the Audit Committee. As a result of the new appointments, I am pleased to note that we now have substantial female representation on the Board.

In June, Philip Bowcock, Chief Financial Officer ("CFO"), left the Board after three and a half years. An executive search is underway for Philip's successor and, in the meantime, the CFO duties have been assumed by Israel Greidinger, our Deputy Chief Executive Officer. Further details of our search for a new CFO are set out in the Nomination Committee Report on page 45.

The Audit Committee has continued with its important task of overseeing the work of external auditor, KPMG LLP, and the internal auditor, PricewaterhouseCoopers LLP ("PwC"), to ensure that consistent and appropriate standards of financial reporting and internal controls are maintained across the Group. Particular focus has been on the area of risk, following the changes under the 2014 UK Corporate Governance Code, and details of our work in this area are set out on pages 47 to 48.

In conclusion, I would like to confirm that the Board remains committed to ensuring that a high standard of corporate governance is continuously maintained throughout the Group, and that we meet the standards required of a FTSE 250 company.

Anthony Bloom
Chairman

Corporate Governance Statement continued

Directors' Statements

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 2014 UK Corporate Governance Code (the "Code") published by the UK Financial Reporting Council in September 2014, and a copy is available on its website www.frc.org.uk. For the period ended 31 December 2015, the Board considers that the Company was compliant with the provisions of the Code.

Going Concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for 12 months from the date of signing these accounts. Thus they continue to adopt the going concern basis in preparing the annual financial statements. In adopting the going concern basis for preparing the financial statements, the Directors have considered the business activities as set out on pages 1 to 34 and the Principal Risks and Uncertainties on page 22. The financial position of the Group, its cash flows, liquidity position and borrowing facilities, as well as the Group's objectives, policies and processes for managing capital, are described on pages 29 to 32. Financial risk management objectives, details of financial instruments and hedging activities, and exposure to credit risk and liquidity risk are described in Note 21.

Viability

The Directors have assessed the viability of the Group over a three year period, taking into account the Group's current position and the potential impact of the Principal Risks and Uncertainties set out on pages 22 to 28. Based on this assessment, the Directors confirm that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to December 2018. For more information on the viability assessment, please see pages 50 to 51 of the Audit Committee Report.

Robust Assessment of Principal Risks

The Directors consider they have undertaken a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. Please refer to pages 22 to 28 for further information on the Company's principal risks and uncertainties, and their impact on the prospects of the Company.

Review of Internal Control and Risk Management

The Directors have carried out a review of internal control and risk management. Please refer to pages 47 to 48 for further information.

Fair Balanced and Understandable

The Directors consider 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 position and performance, business model and strategy. Please refer to page 50.

Application of Code Principles

The table below explains how the Company has applied the main principles of the Code. The information required to be disclosed by the Disclosure and Transparency Rule ("DTR") 7.2.6 is set out in the Directors' Report on pages 75 to 79 and is incorporated into this statement by reference.

A. Leadership

A.1 The Role of the Board

The Board met formally seven times during the year (including a strategy day) and held other meetings on an ad-hoc basis as required. 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 overseeing the Board's setting of strategy. Mooky Greidinger, the Chief Executive Officer, is responsible for leading the day-to-day management of the 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 45 and 46.

B.3 Time Commitment

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 Development

All Directors receive induction training on joining the Board and, as part of the annual effectiveness evaluation, the 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

The Board and its Committees have undertaken an internal evaluation of their respective performances. Details of the evaluations can be found on page 44. An external assessment of the Board's effectiveness will be held in 2016 in accordance with the Code.

B.7 Re-election of Directors

All Directors are subject to shareholder election or re-election at the Annual General Meeting.

C. Accountability

C.1 Financial and Business Reporting

The Strategic Report is set out on pages 1 to 34 and provides information about the performance of the Group, the business model, strategy and the principal 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 50.

C.3 Audit Committee and Auditors

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, the work undertaken by the External Auditor, and the internal audit work of PwC. The Chair of the Audit Committee provides regular updates to the Board.

D. Remuneration

D.1 Level and Components of Remuneration

The Remuneration Committee sets levels of remuneration appropriately 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. Benchmarking exercises are carried out by external advisers to ensure remuneration levels are appropriate.

D.2 Procedure for Development of Remuneration Policy and Setting Remuneration Packages

Details of the work of the Remuneration Committee and the approach to setting the remuneration policy and packages can be found in the Directors' Remuneration Report on pages 54 to 74.

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 members of the Board informally 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 34.

The Board meets regularly at least six times a year and also once for a strategy day. Ad hoc meetings of the Board take place as required. 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; approval of site selection; 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.

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 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/about-us/corporate-governance).

Changes to Membership of the Audit, Nomination and Remuneration Committees

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

	Chair	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

Following the AGM, it was announced on 27 May 2015, that the membership of the Audit, Nomination and Remuneration Committees had changed with effect from 26 May 2015 and became as set out below. It remained the same through to the end of the period:

	Chair	Member	Member
Audit Committee	Julie Southern	Martina King	Alicja Kornasiewicz
Nomination Committee	Rick Senat	Scott Rosenblum	Arni Samuelsson
Remuneration Committee	Martina King	Rick Senat	Julie Southern

All the Committees remained compliant with the Governance Code as regards their membership during the year.

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
Number of meetings in year	7	5	4	2
	Attended	Attended	Attended	Attended
Directors for the whole year				
Anthony Bloom	7/7(1)	5/5(3)	4/4(3)	2/2(3)
Israel Greidinger	7/7	N/A	N/A	N/A
Mooky Greidinger	7/7	N/A	N/A	N/A
Martina King	6/7	5/5	3/4(1)	N/A
Scott Rosenblum	7/7	N/A	N/A	2/2
Arni Samuelsson	7/7	N/A	N/A	2/2
Rick Senat	7/7	N/A	2/2(2)	2/2(1)
Directors appointed				
Alicja Kornasiewicz (appointed 26 May 2015)	5/5(2)	3/3(2)	N/A	N/A
Julie Southern (appointed 26 May 2015)	5/5(2)	3/3(1)(2)	2/2(2)	N/A
Directors leaving during the year				
Philip Bowcock (directorship ceased 9 June 2015)	3/3(5)	N/A	N/A	N/A
David Maloney (directorship ceased 26 May 2015)	1/2(4)	2/2(4)	2/2(4)	1/1(4)
Peter Williams (directorship ceased 26 May 2015)	2/2(4)	2/2(4)	2/2(4)	1/1(4)

(1) Chairman of Board/Board Committee.
(2) Alicja Kornasiewicz and Julie Southern were appointed on 26 May 2015 and Rick Senat became a member of the Remuneration Committee on the same date. There were five Board meetings, three Audit Committee meetings, and two Remuneration Committee meetings between 26 May 2015 and 31 December 2015, so they have each attended the maximum number of relevant meetings.
(3) Anthony Bloom, the Chairman of the Company, attended these meetings by invitation.
(4) David Maloney and Peter Williams ceased to be Directors on 26 May 2015. There had been two Board meetings, two Audit Committee meetings, two Remuneration Committee meetings and one Nomination Committee meeting in the period up to this date.
(5) Philip Bowcock ceased to be a Director on 9 June 2015. There had been three Board meetings in the period up to this date, so he attended the maximum number of meetings.

Corporate Governance Statement continued

Effectiveness

Directors and Directors' Independence

At the start of the year, the Board was composed of ten members, five of whom were considered independent. Scott Rosenblum is not viewed as independent because of his previous business dealings with the Greidinger family and its interests.

On 11 March 2015 it was announced that David Maloney and Peter Williams would be standing down as independent Non-Executive Directors at the 2015 AGM, which was held on 26 May 2015, following nine years of service. At the same time, it was announced that Julie Southern would be proposed as independent Non-Executive Director at the AGM. Following her election at the AGM, Julie became a director, Chair of the Audit Committee and a member of the Remuneration Committee.

On 25 March 2015, it was further announced that Alicja Kornasiewicz would also be proposed as an independent Non-Executive Director at the AGM and, following her election on 26 May, she became a Director and a member of the Audit Committee.

At the same time, Rick Senat became a member of the Remuneration Committee and was appointed Senior Independent Director, in place of David Maloney. The Committee changes were announced on 27 May 2015.

At the end of the period, the Board was composed of nine members, of whom five were considered independent. Scott Rosenblum is not considered independent, as set out above. The names of the Directors at the year-end together with their biographical details are set out on pages 36 and 38.

The terms and conditions of appointment of the 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 54 to 74.

For a FTSE 250 company, which the Company became in May 2014, the 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, Peter Williams, Julie Southern and Alicja Kornasiewicz were, for the period (or the part of the period for which they served), independent Non-Executive Directors.

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.

Rick Senat, the SID, 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 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, performance evaluation questionnaires in respect of the Board, the Audit, the Remuneration, and Nomination Committees, and each individual Director including the Chairman, were circulated. The results of the questionnaires were then collated by the Company Secretary and a summary presented to the relevant Committee and the Board. In the case of the Remuneration Committee, the evaluation was deferred until the beginning of 2016 to allow the newly formed Committee sufficient meetings upon which to comment, given the changes to its composition in the year. The evaluation confirmed that overall the Board and Committee processes were working well. The performance evaluation in 2016 will be carried out with an external facilitator in accordance with the Code.

Re-election

All the Directors will be retiring and will be offering themselves for re-election at this year's AGM, reflecting current best practice under the Code. Biographical details of all the current Directors are set out on pages 36 and 38. In view of the performance evaluation, the Board is satisfied that each Director standing for re-election continues to show the necessary commitment and continues to be an effective member of the Board due to his or her skills, expertise and business acumen.

Chairman's Commitments

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.

Nomination Committee Report
Chairman's Introduction
Dear Shareholders

I am pleased to present our report on the Nomination Committee and its activities during the year.

As you will have noted from the Chairman's letter above, there were a number of changes to our Board and its Committees during the period, with three directors stepping down, and the appointment of two new independent Non-Executive Directors.

Our aim throughout this period has been to ensure that the Company has maintained a strong and effective Board, with appropriate structures for its Committees. A focus on succession planning during the early part of the year in relation to David Maloney and Peter Williams, who had indicated their intention to stand down at the 2015 AGM, allowed for the steady transition in May to the revised Board composition.

The changes to the Board also meant some alterations to the constitution of our Committees in May, as set out in more detail on pages 42.

Subsequent to these changes, our usual Board and Committee evaluations were carried out, and it is pleasing to be able to report that, overall, the results suggest that individuals have settled into their new roles well, and that the Board and Committees are working well.

One further change is my own appointment to the position of Senior Independent Director, on the recommendation of my fellow Committee members. It was a role I was pleased to take over from David, and I look forward to continuing his work in engaging with our shareholders.

June saw the departure of our then current CFO, Philip Bowcock, who left the Company after three and a half years of service. We have instigated an executive search for his replacement, and we expect to make an announcement on this matter shortly. Information on how we recruit is set out in more detail below on pages 46. In the interim period, Israel Greidinger has assumed the responsibilities of the CFO.

Last year in my introductory letter, I noted the Committee's desire to make more progress at a Board level with regard to diversity. It is pleasing that within our approach of appointing the best person for each role on merit, following the appointment of Julie and Alicja in May, we now have thirty-three percent female representation on the Board, together with directors from a range of different countries, cultures, and backgrounds.

Lastly, I would like to thank my fellow members who have served with me on the Committee for their efforts and support. We believe that the revisions during the year have resulted in a Board composition that has evolved in areas that are key to complementing our business strategy, and driving the success of the business.

Rick Senat
Chairman of the Nomination Committee

Corporate Governance Statement continued

Composition
During the year, the Committee comprised three Non-Executive Directors (namely Scott Rosenblum, Arni Samuelsson and Rick Senat). While Arni Samuelsson is considered independent, Scott Rosenblum is not. The majority of the Committee are independent as required by the 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 it 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 terms of reference of the Committee are available on the Company's website (www.cineworldplc.com/about-us/corporate-governance).

The Committee met for two scheduled meetings during the financial year and for other meetings as required on an ad-hoc basis. Due to the important role 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 and diversity issues.

Board Diversity
While the Committee considers diversity 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. Whilst following this policy, as a result of the recruitment of Julie Southern and Alicja Kornasiewicz, there is now over thirty-three percent female representation on the Board.

Recruitment Process for Board Directors
As part of planning for the succession process, the Nomination Committee engaged external search consultancy Odgers Berndtson to assist with the search for appropriately qualified replacements for David Maloney and Peter Williams, who had informed the company that they planned to step down from the Board at the AGM in May 2015.

Following interviews carried out by members of the Committee, the Chairman of the Company, the Chief Executive and the Chief Financial Officer at the time, the Committee recommended to the Board that Julie Southern and Alicja Kornasiewicz should be appointed as Non-Executive Directors and that both should also become members of the Audit Committee, and that Julie should become Chair. It was also recommended that Julie become a member of the Remuneration Committee. The Board agreed with these recommendations and Julie and Alicja were duly elected by shareholders at the AGM, and the Committee changes were announced on 27 May 2015.

Odgers Berndtson, the external search consultancy used for this search, has no connections with the Group or any of its Directors.

At the same time, the 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.

A search for a new CFO is currently underway, and executive search agency, Norman Broadbent has been consulted. Norman Broadbent has no connections with the Group or any of its Directors.

Other Changes
On 27 May 2015, it was announced that Rick Senat was to become the new Senior Independent Director with effect from 26 May 2015 and on 9 June 2015 it was announced that Fiona Smith was to take over from Richard Ray in the role of Company Secretary with effect from 30 June.

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. The detailed work to ensure this, and to substantiate the fair, balanced and understandable statement, is undertaken by the Audit Committee.

Risk Management and Internal Control

The Board has overall responsibility for establishing, monitoring and maintaining an effective system of risk management and internal control. These systems provide 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 Board confirms that, in accordance with the Code:

- there is an on-going and robust process for identifying, evaluating and managing the principal risks faced by the Group (for more details please see Principal Risks and Uncertainties on pages 22 to 28);
- the systems have been in place for the year under review;
- the systems are regularly reviewed by the Executive Directors and Board and are deemed to be effective with no significant weaknesses identified; and
- the systems comply with the FRC guidance on risk management, internal control and related financial business reporting.

During 2015 the Board has directly, and through delegated authority to the executive management team and the Audit Committee, overseen and reviewed the performance and evolution of the approach to risk management and internal control.

Risk Management

The Board, supported by the Audit Committee and the executive management team, has overall responsibility for implementing an effective risk management approach. In January 2015 the Audit Committee approved an updated Risk Management Framework. The framework sets out the policy, oversight structure, accountability, monitoring and reporting of risk within the Group, and facilitates the following objectives for risk management:

- identify, measure, control and report on business risk that will undermine the achievement of the Group strategic objectives, both strategically and operationally, through appropriate analysis and assessment criteria;
- better allocate effort and resources for the management of key and emerging risks;
- drive business improvements and improved intelligence for key decision making; and
- support and develop the Company's reputation as a well governed and trusted organisation.

The application of the key components of the Risk Management Framework have been:

Oversight structure and accountability – the implementation of a risk management oversight and accountability structure has ensured that risk consideration has been undertaken from both a 'top-down' and 'bottom-up' perspective. As a result, the Group has established a Group Strategic Risk Register as well as operational risk registers for Group support functions and cinema operations.

On-going process – the updated risk management process has been consistently applied at both a strategic and operational level. The approach has been focused on risk identification (using cause and effect analysis), inherent and residual risk assessment, key controls identification, and the development and implementation of further mitigation strategies where required. As part of this process, risk appetite is considered for each of the principal risks, allowing the Board to clearly set out the nature and extent of the risk the Group is willing to accept in pursuit of the Group's strategic objectives.

Escalation, monitoring and reporting – a clear escalation criteria is in place to ensure changes to risk exposure are notified up through the governance structure as required. Risk leads are identified for all risks and have the responsibility for ongoing monitoring of the effectiveness of current controls and the progress against the implementation of further mitigating actions.

There is a cycle of on-going monitoring and reporting activities in place with risk information being presented to the Board, Audit Committee, and the executive management team.

Culture – to support embedding the application of the Risk Management Framework into the culture and behaviours of the Group, on-going training and communication has been delivered to develop its risk registers. Details of the Group's principal risks and how they are being managed or mitigated are provided on pages 22 to 28.

Internal Control

Whilst the Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness, it has delegated responsibility for the operation of the system of internal control to the executive management team. The detailed review of internal control has been delegated to the Audit Committee. Senior management within each part of the Group is responsible for internal control and risk management within its own area and for ensuring compliance with the Group's policies and procedures.

Internal Audit – the Audit Committee maintains an internal audit process, carried out by PwC and the in-house Internal Audit team, to review the systems and control procedures throughout the Group. The Internal Audit Plan is a combination of Group wide risk based reviews (providing assurance over the key controls relied upon for the principal risks) as well as specific reviews requested by management.

Corporate Governance Statement continued

During the year, there was an update of the cinema compliance audit programme and the introduction of a self-assessment approach for cinema managers. Each cinema in the Group is risk assessed based on financial, operational and management information to determine which cinemas would be included in the audit programme for the year.

Business Continuity Plans for Head Office are in place with components of the plan being reviewed and tested on a regular basis. A whistleblowing policy is in place to protect members of staff who raise concerns about impropriety, financial or otherwise.

The lead partner of the PwC internal audit team reports directly to the Chair of the Audit Committee and presents the findings of his team at Audit Committee meetings. Progress reports on follow-up remedial actions are reported regularly to the Audit Committee (more details of the Audit Committee's 2015 activities are set on page 50).

The External Auditor provides 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 are reported to both the Audit Committee and the Board.

Operational controls – the Executive Directors on a day-to-day basis have involvement in reviewing the key operations of the business through their interaction with their senior management across the Group and their discussions on operational performance and delivery.

Financial Control – 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 as adopted by the EU or FRS 101, as appropriate, with reasonable assurance and that require reported data to be reviewed and reconciled, with appropriate monitoring internally and by the Audit Committee.

On-going financial performance is monitored through regular reporting to Executive Directors and monthly reporting to the Board. Capital investment and all revenue expenditure is regulated by a budgetary process and authorisation levels, with post-investment and period end reviews as required. 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.

Across all territories, a minimum financial controls checklist is in place for all Finance Directors. On an annual basis they are required to undertake a self-assessment sign-off of these controls which is then followed up by Internal Audit reviews for compliance validation.

Other Assurance Activities – Health and Safety audits continue to take place throughout the year across the Group and customer surveys take place to ensure that customers are receiving the best viewer experience.

The Board is satisfied that for the financial period in question these measures were in place throughout the Group and it complied with the requirements of the Code in this regard.

Audit Committee Report
Chair's Introduction
Dear Shareholders

I am pleased to report on the activities of the Audit Committee (the "Committee") for the first time in my role as Chair. I would like to thank David Maloney for his work until May 2015, and also my fellow Committee members for their support and efforts during the year.

The report sets out details of the activities undertaken by the Committee during the period in order to discharge its responsibilities in relation to supporting the Board in its oversight and monitoring of the robustness and integrity of financial reporting, and in gaining assurance on the effectiveness of the risk management and internal control system.

The Committee's responsibilities in the area of financial reporting require that we consider and report on the significant risks and issues in relation to the financial statements, and consider how these would be addressed. Significant matters that have been identified for the year are the Group's onerous lease provisions, the recognition of the virtual print fee, and the valuation of property, plant and equipment, and our formal position on the issues is set out on page 51.

In response to the introduction of the 2014 edition of the UK Corporate Governance Code ("Code"), the Group has continued to evolve its approach to risk management and internal control, building on the introduction of its Risk Management Framework in 2014. The output of this continued work has been a more enhanced view of the risks faced at an operational level, and the development of a Board view on risk appetite. Both of these elements have contributed to further embedding risk consideration as part of the culture of the Group, and ensuring we have a robust view of our principal risks, including how such risks might affect our business model, future performance, solvency and liquidity.

During 2015, the Committee has also continued to review the effectiveness of the Group's internal control system, using a combination of internal dedicated resources and support from PwC to deliver an assurance programme.

Another area of focus has been the assessment of the viability of the Group over the longer term, and more information on our viability statement is set out on page 50.

Lastly, in February 2016 we instigated a tender process in respect of the 2016 audit. More details of the tender may be found on page 52.

Julie Southern
Chair of the Audit Committee

Corporate Governance Statement continued

Composition

At the start of the year, the Committee comprised three independent Non-Executive Directors (namely David Maloney, Martina King, and Peter Williams). David Maloney and Peter Williams left the Committee in May 2015, and Julie Southern and Alicja Kornasiewicz were appointed as members of the Committee in their place, with Julie becoming Chair. Julie is a chartered accountant and is considered by the Board to have recent and relevant financial experience.

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

Roles and Responsibilities

The Committee has a clear set of responsibilities that are set out in its Terms of Reference, which are available on the Company's website (www.cineworldplc.com/about-us/corporate-governance). 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 integrity of the Annual and Half-Year Reports, including reviewing significant financial judgements therein;
- 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.

What the Committee Did in 2015

The Audit Committee met five times during the year, during which time it:

- 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 External 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;
- monitored the performance of PwC 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 Group;
- monitored the implementation of the Group's internal audit plan for 2015, including implementation of a new risk management framework, our risk-based assurance plan for our financial control environment and our 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, oversaw the Group's relations with the External Auditor and their independence and monitored the effectiveness of the audit process;
- discussed the new requirements for a longer term viability statement and the related assessment work to enable the Board to make such a statement;
- monitored the requirements to tender the audit periodically; and
- reviewed the Committee's terms of reference.

Going Concern

In recommending the adoption of the going concern basis for preparing the financial statements, the Audit Committee considered the business activities, as well as the Group's principal risks and uncertainties, as set out on pages 22 to 28, and the financial position of the Group, its cash flows, liquidity position, and borrowing facilities, as well as the Group's objectives, policies and processes for managing capital, as described on pages 29 to 32 and the financial risk management objectives, details of financial instruments and hedging activities, and exposures to credit risk and liquidity risk as set out in Note 21.

Viability

Part of the Audit Committee's work in the year has been to discuss and consider the new requirement under the Code for a longer term viability statement, and the related assessment work needed in order to enable the Directors to make such a statement.

Following work overseen by the Audit Committee, the Directors have determined that a three year period to 31 December 2018 constitutes an appropriate period over which to provide its viability statement. This is based on the Group's strategic forecast period which is driven by the visibility of the future film slate, the Group's property expansion and renovation plans, investment in technology, and relationships with the film distributors.

The Directors' viability assessment has taken into consideration the potential impacts of the principal risks in the business model, future performance, solvency and liquidity over the period, including principal mitigating actions such as reducing capital expenditure and dividend payments.

In performing our stress-testing the Directors have considered the principal risks identified by the Group, in particular the impact of a fall in revenue, from a reduction in admissions or the average ticket price, either as a result of the deterioration in the film distributor relationships or the availability of quality film slate from the distributors. In performing the stress-test, with a decrease in revenues greater than levels previously experienced by the Group, the Group would still be able to continue to meet its day to day liabilities as they fall due over the period to December 2018.

Whilst this review does not consider all of the risks that the Group may face, the Directors consider that this stress-testing based assessment of the Group's prospects is reasonable in the circumstances of the inherent uncertainty involved. The Directors' Viability Statement is set out on page 40.

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.

(i) 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. 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.

(ii) 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. 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.

(iii) Valuation of Property, Plant and Equipment ("PPE")

As detailed in Note 9 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, 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.

Corporate Governance Statement continued

External Audit
The Committee reviews the appointment of the External Auditor each year before the cycle of audit commences 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.

Effectiveness
During the year, the Committee evaluated the performance and objectivity of KPMG and reviewed their effectiveness as External Auditor. The effectiveness of the 2015 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; and
- the quality of the formal report to shareholders.

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.

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.

Independence
Professional standards normally require the Senior Statutory Auditor ("SSA") to be rotated every five years, which would have meant a new partner being appointed for the audit of the 2014 financial year. As previously disclosed, the Audit Committee considered that in the circumstances of the combination with the business of Cinema City it was necessary to extend the tenure of the SSA in order to safeguard the quality of the external financial statement audit. The Audit Committee therefore requested that the current partner continue in that role, initially for 2014. In 2015, after further consideration, the Committee requested a further extension for the 2015 financial year while the integration of the businesses completed. KPMG agreed to both requests. With the integration complete, subject to the outcome of the audit tender (described more fully below), Mark Summerfield will rotate and be replaced as SSA by Hugh Green. The Committee participated fully in Hugh's selection and believe he has substantial, relevant experience, and would like to thank Mark for his significant contribution over the years.

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

Appointment and Tender
In February 2016, the Audit Committee instigated a tender process for its 2016 audit. The process, which is being overseen by the Audit Committee, is underway at the date of this Annual Report, and the results of the tender will be announced by the Company in due course. As part of the process, the Audit Committee will negotiate and agree the scope of the audit, and the fee. The audit has not been tendered since the Group listed in 2007 and, following the completion of the integration with Cinema City, it was considered to be an appropriate time to proceed with the tender. The Company considers it has complied with the Competition and Markets Authority's Statutory Audit Services Order.

Non-Audit Services
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 (£464,000), pensions advisory services (£90,000), and accounting advisory services (£20,000). 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.

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 three Non-Executive Directors (Martina King, David Maloney, and Peter Williams). David Maloney and Peter Williams left the Committee in May 2015, and Julie Southern and Rick Senat were appointed as members of the Committee in their place. At the same time, Martina King became Chair of the Committee. 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 activities of the Remuneration Committee are covered in the Directors' Remuneration Report on pages 54 to 74, and are incorporated into this Corporate Governance Statement by reference.

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 (now Willis Towers Watson following the merger with Willis in January 2016) as an external adviser in November 2008 and again took advice from them during the year. Willis 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 54 to 74.

The terms of reference of the Committee are available on the Company's website (www.cineworldplc.com/about-us/corporate-governance).

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. Trading updates are typically issued in January and June, as well as during the first and third quarters.

Separate announcements of all material events are made as necessary. In addition to the Chief Executive Officer, Deputy Chief Executive Officer, and the Chief Financial Officer (or acting Chief Financial Officer) who have regular contact with investors over such matters, the Chairman and the Senior Independent Director have met and are available to meet with shareholders as, and when, required. Additionally, the Chief Executive Officer and Chief Financial Officer (or acting 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 Chairs 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
10 March 2016

Directors' Remuneration Report

Annual Statement

Dear Shareholders

As the new Chair of Cineworld's Remuneration Committee (the "Committee"), I am pleased to present our Remuneration Report for 2015, for which we will be seeking your approval at our Annual General Meeting ("AGM") in May 2016.

I would like to thank out-going Chairman, Peter Williams, for his contribution during the first part of the year, together with David Maloney, who also left the Committee in May. To fill the two places, I was pleased to welcome Rick Senat and Julie Southern to the team. Rick, our Senior Independent Director and Chairman of the Nomination Committee, and Julie, Chair of the Audit Committee, both joined the Committee in May.

Activities over the Year

Looking back, it has been another busy period, in many ways linked to the wider integration process of the business following the Company's combination with Cinema City in 2014. As part of our role, we seek to manage remuneration and the Group's incentive schemes with the overarching aim of promoting the strategic objectives of the Group. The goal is to appropriately incentivise and motivate our people to reach the targets set, so as to maximise sustainable shareholder return. Part of our work in the year has therefore been focused on extending our share schemes to teams across the expanded Group, to help ensure that this goal is met.

In addition, while we recognise that our Executive Directors have a significant interest in the shares of the Company, already ensuring a strong alignment with the interests of shareholders, we have continued to give careful consideration to the setting of their personal objectives, which account for 20% of the annual bonus. This is again with the aim of motivating our Executive team suitably, and creating the essential tie between our remuneration policy and the implementation of Group strategy.

Also during the year, the Committee was involved in determining the leaving arrangements of Philip Bowcock, who was Chief Financial Officer until 9 June. Cognisant of all issues involved and, following careful review, we were satisfied with the final arrangements which were reported at the time, more details of which are set out on page 60.

Shareholder Views and Review of Policy

A key factor which guides the Committee's decision-making is the feedback received from shareholders. It is pleasing that, historically, the Committee has received shareholder support for its actions, and I am grateful to our shareholders for this.

At the 2015 AGM, shareholders strongly supported the approval of our implementation report for 2014. This positive vote, together with feedback from shareholders during the consultation undertaken during Peter Williams' chairmanship, led us to decide that no major changes to our Remuneration Policy ("Policy") were necessary this year.

As with last year, we have continued to apply "malus" and "clawback" to our annual bonus and long term incentive plan ("LTIP") in 2015. The Committee has also started the process of developing a new LTIP, to replace the current plan, which expires in 2017.

The Policy was approved at the AGM in 2014. As part of taking on the role of Committee Chair, I offered to meet with our major shareholders in relation to our Policy. I am keen to continue and expand this engagement in the coming year. Our updated Policy will be put to shareholders for approval at the 2017 AGM.

2015 Performance and Remuneration

The Group delivered a successful year of trading in 2015 with total revenue increasing 13.9% to £705.8m (2014: £619.4m), and EBITDA up 22.7% at £155.3m (2014: £126.6m). On a 52 week pro-forma basis, Group revenue has grown by 12.4% and EBITDA by 18.5%. This performance enabled a 29.6% increase in the full year dividend per share. 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 86.6%, 86.6% and 79.7% of base salary for the CEO, Deputy CEO and CFO, respectively (equivalent to the same percentages of maximum opportunity). As EPS performance targets for the PSP were reached over the three year period 2013–2015, there was 100% vesting of awards.

The Remuneration Report

Regarding the full report on our activities below, you will see that there are two other sections. The first part, the Annual Report on Remuneration, describes how the Committee implemented our Policy with regard to the remuneration of Directors in 2015. The second part, the Directors' Remuneration Policy on pages 67 to 74, sets out our Remuneration Policy, which was approved by shareholders at the AGM in 2014 and, as I mention above, remains unchanged (please note that this section has been included for reference purposes and has been re-printed verbatim from the 2013 Annual Report, which is the definitive version of our current Policy, as approved by shareholders. It was also included in our 2013 Remuneration Report, which is available on our website at www.cineworldplc.com/investors/reports-and-presentations/yr-2013).

The Committee has always aimed to be clear and transparent in matters of remuneration and we hope that this report continues this approach and is easy to understand and informative.

Martina King
Chair of the Remuneration Committee

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, Julie Southern and Rick Senat, who are all considered to be independent. The Chair of the Committee was Martina King and the Secretary of the Committee was the Company Secretary. David Maloney and Peter Williams, two other Non-Executive Directors who were also considered to be independent, were members of the Committee until 26 May 2015 when they stepped down as Directors after nine years of service. Julie Southern and Rick Senat were appointed to the Committee in their place. Martina King was a member throughout the 2015 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 Company's 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/about-us/corporate-governance). 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 43. In addition to its scheduled meetings, the Committee met a number of times ad-hoc to deal with specific issues.

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

- reviewing the Chairman's fees and the salaries of the Executive Directors;
- setting the salary of the Company Secretary and reviewing the salaries of the SVPs;
- deciding the targets for the annual bonus scheme;
- making awards under the Performance Share Plan ("PSP") and the Company Share Option Plan ("CSOP"), including consideration of target calibration and award levels;
- reviewing and adjusting the definition of Earnings per Share ("EPS") in the performance conditions attaching to PSP awards;
- reviewing the 2015 AGM voting figures and considering the views of 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 (now Willis Towers Watson following the merger with Willis in early 2016) during the year in relation to the Company's Policy and its implementation in respect of the Chairman, Executive Directors, Company Secretary and SVPs. Willis 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 two meetings during the year at the request of the Committee. Towers Watson's fees for advice to the Committee were £37,159 (2014: £61,500). Willis 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, Willis Towers Watson also provided advice to the Board on the salaries of staff below Board level and holiday arrangements. Willis 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 (Tony Bloom), the Chief Executive Officer (Mooky Greidinger), the Deputy Chief Executive Officer (Israel Greidinger), the Chief Financial Officer (Philip Bowcock until 9 June 2015), the Head of Human Resources (Tara Rooney) and the Company Secretary (Richard Ray until 30 June 2015 and Fiona Smith thereafter), although they did 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 2015

As set out above, David Maloney and Peter Williams, two independent Non-Executive Directors, stepped down as Directors on 26 May 2015, having completed nine years of service. On the same date, Julie Southern and Alicja Kornasiewicz were elected by shareholders as independent Non-Executive Directors. On 9 June 2015, it was announced that Philip Bowcock, the Chief Financial Officer, was stepping down from his position as a Director with immediate effect, and would leave the Group on 31 October 2015.

Details of all the current Executive Directors' contracts, and the Non-Executive Directors' letters of appointment, are set out in the Policy on pages 72 to 74, except for Alicja Kornasiewicz and Julie Southern which are as follows:

Director	Date of appointment	Notice period
Alicja Kornasiewicz	26 May 2015	1 month
Julie Southern	26 May 2015	1 month

Directors' Remuneration Report continued

Remuneration for 2015

This section covers the reporting period from 2 January 2015 to 31 December 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 for reference purposes. Note that the Policy included in this report has been printed verbatim from the 2013 Annual 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 www.cineworldplc.com/investors/reports-and-presentations/yr-2013.

During the period, the 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.

Single Total Figure Table (audited information)

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

	Financial Year	Base salary and fees(5) (£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(4)	2015	375(9)	20(10)	248	4.5	535(3)	15(12)	550	75(11)	1,273
	2014	358	20	249	–	377(7)	9(7)	386	72	1,085
Mooky Greidinger(4)	2015	550	77	476	–	–	–	–	110	1,213
	2014	459	66	349	–	–	–	–	92	966
Israel Greidinger(4)	2015	375	74	325	–	–	–	–	75	849
	2014	313	60	239	–	–	–	–	63	675
Stephen Wiener(4)	2015	–	1	–	–	388(3)	–	388	–	389
	2014	122	12	85	–	462(7)	5(6)	467	25	711
Non-Executive Directors										
Anthony Bloom	2015	175	–	–	–	–	–	–	–	175
	2014	163	–	–	–	–	–	–	–	163
Martina King	2015	56	–	–	–	–	–	–	–	56
	2014	48	–	–	–	–	–	–	–	48
Alicja Kornasiewicz(8)	2015	30	–	–	–	–	–	–	–	30
	2014	–	–	–	–	–	–	–	–	–
David Maloney(8)	2015	30	–	–	–	–	–	–	–	30
	2014	72	–	–	–	–	–	–	–	72
Scott Rosenblum	2015	50	–	–	–	–	–	–	–	50
	2014	42	–	–	–	–	–	–	–	42

(1) See page 58 for details of the other benefits provided to the Executive Directors.
(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 vesting in respect of the period has been calculated using a share price of £5.58, being the average price for the last three months of the period (as PSP will not vest until 15 March 2016), 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 payment to Stephen Wiener will amount to £23,370 and to Philip Bowcock will amount to £32,279.
(4) Philip Bowcock and Stephen Wiener left the Company on 31 October 2015 and 31 March 2014 respectively. Mooky Greidinger and Israel Greidinger joined the Company on 27 February 2014.
(5) Base salaries and fees were increased on 27 February 2014 following completion of the combination with Cinema City and since then have remained the same.
(6) Exercised early so figure reflects actual value received, but relates to the period in question. See page 55 of the 2014 Annual Report for details.
(7) Details of the actual gains made are set out on page 64. The actual figures differ from those in the table above (reflecting the 2014 Annual Report figures) as an estimated value was used of £3.57 a share to calculate the theoretical gain, as the awards/option had not been exercised at that time.
(8) Alicja Kornasiewicz and Julie Southern joined the Board and David Maloney and Peter Williams left on 26 May 2015.
(9) Philip Bowcock left the Company on 31 October 2015 and this figure includes two months' salary paid in lieu of notice amounting to £62,500.
(10) Philip Bowcock left the Company on 31 October 2015 and this figure includes the cost of two months' benefits paid in lieu of notice amounting to £3,066.
(11) Philip Bowcock left the Company on 31 October 2015 and this figure includes two months' pensions allowance paid in lieu of notice amounting to £12,500.
(12) The gain on the CSOP options vesting in respect of the period has been calculated using a share price of £5.52, being the share price on the date of vesting, as at 10 March 2016 they had not been exercised.

	Financial Year	Base salary and fees(5) (£000)	Benefits(1) (£000)	Annual bonus (£000)	Sharesave(2) (£000)	PSP (£000)	CSOP (£000)	Total LTI (£000)	Pension (£000)	Total (£000)
Arni Samuelsson	2015	50	–	–	–	–	–	–	–	50
	2014	42	–	–	–	–	–	–	–	42
Rick Senat	2015	55	–	–	–	–	–	–	–	55
	2014	53	–	–	–	–	–	–	–	53
Julie Southern(8)	2015	39	–	–	–	–	–	–	–	39
	2014	–	–	–	–	–	–	–	–	–
Peter Williams(8)	2015	24	–	–	–	–	–	–	–	24
	2014	59	–	–	–	–	–	–	–	59

(1) See page 58 for details of the other benefits provided to the Executive Directors.
(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 vesting in respect of the period has been calculated using a share price of £5.58, being the average price for the last three months of the period (as PSP will not vest until 15 March 2016), 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 payment to Stephen Wiener will amount to £23,370 and to Philip Bowcock will amount to £32,279.
(4) Philip Bowcock and Stephen Wiener left the Company on 31 October 2015 and 31 March 2014 respectively. Mooky Greidinger and Israel Greidinger joined the Company on 27 February 2014.
(5) Base salaries and fees were increased on 27 February 2014 following completion of the combination with Cinema City and since then have remained the same.
(6) Exercised early so figure reflects actual value received, but relates to the period in question. See page 55 of the 2014 Annual Report for details.
(7) Details of the actual gains made are set out on page 64. The actual figures differ from those in the table above (reflecting the 2014 Annual Report figures) as an estimated value was used of £3.57 a share to calculate the theoretical gain, as the awards/option had not been exercised at that time.
(8) Alicja Kornasiewicz and Julie Southern joined the Board and David Maloney and Peter Williams left on 26 May 2015.
(9) Philip Bowcock left the Company on 31 October 2015 and this figure includes two months' salary paid in lieu of notice amounting to £62,500.
(10) Philip Bowcock left the Company on 31 October 2015 and this figure includes the cost of two months' benefits paid in lieu of notice amounting to £3,066.
(11) Philip Bowcock left the Company on 31 October 2015 and this figure includes two months' pensions allowance paid in lieu of notice amounting to £12,500.
(12) The gain on the CSOP options vesting in respect of the period has been calculated using a share price of £5.52, being the share price on the date of vesting, as at 10 March 2016 they had not been exercised.

Base Salary (audited information)

The base salaries of the Executive Directors are usually 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 with Cinema City ("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 at that point reflected the significant change in size of the Group and its international nature following the Combination. The salaries of the Executive Directors were then not reviewed in July 2014 as has been the Committee's normal practice.

In July 2015 it was agreed that the Executive Directors' salaries would not be increased keeping them at the same level as when they were set in February 2014. Average salaries across the Group were increased 2.5%.

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

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

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

Philip Bowcock was the Chief Financial Officer from the start of the period until 9 June 2015 during which time his annual salary was £375,000.

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 have elected not to participate in this scheme and instead receive a cash pension allowance of 20% of salary.

Directors' Remuneration Report continued

Company pension contributions/allowances for the period were:

	(£000)
Mooky Greidinger:	£110
Philip Bowcock:	£75(1)
Israel Greidinger:	£75

(1) Philip Bowcock stepped down as a Director on 9 June 2015 and left the Group on 31 October 2015. This figure includes two months' pensions allowance paid in lieu of notice.

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	Philip Bowcock(1)	Israel Greidinger	Mooky Greidinger
Car/car allowance	£14,000	£14,000	£14,000
Private medical insurance	£1,487	£Nil	£Nil
Permanent health insurance	£3,384	£3,390	£2,359
Life assurance	£1.011	£16,172	£21,087
Disturbance allowance	N/A	£40,000	£40,000

(1) Philip Bowcock stepped down as a Director on 9 June 2015 and left the Group on 31 October 2015. These benefit figures include two months' costs paid in lieu of notice and the extension of his private medical insurance for two months.

Israel Greidinger and Mooky Greidinger both received a Disturbance Allowance of £40,000 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.

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 the Group's 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 £155.3m representing 105% of budgeted EBITDA. The individual performance element included objectives focused on continuing to drive growth through successful new cinema openings, customer experience, and the development of teams across the business. 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.

Philip Bowcock left the Company's employment on 31 October 2015 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	105% of budgeted EBITDA achieved	Above and Beyond	98.5	550	86.6	86.6	476
Israel Greidinger	105% of budgeted EBITDA achieved	Above and Beyond	67.1	375	86.6	86.6	325
Philip Bowcock	105% of budgeted EBITDA achieved	Achieved	56.0	313	79.7	79.7	248

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

(a) Adjustment to the Definition of EPS for PSP Awards

As a consequence of the combination with Cinema City in February 2014, the definition of Earnings Per Share ("EPS") as used in PSP awards, was reviewed by the Committee and updated so as to ensure that performance conditions continued to operate as intended, and in a fair and appropriate manner. It was agreed that for all past PSP awards which had yet to vest and for those to be made in 2015, in calculating the EPS figure for any year, share-based payments would not be added back and the prevailing tax charge should be used. The Committee was satisfied that the impact of such changes would not be substantial. The same change would also be applied to awards made under the Company Share Option Plan.

(b) Awards Vesting Following the End of the Performance Period Ending in December 2015

Awards under the PSP made in March 2013 are due to vest on 15 March 2016. The performance condition applicable to these awards is summarised below:

EPS growth performance	Vesting level
Less than UK RPI plus 3.0% p.a.	Nil
UK RPI plus 3.0% p.a.	30%
UK RPI plus 8.0% p.a.	100%
Between UK RPI plus 3.0% and UK RPI plus 8.0% p.a.	Straight-line basis

The adjusted diluted EPS figure for the year represented compound average annual growth of 21% 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 pages 63 to 65 of this report.

(c) Awards Made in the Year

Awards were made to the Executive Directors under the PSP in April 2015. 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 with Cinema City, 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. The same approach was taken in 2015. However, to reflect the prevailing circumstances and expectations the thresholds for minimum and maximum vesting were slightly reduced.

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

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") in prior years, however, not in 2015. The CSOP options were in all cases subject to performance conditions identical to those applicable to awards under the PSP and this remains the case. There have not been, and were not in 2015, similar substitutions 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 63 to 65 of this report.

Directors' Remuneration Report continued

Non-Executive Directors' Fees (audited information)

The fees for the Non-Executive Directors were reviewed following completion of the combination with Cinema City in February 2014 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 fees were not increased during 2015.

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	Fees as at 2 January 2015 and 31 December 2015
Chairman	£175,000 p.a.
Senior Independent Director	£10,000 p.a.
Non-Executive Director	£50,000 p.a.(2)
Audit Committee Chair	£15,000 p.a.(1)
Remuneration Committee Chair	£10,000 p.a.
Nomination Committee Chair	£5,000 p.a.
Committee Member	Nil

(1) The fee for Audit Committee Chair was increased to £20,000 p.a. with effect from 1 January 2016.
(2) Base fee.

Loss of Office Payments (audited information)

On 9 June 2015 Cineworld agreed with Philip Bowcock that his employment would end on 31 October 2015 (the "Termination Date"), but he would not be required to attend the office unless specifically requested to do so. During that time he continued to receive salary and benefits in accordance with his service contract and, following the Termination Date, he received an amount equal to two months' salary and benefits (excluding private health cover) in lieu of his remaining notice period totalling £78,000(1). The Company agreed to extend his private health cover until 8 June 2016, which would cease if Philip obtains alternative employment providing such cover. In line with arrangements, he received a time pro-rated bonus for 2015 of £248,000. Details of the bonus are set out on page 58. For the purposes of awards under the PSP, the Committee determined that he was a 'good leaver' given his contribution to the Group, and these would therefore vest on the normal vesting dates, subject to the satisfaction of applicable performance targets, on a time pro-rated basis and adjusted for the value of his CSOP awards. His awards under the CSOP vested and became exercisable from 31 October 2015 on a time pro-rated basis. Further details are set out on page 65. The Company also paid £8,500 plus VAT towards the costs of Philip's legal fees incurred in connection with his cessation of employment. Details of Philip's leaving arrangements were disclosed at the time of his departure on the Company's website.

(1) Payments in lieu of notice: salary £62,500, car allowance £2,333, pension £12,500, permanent health insurance £564, life assurance £169.

Payments to Past Directors

Steve Wiener, a past Director, who left the Company on 31 March 2014, 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. He was also provided with private health cover for himself and his wife throughout the period and it will continue until 31 March 2017. Further details of the cost are set out on page 58. Other than this, and the payments to Philip Bowcock as described above, 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, and directors of Israel Theatres Limited. In relation to these roles, they did not receive any fees.

Directors' Shareholdings at 31 December 2015 (audited information)

	Ordinary Shares	Share options subject to performance conditions[1]	Share options subject to performance conditions[2]	Share options not subject to performance conditions[3]
Executive Directors				
Israel Greidinger	76,626,344[4]	279,204	–	–
Mooky Greidinger	76,626,344[4]	410,684	–	–
Non-Executive Directors				
Anthony Bloom	2,208,006[5]	–	–	–
Martina King	2,563	–	–	–
Alicja Kornasiewicz	–	–	–	–
Scott Rosenblum	10,377	–	–	–
Arni Samuelsson	–	–	–	–
Rick Senat	53,874	–	–	–
Julie Southern	–	–	–	–

(1) Relates to unvested 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. ("GCH"), a connected party of both Mooky Greidinger and Israel Greidinger. Israel Greidinger transferred his entire interest in GCH to a trust for the benefit of his children on 6 September 2015, following which he ceased to be beneficially interested in ordinary shares in the Company.
(5) Shares are held by a nominee for a Jersey-based discretional trust, of which Anthony Bloom is one of the potential beneficiaries.

The interests of Directors and their connected persons in ordinary shares as at 31 December 2015 and 10 March 2016, including any interests in shares and share options provisionally granted under the PSP and CSOP, are presented above.

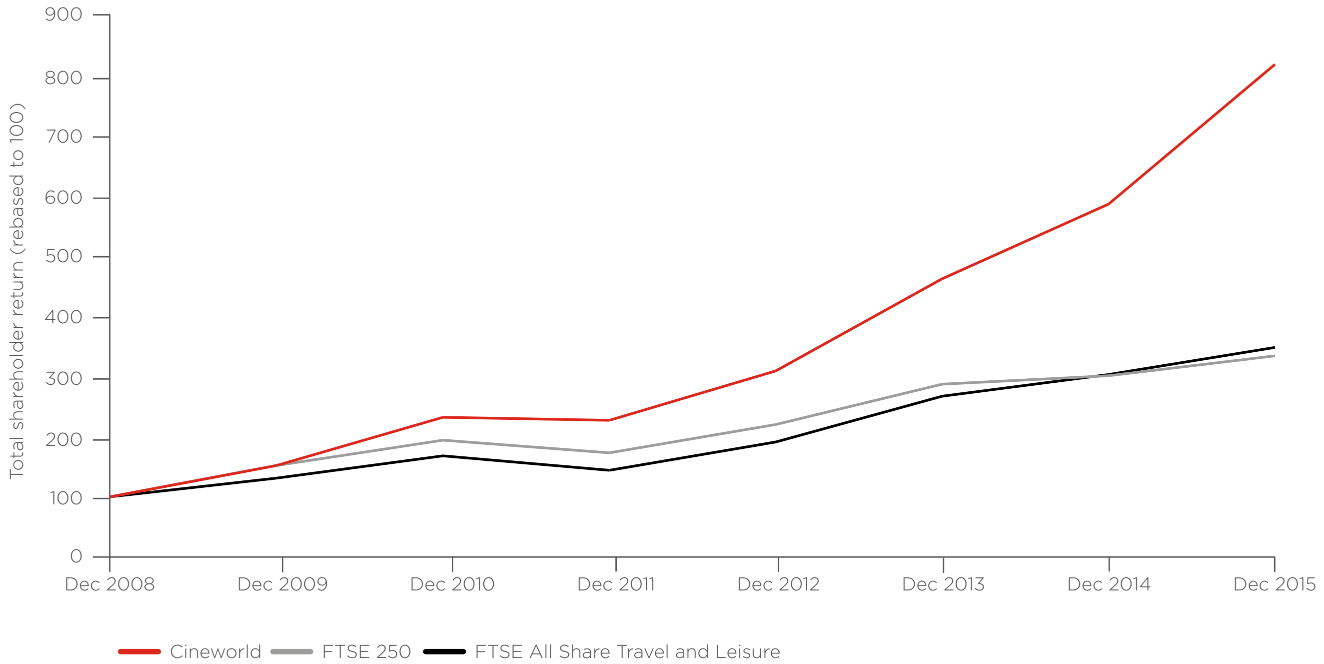
As described in the policy table on page 71, each Executive Director is expected to build up, over a period of time, a holding in shares equal to 100% of their base salary. For the purposes of these guidelines, only beneficially owned shares will count towards the holding.

As at 31 December 2015, Mooky Greidinger met this shareholding requirement through his interest in Global City Holdings N.V. ("GCH"). Israel Greidinger transferred his entire interest in GCH to a trust for the benefit of his children on 6 September 2015 and, following the transfer, ceased to be beneficially interested in ordinary shares in the Company. Therefore, under Cineworld's share ownership guidelines, he will 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, so long as, together with his other connected parties, it does not result in a collective holding of 30% or more of the issued share capital of the Company.

Directors' Remuneration Report continued

Seven-Year Total Shareholder Return 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 seven 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
2015	£1,213	87%	–[2]
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.
(2) Mooky Greidinger, CEO, did not have an LTI which vested in the year. For those who did, the proportion was 100%.

Percentage Increase in CEO remuneration

The percentage changes in the value of salary, non-pension benefits and bonus between 2014 and 2015 for the CEO and employees generally are set out in the table below:

	CEO[1]	Employees generally[2]
Salary	1.8%	2.5%
Non-pension benefits	4.1%	16.8%
Annual bonus	17.3%	28.3%

(1) For 2014, the figures used to calculate the percentages represent a combination of two months of Stephen Wiener who was CEO (up to and including 27 February 2014) and ten months of Mooky Greidinger, as they both held the office of CEO during the period. For 2015 these figures related solely to Mooky Greidinger. Mooky Greidinger's salary has not been increased since his appointment as CEO on 27 February 2014.
(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.

	2015	2014(1)	% change
Staff and Employee Costs	**£98.8m**	£91.7m	8%
Of which, Directors' remuneration costs	**£4.2m**	£3.9m	8%
Corporation tax paid	**£10.4m**	£12.1m	-14%
Dividends paid	**£39.0m**	£26.9m	45%
Retained earnings	**£96.3m**	£34.7m	178%

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

Shareholder Voting Results from 2015 AGM

At the Annual General Meeting ("AGM") of the Company held on 26 May 2015, the resolution to approve the Directors' Remuneration Report was approved on a show of hands. The proxy vote was as set out below. The Directors' Remuneration Policy was not put to the vote as it was approved at the AGM held on 8 May 2014.

	Number of votes	% of votes cast
For	210,217,071	97.29%
Discretionary	15,367	0.01%
Against	5,841,421	2.70%
Total votes cast	216,073,859	100%
Votes withheld(1)	144,205	–

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

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 23 April 2015 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 59.

CSOP: A number of recipients of a PSP had a proportional part of their PSP award replaced by an HMRC approved share option granted under the CSOP. There was no such substitution in respect of the PSP awards granted to any of the Executive Directors during the year.

Sharesave: A further invitation was made to all UK employees to participate in the Sharesave Scheme in April 2015. Of the Executive Directors, only Philip Bowcock participated and details are set out below.

Awards granted or vesting during the year:

Directors' Remuneration Report continued

(a) Cineworld Group Performance Share Plan

Details of awards made and vesting during the period are:

Name of Director	At 2 January 2015	Awarded during year	Vested during year	Exercised during year	Lapsed during year	At 31 December 2015	Exercise Price	Market value at date of exercise[3]	Exercise period[2]	Gain[4]
Current Directors										
Israel Greidinger	–	117,065[1]	–	–	–	117,065	£Nil	–	23/05/18–22/11/18	–
Mooky Greidinger	–	171,696[1]	–	–	–	171,696	£Nil	–	23/05/18–22/11/18	–
Past Directors										
Philip Bowcock	–	117,065[1]	–	–	96,664[8]	20,041	£Nil	–	23/05/18–22/11/18	–
	97,177[5]	–	97,177	97,177[7]	–	–	£Nil	£4.7319	26/03/15–25/09/15	£490,132
Stephen Wiener	119,038[5][6]	–	119,038	119,038[7]	–	–	£Nil	£4.7293	26/03/15–25/09/15	£600,078

(1) Mid-market closing price of a Cineworld Group plc share on 22 April 2015, the day before grant, was £4.805. The face value of the awards to Philip Bowcock, Israel Greidinger and Mooky Greidinger were £562,500, £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 for the awards made in 2015 are set on page 59).
(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 £37,116 for Stephen Wiener and £30,300 for Philip Bowcock.
(5) The entitlement was increased for the Rights Issue in February 2014.
(6) The entitlement was reduced to take account of the fact that Stephen Wiener left on 31 March 2014 so the performance period had not been completed in full.
(7) The performance condition attaching to the grants was satisfied in full.
(8) The entitlement was reduced to take account of the fact that Philip Bowcock left on 31 October 2015 so the performance period will not be completed in full.

Details of the awards vesting in March 2016:

Name of Director	Date awarded	Number awarded	Vesting date	Number vesting	Number lapsing	Exercise price	Exercise period
Past Directors							
Philip Bowcock	15/03/13	92,699[1]	15/03/16	90,176	12,775[2]	£Nil	15/03/16–14/09/16
Stephen Wiener	15/03/13	169,104[1]	15/03/16	65,287	122,519[2]	£Nil	15/03/16–14/09/16

(1) The entitlement was subsequently 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, but there is a reduction to take account of the fact that Philip Bowcock left on 31 October 2015 and Steve Wiener left on 31 March 2014 so the performance period in each case had not been completed in full.

(b) Cineworld Group Company Share Option Plan
No Director was granted an option during the period. Details of options vesting during the period are:

Name of Director	At 2 January 2015	Awarded during year	Vested during year	Lapsed during year	Exercised during year	At 31 December 2015	Exercise price	Market value at date of exercise[8]	Earliest date of exercise[3]	Expiry date	Gain
Past Directors											
Philip Bowcock	5,213[1][4]	–	5,213	–	5,213	–	£1.9179[2]	£5.030	26/03/13	30/04/16[6]	£16,224
	3,983[1][4]	–	3,776	207[5]	–	3,776	£2.5099[2]	–[9]	01/11/15[7]	30/04/16[7]	–[9]
	2,891[1]	–	1,778	1,113[5]	–	1,778	£3.459[2]	–[9]	01/11/15[7]	30/04/16[7]	–[9]

(1) HMRC 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 if applicable.
(3) Subject to satisfaction of the relevant performance conditions (details of which are set out on page 88).
(4) The entitlement was increased for the Rights Issue in February 2014.
(5) The entitlement was reduced to take account of the fact that Philip Bowcock left on 31 October 2015 so the performance period had not been completed in full. However, the Remuneration Committee decided that the performance conditions attaching to the grants were or would be treated as fully satisfied which resulted in 100% and 100% vesting in the two respective grants.
(6) Philip Bowcock left on 31 October 2015 and in accordance with the rules of the plan had six months from his leaving date to exercise.
(7) Philip Bowcock left on 31 October 2015 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 15.03.16 – 14.03.23 and 06.06.17 – 05.06.24 respectively.
(8) The gain has been calculated using the share price realised on the date of exercise being £5.030.
(9) These CSOP options vested on 31 October 2015 but, as at 10 March, they had not been exercised. The share price on vesting was £5.52.

Details of the awards vesting in March 2016:

No Director, past or present, holds a CSOP option which will vest in 2016 financial year.

(c) Cineworld Group Sharesave Scheme
An invitation was issued during the period to all eligible staff including Executive Directors to participate in the Sharesave Scheme in April 2015. Details of the options vesting, granted, and lapsing during the period are set out below:

Name of Director	At 2 January 2015	Awarded during year	Vested during year	Lapsed during year	Exercised during year	At 31 December 2015	Exercise price	Market Value at date of exercise[4]	Earliest date of exercise[1]	Expiry date	Gain
Past Directors											
Philip Bowcock	5,810[1][3]	–	5,810	–	5,810	–	£1.5487[2]	£5.135	01/06/15	30/11/15	£20,829
		4,687[1]	–	4,687[5]		–	£3.84[6]	–	01/07/18	31/12/18	–

(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 from 5,232.
(4) The gain has been calculated using the mid-market closing share price on 4 June 2015, the date the shares were issued, as they were retained by Philip Bowcock and not sold.
(5) Philip Bowcock left on 31 October 2015.
(6) The exercise price represents the average mid-market closing share price for the three business days prior to the invitation date, with a 20% discount applied.

No Sharesave option held by a Director is due to vest in the 2016 financial year.

Implementation of Policy in 2016
For the 2016 financial period, the salaries and other benefits of the Executive Directors have been reviewed in the usual manner. Salary levels for the Executive Directors will be increased by 2.5% from 1 July 2016. Average increases for staff are anticipated to be in the range of 2.5% to 3%.

The maximum annual bonus opportunity will remain at 100% of salary for the Executive Directors. Bonus payments in relation to 2016 will be subject to Committee discretion to apply 'malus' as described on page 58. Following payment, the Committee will retain the discretion to 'claw back' bonuses in the case of misconduct or misstatement of financial results.

Directors' Remuneration Report continued

The face value of awards under the PSP will be 150% of salary. The Committee is considering the calibration of EPS growth targets applicable to PSP awards to be made in 2016, taking into account internal and external performance expectations. The calibration of these targets has not been finalised at the date of this Annual Report. However, 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 with Cinema City, the Committee continues to believe that UK RPI is a less directly relevant factor and will therefore express the targets as absolute growth levels.

For PSP awards from 2016, in addition to the EPS performance condition, the Committee, in its absolute discretion, will need to 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 will retain the absolute discretion to apply 'malus' to unvested awards, by reducing or withholding vesting. Following vesting, the Committee will also retain the discretion to claw back PSP shares in the case of misconduct or misstatement of financial results.

Incorporation by Reference

The sections "The Remuneration Committee and its Role" and "Remuneration Committee Advisers" also form part of the Corporate Governance Statement, and are incorporated into that statement by reference.

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 the 2013 Annual 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.

Directors' Remuneration Policy

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.	Salaries may be adjusted and any increase will ordinarily be (in percentage terms) in line with those across the Group. 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.	Executive Directors' salary levels are agreed on joining and thereafter reviewed annually on 1 July each year(1). 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).

(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.

Directors' Remuneration Report continued

Element and Link to Strategy	Maximum	Operation
Pension To provide market-competitive retirement benefits.	Monthly employer contribution of 20% of basic salary or in the form of a pension allowance.	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. Executive Directors may choose to opt out of the Group scheme and instead receive a cash pension allowance equivalent to 20% of base salary. 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.
Other Benefits To provide market-competitive benefits and support the health and safety of individuals.	The cost to the Group of providing such benefits will vary from year to year in accordance with the cost of insuring such benefits.	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. Benefits are tailored to the individual circumstances of Directors to ensure that overall packages are attractive and additional benefits may be introduced where appropriate. A limited flexible benefits scheme operates for all employees (including Directors) and the intention is to expand it over a period of time.

Element and Link to Strategy	Maximum	Operation
Annual Bonus To incentivise the annual delivery of financial and operational targets.	Maximum opportunity for Executive Directors of 100% of salary.	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. 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. • 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. 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. 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. The performance measures and targets are reviewed annually to ensure alignment to strategy. Bonuses are paid in cash following the approval of the Group Annual Report. 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.

Directors' Remuneration Report continued

Element and Link to Strategy	Maximum	Operation
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.	The maximum award to an individual in any year under the plan rules is 200% of base salary. However, the Remuneration Committee does not currently intend that awards to Executive Directors should exceed 150% of their base salary(3). If it is considering changing this approach, it will consult with key shareholders before doing so.	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. 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. 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. 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. 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. 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. 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. 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.

(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.

Element and Link to Strategy	Maximum	Operation
The Cineworld Group Sharesave Scheme To enable Group employees to become Cineworld shareholders, encouraging alignment and rewarding for Group performance.	The maximum saving level is £250 a month over a three-year term.	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. 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. 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.
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

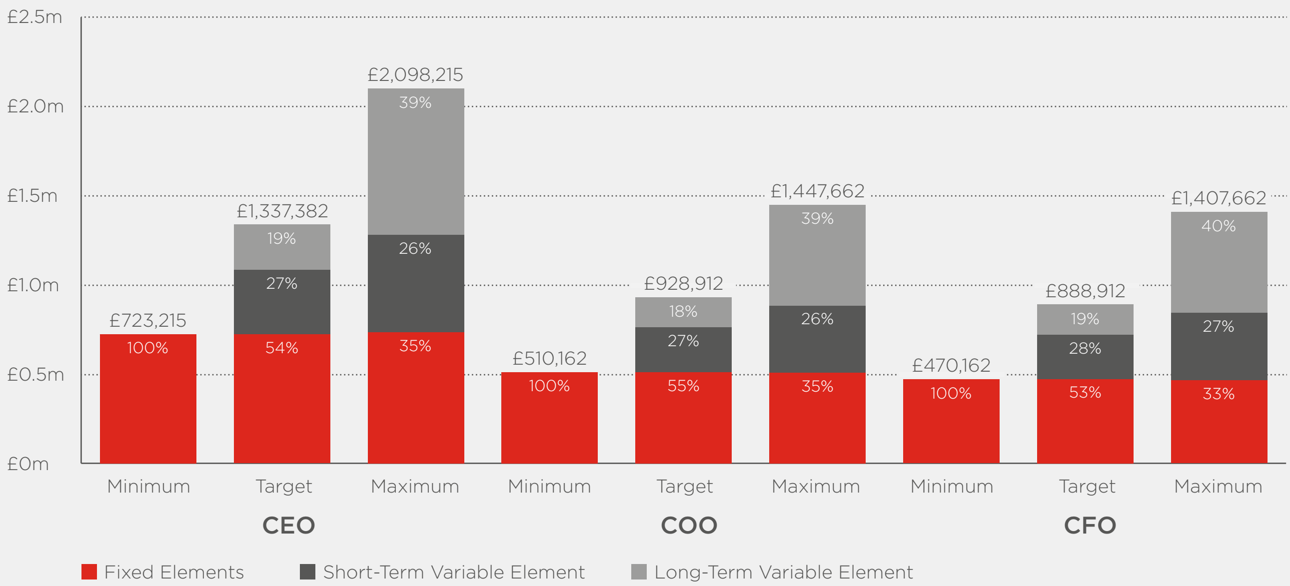
Awards under the PSP, the Sharesave Scheme and the CSOP described in the table above can be satisfied using new issue shares, shares held in treasury or shares purchased in the market in conjunction with the Cineworld Group Employee Benefit Trust (the "Trust"), established by the Company on 24 March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



Directors' Remuneration Report continued

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.

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	• Base salary • Pension contribution • Company car and driver • Entitlement to participate in annual bonus scheme • Life assurance cover • Medical insurance • Permanent health insurance	• 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	• 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	• 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 pro-rated 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

Martina King
Chair of the Remuneration Committee
10 March 2016

Directors' Report

The Directors present their Annual Report and the audited financial statements for the 52 week period ended 31 December 2015. The comparative period is the 53 week period ended 1 January 2015.

Management Report

This Directors' Report, together with the Strategic Report on pages 1 to 34, 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 and certain other information 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
Audit Tendering	Page 52
Corporate Governance Statement	Pages 39 to 53
Corporate Social Responsibility	Pages 33 to 34
Directors' Biographies	Pages 36 to 38
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 21, Page 121
Going Concern Statement	Page 40
Key Performance Indicators	Pages 14 to 15
Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements	Page 80
Viability Statement	Page 40

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.

Results and Dividends

The results for the Group for the 52 week period ended 31 December 2015 are presented under International Financial Reporting Standards ("IFRS") as adopted by the EU and applicable law. However, the Company has elected to prepare its financial statements in accordance with UK Accounting Standards, including the FRS 101 Reduced Disclosure Framework. The results for the period are set out in the Group Consolidated Statement of Profit or Loss on page 84.

An interim dividend of 5p per share was paid on 2 October 2015. The Directors are recommending a final dividend of 12.5p per share which, if approved by the shareholders at the Annual General Meeting ("AGM"), will be paid on 7 July 2016 to shareholders on the register on 10 June 2016.

Events Affecting the Company Since Year End

There have been no significant events affecting the Company since the end of the period.

Financial Risk Management

The Board of Cineworld Group plc regularly reviews the financial requirements of the Group and the risks associated therewith. Full details are set out at Note 21 to the financial statements, and are incorporated into this Directors' Report by reference.

Funding and Liquidity

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 29 to 32. 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. Such sections are incorporated into this Directors' Report by reference.

International Operations

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

Substantial Shareholdings

At 31 December 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.[(2)]	76,626,344	29.0	Direct
Mawer Investment Management Limited	21,140,961	7.98	Direct
BlackRock, Inc	17,626,511[(3)]	6.64[(3)]	Indirect
Aviva plc	10,698,450	4.06	Direct and Indirect
Royal London Asset Management Limited	10,596,114	3.99	Direct

(1) Percentages are stated as at the time of notification. The total number of voting rights at 31 December 2015 was 265,232,321.
(2) Global City Holdings N.V. is majority owned by the Greidinger Family and family trusts. Shares are held by Global City Holdings N.V.(GCH), a connected person of both Moshe Greidinger and Israel Greidinger. Israel Greidinger transferred his entire interest in GCH to a trust for the benefit of his children on 6 September 2015.
(3) 1,345,761 (0.5%) of this figure represents qualifying financial instruments and financial instruments with similar economic effect to qualifying financial instruments.

Directors' Report continued

No notifications were received in the period from 1 January 2016 up to 10 March 2016 (the last practicable date to include such notifications).

Major Shareholder Voting Arrangements

Global City Holdings N.V. ("GCH") is interested in aggregate in 29% of the rights to vote at general meetings of the Company. The Company and GCH 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 GCH will be on arm's length terms. The restriction on the disposal of ordinary shares in the Company by GCH has now expired, but there is 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 20 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.

Articles of Association

The Company's Articles of Association ("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 26 May 2015, shareholders gave authority for the allotment of shares up to an aggregate nominal value of £1,761,900 subject to certain conditions. This authority will expire at the 2016 AGM of the Company or on 25 August 2016, whichever is earlier.

Between 2 January 2015 and 31 December 2015, a total of 1,371,656 shares were issued. Further details of the 1,371,656 ordinary shares issued in the period in this respect are set out in Note 20 to the financial statements.

At the AGM held on 26 May 2015, shareholders gave authority for the purchase of up to 39,616,000 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 on notification of their availability).

Directors' Interests

Director	Ordinary shares held directly		Ordinary shares held by companies in which a Director has a beneficial interest or is a connected party	
	2 January 2015	31 December 2015	2 January 2015	31 December 2015
Anthony Bloom			2,158,006	2,208,006(1)
Israel Greidinger			76,626,344	76,626,344(2)
Mooky Greidinger			76,626,344	76,626,344
Martina King	2,563	2,563		
Alicja Kornasiewicz	-	-		
Scott Rosenblum	10,377	10,377		
Arni Samuelsson	-	-		
Rick Senat	26,937	53,874		
Julie Southern	-	-		

(1) Shares are held by a nominee for a Jersey based discretional trust, of which Mr Bloom is one of the potential beneficiaries.
(2) Shares are held by Global City Holdings N.V.(GCH), a connected person of both Mooky Greidinger and Israel Greidinger. Israel Greidinger transferred his entire interest in GCH to a trust for the benefit of his children on 6 September 2015, following which he ceased to be beneficially interested in ordinary shares in the Company.

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.

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. 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. In accordance with best practice, however, all the Directors are retiring and are offering themselves for re-election this year at the AGM.

Following the Board evaluation process undertaken in November 2015, 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 between the Company and GCH (described further in the Major Shareholder Voting Arrangements section above), GCH 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 Directors' remuneration, and information on their service contracts, are set out in the Directors' Remuneration Report on pages 54 to 74.

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 63 to 66. No rights to subscribe for shares in or debentures of other 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 other than the Company and there have been no changes to Directors' share interests between 31 December 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 24 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 pages 55 and 72 to 74 and in Note 24 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.

Directors' Report continued

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 33 to 34. 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.

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.

Emissions Included

Mandatory emissions sources as specified by the Environmental Reporting Guidelines published by the Department for Environment, Food and Rural Affairs ("Defra") have been included in this report (see also 'Estimates and Exclusions' below).

Table 1 shows Defra's stated mandatory areas for reporting and how the stated categories apply to the Group.

Table 1: Reporting Requirements

Ref	Defra requirement	Relevance
A1	Fuel combustion (stationary)	Natural gas (heating)
A2	Fuel combustion (mobile)	Owned transport (fleet)
B	Facility operation: process emissions	N/A
B	Facility operation: fugitive emissions	F-gases: refrigeration & aircon
C	Purchased electricity, heat, steam, cooling	Electricity only

GHG Emissions Data
The GHG emissions for the Group for the calendar year to 31 December 2015 are shown in Table 2 below in tonnes of carbon dioxide equivalent (tCO_2e).

Table 2: 2015 GHG Emissions

Ref	Category	tCO_2e 2014	tCO_2e 2015
A1	Fuel combustion (stationary)	16,506	**18,330**
A2	Fuel combustion (mobile)	745	**922**
B	Facility operation	4,893	**3,242**
C	Purchased electricity	117,009	**132,798**
Total		139,153	**155,292**

Estimates and Exclusions
A minimal amount of estimated data was used for electricity and gas emissions for some UK meters for December 2015. This affects under 0.1% of total emissions.

Data on fugitive emissions from CCI jurisdictions other than Czech Republic and Poland were not available and are excluded from the emissions figures given above. These combined omissions are estimated to represent less than 1% of total group 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 220.0 tonnes CO_2e per £m turnover.

For comparison, 2014's emissions were 139,153 tonnes CO_2e at an intensity of 224.7 tCO_2e/£m.

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 2015 update.

Emissions factors for fuels use scope 3 well-to-tank upstream additions 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 Picturehouse Central, Corner of Great Windmill Street and Shaftesbury Avenue, Piccadilly, London W1D 7DH at 10.30am on 19 May 2016 is contained in the AGM circular. Details of all the resolutions to be proposed are set out in the AGM circular.

Auditor and Tender
At the date of this Annual Report, a tender process is underway in respect of the Company's 2016 audit ("Tender"). If KPMG LLP "KPMG" is re-selected pursuant to the Tender, or if the Tender does not complete prior to the posting of the Company's Notice of AGM, KPMG 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. KPMG will subsequently resign if not re-selected pursuant to the Tender. If the Tender does complete prior to the posting of the Company's Notice of AGM, and the selected Auditor is not KPMG, then such resolutions will relate to the newly selected Auditor.

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 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.

By order of the Board

F Smith
Company Secretary
Cineworld Group plc
10 March 2016

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, including FRS 101 *Reduced Disclosure Framework.*

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 judgements 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.

Responsibility statement of the directors in respect of the annual financial report

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 company and the undertakings included in the consolidation taken as a whole; and
- the directors' 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.

We consider 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 position and performance, business model and strategy.

Israel Greidinger
Deputy Chief Executive Officer
10 March 2016

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 52 week period ended 31 December 2015 set out on pages 84 to 135. 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 31 December 2015 and of the Group's profit for the 52 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, including FRS 101 Reduced Disclosure Framework; 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:

Onerous lease provisions (£5.6m)
Refer to page 49 (Audit committee report), page 95 (accounting policy) and page 120 (financial disclosures).

- The risk: The Group provides for an onerous lease when it considers that the unavoidable cost of the lease obligation from operating a cinema is in excess of the expected economic benefits, but where continuing to operate the cinema is rational because it contributes towards mitigating the impact of that unavoidable cost. There is a risk that the provision may be misstated if inappropriate estimates and assumptions are applied in the valuation model.

- The onerous lease provision is revisited annually using a valuation model to determine whether any further provision or release is required. Estimating future operating cash flows at a cinema level requires consideration of current and expected market conditions both nationally and locally. The value of the provision is particularly sensitive to the assumptions used in relation to the discount rate and to forecast revenues. The latter is mainly because: the Group has no direct control over the films released for distribution; there is limited visibility over the release schedule more than 12 months into the future; and there can be variation in performance of the films over the diverse geographic footprint of the Group.

- Our response: Our principal audit procedures included challenging the operating cash flow forecast of each cinema for which a provision has been made by considering the forecast cash flows against historical cash flow trends and assessing the basis for and impact of both expected changes in market conditions and the future plans of the business. We also considered the appropriateness and accuracy of the valuation model, including assessing the key assumptions driving revenue growth and the discount rate against our internal and external benchmark data; and considered likely sensitivities and their quantum by adjusting the input assumptions. We further considered the adequacy of the Group's disclosure around the degree of estimation involved in arriving at the provision and the level of sensitivity of the provision to changes in the input assumptions.

Carrying value of property, plant and equipment (£345.4m) ***Refer to page 49 (Audit committee report), page 91 (accounting policy) and pages 103 to 104 (financial disclosures).***

- The risk: The carrying value of property, plant and equipment balances at an individual cinema level may not be recoverable through future cash flows as local factors, such as increased competition, can materially affect site performance. The key sensitivities in the calculation are the assumptions used in calculating the discount rate and the difficulties in accurately predicting the performance of sites operated by the Group. As explained in the Onerous lease provision risk above, there is inherent uncertainty involved in forecasting revenues. Given this uncertainty and the number of sites across the Group, this is deemed to be one of the Group's key judgement areas.

- Our response: Our principal audit procedures included challenging the cinema cash flow forecasts by comparing them against historical performance trends, together with assessing the basis for and impact of both expected changes in market conditions and the future plans of the business. We considered the underlying assumptions within the forecasts, including comparing revenue growth and discount rates against our internal and external benchmark data. We assessed management's sensitivity analysis and the resulting headroom on the value-in-use estimates across all cinemas and considered the appropriateness of the associated disclosures.

Recognition of Virtual Print Fee ("VPF") income (£11.1m)
Refer to page 49 (Audit committee report), page 95 (accounting policy).

- The risk: VPF income is recognised on an accruals basis, dependent on the number and type of screenings made using digital display equipment. The terms of the VPF contract in the UK that determine when revenue can be recognised include requirements regarding the number, type, timing and overlap of screenings; as such the calculation of the accrual is complex. This complexity is enhanced by the large volume of screening data and the limitations of the Group's information systems, which require manual intervention to fully reflect the contract terms.

  Further, a third party is involved in agreeing the level of income due to the Group. The need for clarification on interpretation, data mismatches and processing delays have historically led to differences between the third party and the Group's income calculations. This results in a six month gap between the income being recognised and the balances being fully reconciled with the third party supplier. This delay means the size of the year end accrual is significant.

  There is an added complexity in this year as the maximum eligible amount that can be earned under the contract has almost been reached. This requires the Group to agree the final amount due by demonstrating both the total amount eligible to be reclaimed per screen under the terms of the agreement and the amount previously reclaimed. There is a risk that the amount recognised may differ from the final third party calculation. VPF income is therefore deemed to remain one of the Group's key judgement areas.

Independent Auditor's Report continued
to the Members of Cineworld Group plc only

Our response: Our principal audit procedures included: testing the Group's controls over the VPF data collection and recognition process; assessing, in comparison to information received from the third party supplier, the accuracy and detail of the Group's screening information; and considering the accuracy of the prior period accrued income by reference to receipts during the year. We considered the appropriateness of the level of income recognised by reference to the terms of the VPF agreement and by calculating the expected income.

In relation to the finalisation of the contract, we inspected supporting documentation, including correspondence with the third party supplier and the terms of the original contract, to compare the amounts under discussion with the total revenue expected to be recognised over the life of the contract. As final agreement over the total amount due under the contract has not yet been reached, we also considered the adequacy of the disclosure over the degree of estimation involved in determining the income accrued pending final agreement and the period remaining revenue under the contract is expected to be recognised.

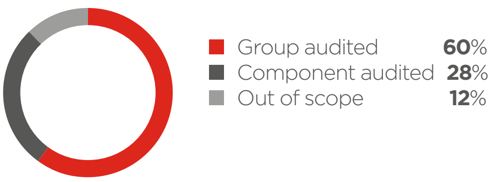
3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £3.5m (2014: £2.7m). This has been determined with reference to a benchmark of Group profit before taxation (of which it represents 3.5% (2014: 4% of Group profit before taxation)).

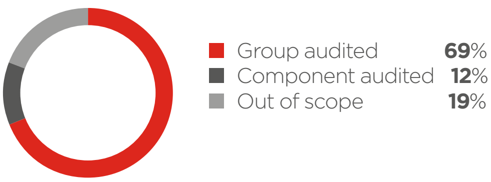
We report to the Audit Committee any corrected and uncorrected identified misstatements exceeding £175,000 (2014: £135,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Scoping and Coverage

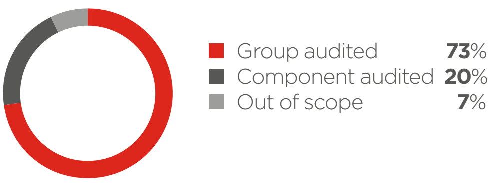
Group Revenue (%)



Group Profit Before Taxation (%)



Group Total Assets (%)



The Group operates in nine countries across the UK and Ireland, 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 88% of total Group revenue; 81% 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 was no significant risk of material misstatement within these.

The work was performed by component auditors across four components in Poland; Israel; Hungary and Romania, and by the Group audit team for the UK.

The Group team instructed the KPMG component auditors as to the significant areas to be covered (including 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 component materiality, which was set at £2.6m (2014: £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 Hungary and Romania to assess the audit risk and strategy and gain an understanding of the local finance environment. Meetings were held between the auditors of components and the Group audit team throughout the audit. At the planning stage these meetings focussed on the audit approach, while during the fieldwork and reporting stage they focused on the findings and observations reported to the Group audit team. All findings 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;
- 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; and
- the information given in the Corporate Governance Statement set out on pages with respect to internal control and risk management systems in relation to financial reporting processes and about share capital structures is consistent with the financial statements.

5 We have nothing to report on the disclosures of principal risks

Based on the knowledge we acquired during our audit, we have nothing material to add or draw attention to in relation to:

- the directors' statement of long term viability on page 40, concerning the principal risks, their management, and, based on that, the directors' assessment and expectations of the group's continuing in operation over the three years to 31 December 2018; or
- the disclosures in note 1 of the financial statements concerning the use of the going concern basis of accounting.

6 We have nothing to report in respect of the matters on which we are required to report by exception
Under ISAs (UK and 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 position and 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 auditor
- a Corporate Governance Statement has not been prepared by the Company.

Under the Listing Rules we are required to review:
- the directors' statements, set out on page 40, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 35 to 53 relating to the company's compliance with the eleven provisions of the 2014 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 80, 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
10 March 2016

Consolidated Statement of Profit or Loss
for the Period Ended 31 December 2015

	Note	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Revenue	2	**705.8**	619.4
Cost of sales		**(504.3)**	(438.9)
Gross profit		**201.5**	180.5
Other operating income	3	**8.7**	2.0
Administrative expenses		**(107.1)**	(106.5)
Operating profit	4	**103.1**	76.0
Analysed between:			
Operating profit before depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets		**155.3**	126.6
• Depreciation and amortisation	4	**(49.4)**	(46.6)
• Onerous leases and other non-recurring charges	4	**1.7**	1.9
• Impairments and reversals of impairments	4	**(9.0)**	1.0
• Transaction and reorganisation costs	4	**(1.9)**	(6.9)
• Profits on disposals of assets classified as held for sale		**6.4**	–
Finance income	7	**8.7**	6.6
Finance expenses	7	**(12.1)**	(15.2)
Net finance costs		**(3.4)**	(8.6)
Share of loss of jointly controlled entities using equity accounting method, net of tax		**-**	(0.1)
Profit on ordinary activities before tax		**99.7**	67.3
Tax charge on profit on ordinary activities	8	**(18.4)**	(12.8)
Profit for the period attributable to equity holders of the Company		**81.3**	54.5
Basic earnings per share (pence)	5	**30.7**	22.1
Diluted earnings per share (pence)	5	**30.4**	21.9

The Notes on pages 89 to 135 are an integral part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income
for the Period Ended 31 December 2015

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Profit for the period attributable to equity holders of the Group	**81.3**	54.5
Items that will not subsequently be reclassified to profit or loss		
Remeasurement of the defined benefit asset	**0.2**	1.6
Tax recognised on items that will not be reclassified to profit or loss	**-**	(0.4)
Items that will subsequently be reclassified to profit or loss		
Movement in fair value of cash flow hedge	**1.1**	0.8
Net change in fair value of cash flow hedges recycled to profit or loss	**-**	1.9
Foreign exchange translation loss	**(16.9)**	(34.1)
Tax recognised on income and expenses to be reclassified to profit or loss	**-**	0.1
Other comprehensive loss for the period, net of income tax	**(15.6)**	(30.1)
Total comprehensive income for the period attributable to equity holders of the Group	**65.7**	24.4

Consolidated Statement of Financial Position

at 31 December 2015

	Note	31 December 2015 £m	31 December 2015 £m	1 January 2015 £m	1 January 2015 £m
Non-current assets					
Property, plant and equipment	9		**345.4**		297.6
Goodwill	10		**539.3**		552.8
Intangible assets	10		**52.5**		59.8
Investments in equity-accounted investee	11		**0.6**		0.5
Other receivables	14		**6.1**		6.0
Employee benefits	18		**10.5**		8.6
Deferred tax assets	12		**-**		13.5
Total non-current assets			**954.4**		938.8
Current assets					
Inventories	13	**9.2**		7.7	
Trade and other receivables	14	**67.8**		61.3	
Assets classified as held for sale	15	**-**		1.5	
Cash and cash equivalents		**62.5**		37.4	
Total current assets			**139.5**		107.9
Total assets			**1,093.9**		1,046.7
Current liabilities					
Interest-bearing loans, borrowings and other financial liabilities	16	**(15.7)**		(24.8)	
Trade and other payables	17	**(141.8)**		(110.7)	
Current taxes payable		**(8.4)**		(8.5)	
Bank overdraft		**-**		(2.1)	
Provisions	19	**(4.7)**		(6.6)	
Total current liabilities			**(170.6)**		(152.7)
Non-current liabilities					
Interest-bearing loans, borrowings and other financial liabilities	16	**(292.0)**		(292.4)	
Other payables	17	**(67.0)**		(57.1)	
Government grants		**(1.8)**		(1.8)	
Provisions	19	**(18.5)**		(21.2)	
Employee benefits	18	**(1.3)**		(1.0)	
Deferred tax liabilities	12	**(8.0)**		(14.2)	
Total non-current liabilities			**(388.6)**		(387.7)
Total liabilities			**(559.2)**		(540.4)
Net assets			**534.7**		506.3
Equity attributable to equity holders of the Group					
Share capital	20		**2.7**		2.6
Share premium			**295.7**		294.9
Translation reserves	20		**(49.3)**		(32.4)
Merger reserve			**207.3**		207.3
Hedging reserves	20		**0.3**		(0.8)
Retained earnings			**78.0**		34.7
Total equity			**534.7**		506.3

These financial statements were approved by the Board of Directors on 10 March 2016 and were signed on its behalf by:

Mooky Greidinger
Director

Israel Greidinger
Director

Consolidated Statement of Changes in Equity

for the Period Ended 31 December 2015

	Issued capital £m	Share premium £m	Merger reserve £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Balance at 26 December 2013	1.5	188.2	–	1.7	(1.9)	4.4	193.9
Profit for the period	–	–	–	–	–	54.5	54.5
Amounts reclassified from equity to profit and loss in respect of cash flow hedges	–	–	–	–	1.9	–	1.9
Other comprehensive income							
Items that will not subsequently be reclassified to profit or loss							
Remeasurement of the defined benefit asset	–	–	–	–	–	1.6	1.6
Tax recognised on items that will not be reclassified to profit or loss	–	–	–	–	–	(0.4)	(0.4)
Items that will subsequently be reclassified to profit or loss							
Movement in fair value of cash flow hedge	–	–	–	–	(0.8)	–	(0.8)
Retranslation of foreign currency denominated subsidiaries	–	–	–	(34.1)	–	–	(34.1)
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	–	0.1	0.1
Contributions by and distributions to owners							
Dividends	–	–	–	–	–	(26.9)	(26.9)
Movements due to share-based compensation	–	–	–	–	–	1.4	1.4
Issue of shares	1.1	106.7	207.3	–	–	–	315.1
Balance at 1 January 2015	**2.6**	**294.9**	**207.3**	**(32.4)**	**(0.8)**	**34.7**	**506.3**
Profit for the period	–	–	–	–	–	81.3	81.3
Other comprehensive income							
Items that will not subsequently be reclassified to profit or loss							
Remeasurement of the defined benefit asset	–	–	–	–	–	0.2	0.2
Tax recognised on items that will not be reclassified to profit or loss	–	–	–	–	–	–	–
Items that will subsequently be reclassified to profit or loss							
Movement in fair value of cash flow hedge	–	–	–	–	1.1	–	1.1
Retranslation of foreign currency denominated subsidiaries	–	–	–	(16.9)	–	–	(16.9)
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	–	–	–
Contributions by and distributions to owners							
Dividends	–	–	–	–	–	(39.0)	(39.0)
Movements due to share-based compensation	–	–	–	–	–	0.8	0.8
Issue of shares	0.1	0.8	–	–	–	–	0.9
Balance at 31 December 2015	**2.7**	**295.7**	**207.3**	**(49.3)**	**0.3**	**78.0**	**534.7**

Consolidated Statement of Cash Flows
for the Period Ended 31 December 2015

	Note	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Cash flow from operating activities			
Profit for the period		**81.3**	54.5
Adjustments for:			
Financial income	7	**(8.7)**	(6.6)
Financial expense	7	**12.1**	13.3
Net change in fair value of cash flow hedges reclassified from equity	7	**–**	1.9
Taxation	8	**18.4**	12.8
Share of loss of equity-accounted investee		**–**	0.1
Operating profit		**103.1**	76.0
Depreciation and amortisation	4	**49.4**	46.6
Non-cash property charges		**(5.7)**	(2.5)
Impairments and reversals of impairments	4	**9.0**	(1.0)
Surplus of pension contributions over current service cost	18	**(1.6)**	(1.6)
Increase in trade and other receivables		**(8.3)**	(3.4)
Increase in inventories		**(1.5)**	(0.8)
Increase/(decrease) in trade and other payables		**32.1**	(7.0)
Decrease in provisions and employee benefit obligations		**(0.2)**	(8.1)
Cash generated from operations		**176.3**	98.2
Tax paid		**(10.4)**	(12.1)
Net cash flow from operating activities		**165.9**	86.1
Cash flow from investing activities			
Interest received		**0.3**	0.2
Acquisition of subsidiaries net of acquired cash		**–**	(278.5)
Acquisition of property, plant and equipment		**(88.6)**	(48.1)
Proceeds from disposal of property, plant and equipment		**8.0**	0.7
Net cash flow from investing activities		**(80.3)**	(325.7)
Cash flow from financing activities			
Proceeds from share issue		**0.9**	107.4
Dividends paid to shareholders		**(39.0)**	(26.9)
Interest paid		**(9.4)**	(10.4)
Repayment of bank loans		**(98.6)**	(202.2)
Proceeds from bank loans		**89.3**	392.9
Payment of finance lease liabilities		**(0.9)**	(0.7)
Net cash from financing activities		**(57.7)**	260.1
Net increase in cash and cash equivalents		**27.9**	20.5
Exchange losses on cash and cash equivalents		**(2.8)**	(2.1)
Cash and cash equivalents at start of period		**37.4**	19.0
Cash and cash equivalents at end of period		**62.5**	37.4

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 standards including FRS 101 Reduced Disclosure Framework; these are presented on pages 129 to 135.

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 Statement on pages 8 to 9 and the Risks and Uncertainties section on pages 22 to 28. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on pages 29 to 32. 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 16 to the financial statements).

As part of the combination with Cinema City, the Group entered into a five-year facility in January 2014 which was used to part finance the combination, repay the pre-combination facilities of both Cineworld and Cinema City and fund the general working capital requirements of the Group. The facility included term loans of £165.0m and €132.0m and revolving credit facilities of £75.0m and €60.0m. In June 2015, the first pre-payments were made to the term loans, reducing the liabilities to £157.5m and €126.0m.

On 29 July 2015 Cineworld Group plc signed an amendment and extension to its existing banking facility which was effective immediately upon signing and extends the facility to June 2020. As a result, the term loans were reduced from £157.5m and €126.0m to £130.0m and €63.0m. The Group now has a single multi-currency revolving credit facility of £190.0m.

The facility remains subject to the existing 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 for at least 12 months from the approval date of the financial statements, 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.

Notes to the Consolidated Financial Statements continued

1. Accounting Policies continued

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.

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

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

The Group defines EBITDA as reported in the Consolidated Statement of Profit and Loss as Operating profit before depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets.

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

Adjusted profit after tax is arrived at by applying an effective tax rate to adjusted profit before tax.

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.

1. Accounting Policies continued

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.

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

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.

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 acquire) 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.

Notes to the Consolidated Financial Statements continued

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.

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 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 intangible 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.

Reversals of Impairment

An impairment loss in respect of goodwill is not reversed.

1. Accounting Policies continued

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.

Notes to the Consolidated Financial Statements continued

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 and services:

- 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.
- Distribution revenue is recognised on the date of the showing of the film it relates to.
- 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 and profit on disposals of fixed assets. 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 property 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.

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 sensitive to the assumptions in respect of future cash flows. 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 19).

Virtual Print Fees

A Virtual Print Fee ("VPF") is recognised as a discount from the cost the Group pays for film rental and reflects the cost saving to the studios of the move to digital. The income recognition criteria in respect of the VPF received in the UK is complex as it includes the number, type and timing of screenings.

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 in the UK will not be received from 2017 onwards.

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 (see Note 10).

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 sensitive to the assumptions in respect of future cash flows. 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 9).

Notes to the Consolidated Financial Statements continued

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 18.

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.

New Standards and Interpretations

The accounting policies adopted are consistent with those of the previous financial year. The following standards, amendments and interpretations were adopted for the period ended 31 December 2015 and have not had a material impact on the consolidated financial statements of the Group.

- Annual improvements to IFRSs
- Amendment to IAS 19, 'Employee benefits'
- IFRIC 21, 'Levies'

The Group is currently assessing the impact of the following standards and interpretations which have been issued but which are not effective at 31 for the period ended 31 December 2015. These standards and interpretations have not been adopted early.

- IFRS 9, 'Financial Instruments'
- IFRS 15, 'Revenue from Contracts with Customers'
- IFRS 16, 'Leasing'

2. Operating Segments

In 2014 the combination with Cinema City Holdings B.V. led to the Group Board (the "CODM") realigning its management information. This change gave rise to the inclusion of the additional operating segment, Central and Eastern Europe and Israel ("CEE & Israel"). During 2015, following the completion of the review by the Competition and Markets Authority on the acquisition of Picturehouse, Picturehouse has now been integrated into the wider UK business. As such the performance of Cineworld and Picturehouse is now reported together as "UK & Ireland". The Group now has therefore determined that is has two operating segments: UK and Ireland and Central and Eastern Europe and Israel (CEE & I).

	UK & Ireland £m	CEE & I £m	Total £m
52 weeks to 31 December 2015			
Total revenues(1)	465.9	239.9	705.8
EBITDA	95.7	59.6	155.3
Segmental operating profit	71.3	31.8	103.1
Net finance costs	(3.0)	(0.4)	(3.4)
Depreciation and amortisation	25.6	23.8	49.4
Profit before tax	**68.3**	**31.4**	**99.7**
Non-current asset additions – property, plant and equipment	57.7	41.9	99.6
Non-current asset additions – intangible assets	–	5.0	5.0
Investment in equity accounted investee	0.6	–	0.6
Non-current asset – goodwill	236.2	303.1	539.3
Onerous leases and other non-recurring charges	(1.6)	(0.1)	(1.7)
Impairments and reversals of impairments	6.3	2.7	9.0
Transaction and reorganisation costs	1.7	0.2	1.9
Segmental total assets	**519.4**	**574.5**	**1,093.9**
53 weeks to 1 January 2015			
Total revenues(1)	425.3	194.1	619.4
EBITDA	78.8	47.8	126.6
Segmental operating profit	47.4	28.6	76.0
Net finance costs	(7.6)	(1.0)	(8.6)
Depreciation and amortisation	25.0	21.6	46.6
Share of loss of jointly controlled entities using equity method, net of tax	(0.1)	–	(0.1)
Profit before tax	**39.7**	**27.6**	**67.3**
Non-current asset additions – property, plant and equipment	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
Non-current asset – goodwill	236.2	316.6	552.8
Onerous leases and other non-recurring charges	(1.5)	(0.4)	(1.9)
Impairments and reversals of impairments	(1.0)	–	(1.0)
Transaction and reorganisation costs	6.9	–	6.9
Segmental total assets	**489.7**	**557.0**	**1,046.7**

(1) All revenues were received from third parties.

Notes to the Consolidated Financial Statements continued

2. Operating Segments continued

Entity Wide Disclosures

Revenue by country	52 week period ended 31 December 2015 Total £m	53 week period ended 1 January 2015 Total £m
United Kingdom & Ireland	**465.9**	425.5
Israel	**52.0**	36.4
Poland	**78.0**	70.8
Bulgaria	**11.0**	9.1
Romania	**30.3**	23.1
Hungary	**39.0**	30.6
Slovakia	**6.7**	6.2
Czech Republic	**22.9**	17.7
Total revenue	**705.8**	619.4

UK & Ireland

Revenue by product and service provided	52 week period ended 31 December 2015 Total £m	53 week period ended 1 January 2015 Total £m
Box office	**311.9**	288.7
Retail	**107.2**	99.2
Other	**46.8**	37.6
Total revenue	**465.9**	425.5

CEE & Israel

Revenue by product and service provided	52 week period ended 31 December 2015 Total £m	53 week period ended 1 January 2015 Total £m
Box office	**139.7**	110.5
Retail	**55.5**	42.7
Other	**44.7**	40.7
Total revenue	**239.9**	193.9

3. Other Operating Income

	52 week period ended 31 December 2015 Total £m	53 week period ended 1 January 2015 Total £m
Rental income	**2.3**	1.8
Other income	**–**	0.2
Profits on disposals of assets classified as held for sale	**6.4**	–
Total other operating income	**8.7**	2.0

4. Operating Profit

Included in operating profit for the period are the following:

	52 week period ended 31 December 2015 Total £m	53 week period ended 1 January 2015 Total £m
Depreciation (see Note 9)	**38.4**(1)	37.3(1)
Impairments (see Notes 9 and 10)	**9.0**(1)	0.3(1)
Reversals of impairments (see Notes 9 and 10)	**-**	(1.3)(1)
Amortisation of intangibles (see Note 10)	**11.0**(1)	9.3(1)
Onerous leases and other non-recurring charges	**(1.7)**(1)	(1.9)(1)
Transaction and reorganisation costs	**1.9**(1)	6.9(1)
Hire of other assets – operating leases	**80.8**(2)	77.2(2)

(1) Included in administrative expenses.
(2) £0.9m (2014: £0.4m) is included in administrative costs. The balance is included in cost of sales.

In 2015 there is a gain of £2.0m (2014: £4.6m) on onerous leases following changes in trading assumptions, net of other non-recurring charges made related to provisions of £0.3m (2014: these related to provisions of £2.0m and development costs incurred of £0.7m).

In 2015 transaction and reorganisation costs include £1.9m relating the integration of head office functions and redundancy costs. In 2014 transactions and reorganisation costs include £5.5m relating to the acquisition of Cinema City Holdings B.V. and £1.4m of reorganisation and redundancy costs.

The total remuneration of the Group auditor, KPMG LLP, and its affiliates for the services to the Group is analysed below.

	52 week period ended 31 December 2015 Total £m	53 week period ended 1 January 2015 Total £m
Auditor's remuneration:		
Group – audit	**753**	591
Company – audit	**6**	6
Amounts received by auditors and their associates in respect of:		
– Audit of financial statements pursuant to legislation	**759**	597
– Audit related assurance services	**86**	86
– Tax compliance services	**90**	57
– Tax advisory services	**464**	206
– Other assurance services	**-**	75
– All other services	**20**	55

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.

Notes to the Consolidated Financial Statements continued

5. Earnings Per Share continued

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Earnings attributable to ordinary shareholders	**81.3**	54.5
Adjustments:		
Amortisation of intangible assets(1)	**4.2**	5.4
Transaction and reorganisation costs	**1.9**	6.9
Impairments and reversals of impairments	**9.0**	(1.0)
Onerous lease cost and other non-recurring charges	**(1.7)**	(1.9)
Exceptional finance charges(2)	**–**	2.6
Impact of foreign exchange translation gains and losses(3)	**(3.9)**	(4.3)
Profit on disposal of assets classified as held for sale	**(6.4)**	–
Adjusted earnings	**84.4**	62.2
Tax effect of above items	**(0.6)**	(1.0)
Adjusted profit after tax	**83.8**	61.2

	52 week period ended 31 December 2015 Number of shares (m)	53 week period ended 1 January 2015 Number of shares (m)
Weighted average number of shares in issue	**264.7**	246.3
Basic and adjusted earnings per share denominator	**264.7**	246.3
Dilutive options	**2.5**	2.4
Diluted earnings per share denominator	**267.2**	248.7
Shares in issue at period end	**267.2**	263.9

	Pence	Pence
Basic earnings per share	**30.7**	22.1
Diluted earnings per share	**30.4**	21.9
Adjusted basic earnings per share (rights adjusted)(4)	**31.7**	24.6
Adjusted diluted earnings per share (rights adjusted)(4)	**31.4**	24.4

(1) Amortisation of intangible assets includes amortisation of the fair value placed on brands, customer lists, distribution relationships, and advertising relationships as a result of the Picturehouse acquisition and Cinema City business combination. It does not include amortisation of purchased distribution rights (which totalled £6.5m (2014: £3.9m).

(2) Exceptional finance charges of £2.6m in 2014 included £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, no such charges were incurred in 2015.

(3) Net foreign exchange gain included within earnings comprises of £7.7m foreign exchange gain recognised on translation of the Euro term loan at 31 December 2015 and £3.8m foreign exchange losses recognised on translating overseas operations into the reporting currency of the Group.

(4) 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.

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 2015	Number of staff 2014
Head office	**624**	636
Cinemas	**8,682**	8,043
	9,306	8,679

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.

6. Staff Numbers and Costs continued

The aggregate payroll costs of these persons were as follows:

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Wages and salaries	**88.6**	82.6
Social security costs	**7.8**	6.7
Other pension costs – defined contribution	**0.6**	0.8
Share-based payments (see Note 18)	**1.8**	1.6
	98.8	91.7

See pages 54 to 74 for details of Directors' remuneration.

7. Finance Income and Expense

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Interest income	**0.3**	0.3
Net foreign exchange gain	**8.0**	6.0
Defined benefit pension scheme net finance income (Note 18)	**0.4**	0.3
Finance income	**8.7**	6.6
Interest expense on bank loans and overdrafts	**9.3**	10.2
Amortisation of financing costs	**1.3**	1.8
Unwind of discount on onerous lease provision	**0.8**	1.2
Unwind of discount on market rent provision	**0.4**	(0.7)
Interest charge as a result of change in discount rate relating to onerous lease provisions	**–**	(0.1)
Other financial costs	**0.3**	0.9
Finance expense	**12.1**	13.3
Amounts reclassified from equity to profit or loss in respect settled of cash flow hedges	**–**	1.9
Total finance expenses	**12.1**	15.2
Net finance costs	**3.4**	8.6

Recognised Within Other Comprehensive Income

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Movement in fair value of interest rate swap	**1.1**	0.8
Foreign exchange translation (loss)	**(16.9)**	(34.1)
Finance expense	**(15.8)**	(33.3)

8. Taxation

Recognised in the Income Statement

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Current tax expense		
Current year	**11.2**	13.7
Adjustments in respect of prior years	**–**	(0.1)
Total current tax expense	**11.2**	13.6
Deferred tax expense		
Current year	**7.2**	–
Adjustments in respect of prior years	**–**	(0.8)
Total tax charge in income statement	**18.4**	12.8
Effective tax rate	**18.5%**	19.0%
Current year effective tax rate	**18.5%**	20.3%

Notes to the Consolidated Financial Statements continued

8. Taxation continued

Reconciliation of Effective Tax Rate

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Profit before tax	**99.7**	67.3
Tax using the UK corporation tax rate of 20.25% (2014: 21.5%)	**20.2**	14.5
Differences in overseas tax rates	**(2.2)**	(2.2)
Permanently disallowed depreciation	**1.9**	1.1
Other permanent differences	**(1.5)**	0.2
Adjustments in respect of prior years	**–**	(0.9)
Increase in unrecognised deferred tax assets	**–**	0.1
Effect of change in statutory rate to 20% (2014: 20%) on deferred tax	**–**	–
Total tax charge in income statement	**18.4**	12.8

During the period there was a deferred tax debit of £Nil (2014: £0.4m) recognised directly in other comprehensive income. In the prior year this related 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 12.

Factors that May Affect Future Tax Charges

As at 31 December 2015 the Group had potential UK tax assets relating to the following:

- Capital losses of approximately £8.7m (2014: £8.7m).

A deferred tax asset has not been recognised in respect of UK 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.

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 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. This will reduce the Group's future current tax charge accordingly. The UK deferred tax assets and liabilities at 31 December 2015 have been calculated based on these rates.

As at 31 December 2015 the Group had potential overseas tax assets relating to the following:

- Trading losses of approximately £7.1m.
- Other temporary differences of approximately £10.2m.

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.

The Group operates in nine countries and is subject to a wide range of tax laws and regulations. At any point in time it is normal for there to be a number of open years in any particular territory which may be subject to enquiry by local tax authorities. The group considers estimates, assumptions and judgements to be reasonable but this can involve complex issues which can take years to resolve. The final determination of prior year tax liabilities could be different from the estimates reflected in the financial statements.

9. 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 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
Additions	21.0	15.5	24.1	39.0	99.6
Disposals	(2.2)	(4.4)	(6.9)	–	(13.5)
Transfers	37.1	5.0	10.1	(52.2)	–
Effects of movement in foreign exchange	(2.3)	(3.1)	(1.3)	0.4	(6.3)
Balance at 31 December 2015	**188.2**	**121.8**	**159.1**	**10.6**	**479.7**
Accumulated depreciation and impairment					
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
Charge for the period	7.3	15.5	15.6	–	38.4
Disposals	(0.3)	(2.6)	(7.5)	–	(10.4)
Effects of movement in foreign exchange	(1.4)	(1.9)	(1.7)	–	(5.0)
Impairments	4.7	1.8	2.5	–	9.0
Balance at 31 December 2015	**44.1**	**41.4**	**48.8**	**-**	**134.3**
Net book value					
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
At 31 December 2015	**144.1**	**80.4**	**110.3**	**10.6**	**345.4**

Land and buildings are made up of short leasehold properties encompassing leasehold improvements and freehold properties.

The net book value of assets held under a finance lease is:

	31 December 2015 £m	1 January 2015 £m
The net book value of assets held under finance leases comprised		
Opening net book value	**7.1**	5.0
Depreciation charge	**(0.3)**	(0.2)
Closing net book value	**6.8**	4.8

The above assets held under finance leases relate to 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. Interest of £1,209,000 (2014: £89,000) 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.

Notes to the Consolidated Financial Statements continued

9. Property, Plant and Equipment continued

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
United Kingdom	**11.36%**	11.12%
Israel	**17.28%**	16.53%
Poland	**13.10%**	11.70%
Bulgaria	**15.27%**	15.98%
Romania	**16.69%**	17.31%
Hungary	**17.78%**	16.54%
Slovakia	**15.66%**	16.21%
Czech Republic	**15.48%**	15.01%

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. The £2.7m impairment loss, recognised in the CEE & Israel operating segment, was caused by trading not reaching expectations for the foreseeable future in relation to three cinema sites. Of the £6.3m impairment loss recognised in the UK and Ireland operating segment, £5.6m relates to development costs incurred on a site for which an onerous lease provision is in place, the remaining £0.7m was caused by trading not reaching expectations for the foreseeable future in relation to one cinema site.

The key assumptions used in the cash flow projections for the purpose of the impairment review are as follows:

	UK & Ireland		CEE & Israel	
	52 week period ended 31 December 2015 %	53 week period ended 1 January 2015 %	52 week period ended 31 December 2015 %	53 week period ended 1 January 2015 %
Discount rate	**11.36**	11.12	**(N/A)(1)**	(N/A)(1)
EBITDAR growth rate(2)	**3.00**	3.00	**3.00**	3.00
Property cost growth rate	**3.00**	3.00	**3.00**	3.00

(1) Individual discount rates for each operating territory have been used, a summary is disclosed above.
(2) Flat growth rate assumptions are used for projections on established sites. For new sites, where a flat growth would not accurately reflect market conditions, more detailed growth assumptions are used for the first five years.

2016 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 2.0% per annum from year 3 onwards.

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 life of the property lease or the intangible assets to which the cash flow relates

Impairment Reversals

A review of future cashflows for previously impaired cinema sites did not identify improvement in trading performance sufficient to recognise a reversal of impairment.

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 first five years and in the discount rates would be as follows:

	£m
Potential impairment if business plan growth rates reached 75% assumptions used above	5.3
Potential impairment if property cost growth rates were increased by 1% for first five years	0.6
Potential impairment if discount rate was increased by 1%	2.1

10. Intangible Assets

	Goodwill £m	Brand £m	Distribution rights £m	Other intangibles £m	Total £m
Cost					
Balance at 26 December 2013	244.6	16.5	–	–	261.1
Acquisition of subsidiary undertakings	336.3	24.3	17.2	11.5	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	19.7	10.7	631.0
Additions	–	–	4.9	0.1	5.0
Effects of movement in foreign exchange	(13.5)	(0.7)	(0.5)	(0.7)	(15.4)
Balance at 31 December 2015	**547.7**	**38.7**	**24.1**	**10.1**	**620.6**
Accumulated amortisation and impairment					
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
Amortisation	–	2.7	6.5	1.8	11.0
Effects of movement in foreign exchange	–	–	(0.3)	(0.3)	(0.6)
Balance at 31 December 2015	**8.4**	**8.1**	**9.7**	**2.6**	**28.8**
Net book value					
At 26 December 2013	236.2	13.8	–	–	250.0
At 1 January 2015	552.8	34.0	16.2	9.6	612.6
At 31 December 2015	**539.3**	**30.6**	**14.4**	**7.5**	**591.8**

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 Cinema City CGUs are considered on a territory basis, the territories being Poland (2015: £85.3m, 2014: £90.4m), Israel (2015: £52.6m, 2014: £50.3m), Hungary (2015: £40.3m, 2014: £43.0m), Romania (2015: £85.8m, 2014: £91.9m), Bulgaria (2015: £13.1m, 2014: £13.9m), Czech (2015: £22.8m, 2014: £23.7m) and Slovakia (2015: £3.2m, 2014: £3.4m).

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 five-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 the CGU operates.

The key assumptions used in the cash flow projections for the purpose of the impairment review are as follows:

	UK & Ireland		CEE & Israel	
	52 week period ended 31 December 2015 %	53 week period ended 1 January 2015 %	**52 week period ended 31 December 2015 %**	53 week period ended 1 January 2015 %
Discount rate	**11.36**	11.12	**(N/A)(1)**	(N/A)(1)
EBITDA growth rate	**2.00**	3.00	**2.00**	3.00

(1) Individual discount rates for each operating territory have been used, a summary is disclosed in Note 9.

2016 forecast EBITDA, as defined in Note 1, was used as the basis of the future cash flow calculation.

Cineworld and Picturehouse have discounted forecast flows using a pre-tax discount rate of 11.36% (2014: 11.12%) 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 territory CGU (see note 10), 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 goodwill impairment tests including the discount rate and under both the base case and sensitised cases no indicators of impairment exist. Management believe that any reasonably possible change in the key assumptions on which recoverable amounts are based would not cause the carrying value to exceed its recoverable amount for any CGU's assessed.

Notes to the Consolidated Financial Statements continued

10. Intangible Assets continued

Amortisation Charge

The amortisation of intangible assets is recognised in the following line items in the income statement:

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Administrative expenses	**11.0**	9.3

11. 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.

	31 December 2015 £m	1 January 2015 £m
Cost	**0.9**	0.9
Share of post acquisition reserves	**(0.3)**	(0.3)
	0.6	0.6
Share of post tax loss	**–**	(0.1)
Carrying value	**0.6**	0.5

Summary aggregated financial information on jointly controlled entities – 100%:

	31 December 2015 £m	1 January 2015 £m
Current assets	**31.5**	20.0
Non-current assets	**1.7**	2.0
Current liabilities	**(22.8)**	(16.4)
Non-current liabilities	**(11.0)**	(6.1)
Net liabilities	**(0.6)**	(0.5)
Income	**65.3**	52.8
Expenses	**(65.3)**	(52.9)
Net loss	**–**	(0.1)

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.

12. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2015 £m	1 January 2015 £m	**31 December 2015 £m**	1 January 2015 £m	**31 December 2015 £m**	1 January 2015 £m
Property, plant and equipment	**0.3**	2.4	**(2.1)**	(4.7)	**(1.8)**	(2.3)
Intangible assets	**-**	–	**(6.8)**	(7.8)	**(6.8)**	(7.8)
Employee benefits	**1.0**	1.0	**(2.1)**	(1.7)	**(1.1)**	(0.7)
Reverse premiums	**-**	1.8	**-**	–	**-**	1.8
Effect of straight-lining operating lease accruals	**-**	5.5	**-**	–	**-**	5.5
Onerous lease	**0.2**	0.7	**-**	–	**0.2**	0.7
Market rent	**0.6**	0.2	**-**	–	**0.6**	0.2
Interest rate swap	**0.5**	0.5	**-**	–	**0.5**	0.5
Tax losses	**0.4**	1.4	**-**	–	**0.4**	1.4
Tax assets/(liabilities)	**3.0**	13.5	**(11.0)**	(14.2)	**(8.0)**	(0.7)
Set off tax	**(3.0)**	(11.5)	**3.0**	11.5	**-**	–
Net tax assets/(liabilities)	**-**	2.0	**(8.0)**	(2.7)	**(8.0)**	(0.7)

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:

	1 January 2015 £m	Recognised in income £m	Recognised in equity £m	Forex £m	**31 December 2015 £m**
Property, plant and equipment	**(2.3)**	0.6	–	(0.1)	**(1.8)**
Intangible assets	**(7.7)**	0.9	–	–	**(6.8)**
Employee benefits	**(0.7)**	(0.4)	–	–	**(1.1)**
Reverse premiums	**1.8**	(1.8)	–	–	**-**
Effect of straight-lining operating lease accruals	**5.4**	(5.4)	–	–	**-**
Onerous lease	**0.7**	(0.5)	–	–	**0.2**
Market rent	**0.2**	0.4	–	–	**0.6**
Interest rate swap	**0.5**	–	–	–	**0.5**
Tax losses	**1.4**	(1.0)	–	–	**0.4**
Tax liabilities	**(0.7)**	(7.2)	–	(0.1)	**(8.0)**

13. Inventories

	31 December 2015 £m	1 January 2015 £m
Goods for resale	**9.2**	7.7

Goods for resale recognised in cost of sales in the period amounted to £45.5m (2014: £40.0m).

STRATEGIC REPORT

GOVERNANCE

FINANCIAL STATEMENTS

Notes to the Consolidated Financial Statements
continued

14. Trade and Other Receivables

Current	31 December 2015 £m	1 January 2015 £m
Trade receivables	**23.5**	22.6
Other receivables	**7.5**	3.4
Other property receivables	**–**	0.1
Prepayments and accrued income	**36.8**	35.2
	67.8	61.3

Non-current	31 December 2015 £m	1 January 2015 £m
Other property receivables	**4.6**	4.6
Land lease premiums	**0.9**	0.9
Loan to jointly controlled entity	**0.6**	0.5
	6.1	6.0

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 25.

The Virtual Print Fee accrued income balance recognised at the year end of £3.5m (2014: £4.0m) is included within the prepayments and accrued income. The balance is accrued based on the number of relevant film screenings during the period.

15. 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 in 2014 and divested assets in Cambridge on 29 January 2015.

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.

	31 December 2015 £m	1 January 2015 £m
Assets classified as held for sale		
Property, plant and equipment	**–**	1.5

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

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

	31 December 2015 £m	1 January 2015 £m
Non-current liabilities		
Interest rate swaps	**0.6**	1.8
Unsecured bank loan, less issue costs of debt to be amortised	**285.3**	283.9
Liabilities under finance leases	**6.1**	6.7
	292.0	292.4
Current liabilities		
Interest rate swaps	**1.0**	0.9
Unsecured bank loans, less issue costs of debt to be amortised	**14.0**	23.2
Liabilities under finance leases	**0.7**	0.7
	15.7	24.8

16. Interest-Bearing Loans and Borrowings and Other Financial Liabilities continued

The terms and conditions of outstanding loans were as follows:

	Currency	Nominal interest rate	Year of maturity	31 December 2015 Face value £m	31 December 2015 Carrying amount £m	1 January 2015 Face value £m	1 January 2015 Carrying amount £m
Unsecured bank loan – 1	GBP	LIBOR +1.65%	2020	**256.2**	**252.4**	209.0	206.0
Unsecured bank loan – 2	EURO	EURIBOR +1.65%	2020	**44.1**	**43.5**	102.8	101.1
Unsecured bank loan – 3	NIS	2.6%	2020	**3.4**	**3.4**	–	–
Finance lease liability – 1	GBP	7.2%	2029	**6.2**	**6.2**	6.4	6.4
Finance lease liability – 2	EURO	6.5%	2021	**0.6**	**0.6**	0.9	0.9
Total interest bearing liabilities				**310.5**	**306.1**	319.1	314.4

See Note 21 for bank loan maturity analysis.

Finance Lease Liabilities

The maturity of obligations under finance leases is as follows:

	31 December 2015 £m	1 January 2015 £m
Within one year	**0.8**	0.7
Between one and two years	**0.8**	0.6
In the second to fifth years	**2.6**	2.7
Over five years	**6.4**	7.4
	10.6	11.4
Less future finance charges	**(3.8)**	(4.0)
	6.8	7.4

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 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)
Cash flows	27.9	2.1	1.9	1.0	–	32.9
Non-cash movement	–	–	(1.8)	(0.4)	1.1	(1.1)
Effect of movement in foreign exchange rates	(2.8)	–	7.7	–	–	4.9
At 31 December 2015	**62.5**	**–**	**(299.3)**	**(6.8)**	**(1.6)**	**(245.2)**

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

Notes to the Consolidated Financial Statements
continued

17. Trade and Other Payables

	31 December 2015 £m	1 January 2015 £m
Current		
Trade payables	**33.9**	28.3
Other payables	**24.8**	7.5
Accruals and deferred income	**83.1**	74.9
	141.8	110.7

	31 December 2015 £m	1 January 2015 £m
Non-current		
Accruals and deferred income	**67.0**	57.1
	67.0	57.1

Non-current accruals and deferred income include reverse-lease premiums and an accrual for straight-lining operating leases.

18. 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.

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 £0.6m as at 31 December 2015 (2014: £0.5m).

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 31 December 2015. Total contributions for the 52 weeks ended 31 December 2015 and 53 weeks ended 1 January 2015 were £nil and £nil, respectively. No contributions are expected for the year ended 31 December 2016.

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 31 December 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 2015 (2014: £1.6m).

The net surplus/(deficit) in the pension scheme is:

	31 December 2015 £m	1 January 2015 £m
MGM Pension Scheme	**10.5**	8.6
Net surplus	**10.5**	8.6

18. Employee Benefits continued

MGM Pension Scheme

Profile of the Scheme

The defined benefit obligation includes benefits for current employees, former employees and current pensioners.

	31 December 2015 £m	1 January 2015 £m
Analysis of defined benefit obligation by membership category		
Total value of current employees benefits	**2.9**	2.8
Deferred members benefits	**10.0**	11.2
Pensioner member benefits	**18.1**	18.4
Total defined benefit obligation	**31.0**	32.4

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 2015 and showed a surplus of £1.7m. The Company is paying deficit contributions of £1.6m per annum to support the scheme, along with investment returns from return-seeking assets. The next funding valuation is due no later than 5 April 2018.

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.

The amounts recognised on the Balance Sheet are set out below:

	31 December 2015 £m	1 January 2015 £m
Present value of funded defined benefit obligations	**(31.0)**	(32.4)
Fair value of plan assets	**41.5**	41.0
Surplus in scheme	**10.5**	8.6

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.

Notes to the Consolidated Financial Statements continued

18. Employee Benefits continued

Movements in present value of defined benefit obligation:

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
At beginning of period	**(32.4)**	(28.8)
Interest cost	**(1.1)**	(1.2)
Actuarial gain/(loss)	**1.4**	(3.6)
Benefits paid	**1.1**	1.2
At end of period	**(31.0)**	(32.4)

Movements in fair value of plan assets:

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
At start of period	**41.0**	34.1
Expected return on plan assets	**1.4**	1.5
Actuarial (loss)/gain	**(1.2)**	5.2
Contributions by employer	**1.6**	1.6
Administration costs incurred	**(0.2)**	(0.2)
Benefits paid	**(1.1)**	(1.2)
At end of period	**41.5**	41.0

Income recognised in the Consolidated Statement of Comprehensive Income:

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Operating cost		
Administration expenses	**(0.2)**	(0.2)
Net finance costs		
Defined benefit pension scheme net finance income	**0.4**	0.3
Other comprehensive income		
Remeasurement of the defined benefit asset	**0.2**	1.6
Total recognised in profit and loss and other comprehensive income	**0.4**	1.7

The income is recognised in the following line items in the Consolidated Statement of Comprehensive Income:

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Administrative expenses	**(0.1)**	(0.2)
Finance income	**0.4**	0.3
Total	**0.3**	0.1

Analysis of amounts recognised in Other Comprehensive Income:

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Actuarial gains recognised in the period	**0.2**	1.6

18. Employee Benefits continued

The Scheme assets are invested in the following asset classes (all assets have a quoted market value in an active market):

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Equities	**8.3**	6.8
Absolute return funds	**16.1**	14.5
Liability driven instruments	**16.7**	19.4
Other	**0.4**	0.3
Total	**41.5**	41.0

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.

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Expected return on scheme assets	**1.4**	1.5
Actuarial (losses)/gains	**(1.2)**	5.2
Actual return on plan assets	**0.2**	6.7

The principal actuarial assumptions used to calculate the liabilities under IAS 19 are set out below:

	52 week period ended 31 December 2015 %	53 week period ended 15 January 2015 %
RPI Inflation	**3.1**	3.1
CPI Inflation	**2.0**	2.0
Rate of general long-term increase in salaries	**4.1**	4.1
Rate of increase to pensions in payment	**1.8–3.3**	1.8–3.3
Discount rate for scheme liabilities	**3.70**	3.35

The financial assumptions reflect the nature and term of the Scheme's liabilities.

Main demographic assumptions	52 week period ended 31 December 2015	53 week period ended 1 January 2015	52 week period ended 26 December 2013
Mortality table adopted	**S1PXA base table with future improvements in line with CMI 2014 core projections with long-term improvement rate of 1% per annum.**	S1PXA base table with future improvements in line with CMI 2014 core projections with long-term improvement rate of 1% per annum.	S1PXA base table with future improvements in line with CMI 2013 core projections with long-term improvement rate of 1% per annum.
Life expectancy for male currently aged 65	**22.1**	22.1	22.0
Life expectancy for female currently aged 65	**24.4**	24.3	24.2
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

Notes to the Consolidated Financial Statements continued

18. Employee Benefits continued

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

	52 week period ended 1 December 2015 £m	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
Present value of defined benefit obligation	**(31.0)**	(32.4)	(28.8)	(28.1)	(28.4)
Fair value of plan assets	**41.5**	41.0	34.1	32.5	30.4
Surplus	**10.5**	8.6	5.3	4.4	2.0

Experience Adjustments

	52 week period ended 1 December 2015 £m	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
Experience (loss)/gain on plan assets	**(1.2)**	5.2	(0.1)	0.4	0.3
Experience (loss)/gain on plan liabilities	**(0.1)**	(0.1)	(0.1)	1.0	–

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")	(31.0)
DBO following a 0.25% decrease in the discount rate	(32.0)
DBO following a 0.25% increase in the discount rate	(29.9)
DBO following a 0.25% decrease in the inflation assumption	(30.3)
DBO following a 0.25% increase in the inflation assumption	(31.7)
DBO following a Life Expectancy increase by 1 year	(32.1)

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.

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 (2014: £0.6m). There was £0.1m accruing to these pension schemes as at 31 December 2015 (2014: £0.1m).

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.

18. Employee Benefits continued

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 31 December 2015 1.73%.
- Expected returns on plan assets at 31 December 2015 1.02%.

The net provision for accrued employee rights upon retirement comprises:

	31 December 2015 £m	1 January 2015 £m
Present value of unfunded obligation	**2.4**	2.8
Less: Fair value of plan assets	**(1.1)**	(1.8)
	1.3	1.0

Movements in the provision for accrued employee rights upon retirement:

	Gross amount £m	Amount deposited £m	Net amount £m
At start of period	2.8	(1.8)	**1.0**
Payments made upon retirement	(0.4)	0.4	**-**
Net movement in provision – charged to net profit	–	0.3	**0.3**
	2.4	**(1.1)**	**1.3**

Share-Based Payments

As at 31 December 2015 there were three types of share option and share schemes:, the Cineworld Group 2007 Performance Share Plan, the Cineworld Group plc Company Share Option Plan and the Cineworld Group 2007 Sharesave Scheme. Details of each of the schemes are set out in the Directors Remuneration Report on pages 54 to 74.

The Cineworld Group Performance Share Plan ("PSP")

The following share options have been granted under the PSP and were outstanding at 31 December 2015:

Date of grant	Exercise period	2015 Number of shares '000	2014 Number of shares '000
15 March 2013	3 years from 15 March 2013	**420**	464
6 June 2014	3 years from 6 June 2014	**584**	691
23 April 2015	3 years from 23 April 2015	**414**	–
30 June 2015	3 years from 30 June 2015	**7**	–

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:

15 March 2013

- 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%.

Under these grants, awards of 551,900 shares (pre the rights issue of 8 for 25 shares on 14 February 2014) 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.

Notes to the Consolidated Financial Statements continued

18. Employee Benefits continued

6 June 2014

- 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.

Under these grants, awards of 705,515 shares were made in total. Awards of 563,210 shares were made with the performance conditions set out above. 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.

23 April and 30 June 2015

Under these grants, awards of 517,530 shares were made in total. Awards of 405,826 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 ending 1 January 2015 and the EPS for the financial year ending 31 December 2017) is not less than 8.0%
- 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 ending 1 January 2015 and the EPS for the financial year ending 31 December 2017) is at least 16.0%
- Where the average annual growth in EPS (calculated by comparing the EPS for the financial year ending 1 January 2015 and the EPS for the financial year ending 31 December 2017) is between the two limits above, the Award shall vest on a straight-line basis between 30% and 100%.

"EPS" means adjusted earnings per share calculated by dividing the profits for the period attributable to ordinary shareholders (adjusted by adding back the amortisation of intangible assets and other one-off income or expense adjusted pro-forma and applying a tax effect on all adjustments) by the number of ordinary shares outstanding at the end of the period, after excluding non-vested ordinary shares held by the employee benefit trust at that time and adjusting for the effects of dilutive options

Further awards over 111,704 shares were made which will vest after three years subject to continued employment only, with no specified performance conditions attached.

Assumptions relating to grants of share options outstanding are as follows:

Date of grant	Share price at grant (£)	Exercise price (£)	Expected volatility (%)	Expected life (years)	Dividend yield (%)	Risk free rate (%)	Fair value (£)
15 March 2013	2.79	–	42	3	4.7	0.51	2.43
6 June 2014	3.46	–	41	3	4.3	0.56	3.07
23 April 2015	4.81	–	39	3	4.3	0.59	4.22
30 June 2015	4.81	–	39	3	4.3	0.59	4.22

18. Employee Benefits continued

A reconciliation of option movements over the period to 31 December 2015 is shown below:

	Number of options 2015 Equity-settled '000	Number of options 2014 Equity-Settled '000
Outstanding at the beginning of the year	**1,926**	1,704
Adjustment due to rights issue	**-**	188
Exercised in shares during the year	**(772)**	(299)
Granted during the year	**518**	705
Lapsed during the year	**(247)**	(372)
Outstanding at the end of the year	**1,425**	1,926

A charge of £1.4m was recorded in the income statement for the four PSP schemes.

The Company Share Option Plan ("CSOP")

The following share options have been granted under the CSOP and were outstanding at 31 December 2015:

Date of grant	Exercise period	2015 Number of shares '000	2014 Number of shares '000	Performance conditions
15 March 2013	3 years from 15 March 2013	23	25	Awards of 3,587 shares (pre the rights issue of 8 for 25 shares on 14 February 2014) were made with the same conditions as the 2013 PSP grant. Awards of 21,522 shares were made with no performance conditions attached.
6 June 2014	3 years from 6 June 2014	14	17	Awards of 2,891 shares were made with the same conditions as the 2014 PSP grant. Awards of 14,455 were made with no performance conditions attached.
23 April 2015	3 years from 23 April 2015	50	–	All awards were made with no performance conditions attached.

Assumptions relating to grants of share options outstanding are as follows:

Date of grant	Share price at grant (£)	Exercise price (£)	Expected volatility (%)	Expected life (years)	Dividend yield (%)	Risk free rate (%)	Fair value (£)
15 March 2013	2.79	2.79	42	3–10 years	4.7	0.51	0.58
6 June 2014	3.46	3.46	41	3–10 years	4.3	0.56	0.73
23 April 2015	4.81	4.81	39	3–10 years	4.3	0.59	0.94

A reconciliation of option movements over the period to 31 December 2015 is shown below:

	Number of options 2015 Equity-settled	Number of options 2014 Equity-settled
Outstanding at the beginning of the year	**104**	151
Adjustment due to rights issue	**-**	17
Exercised during the year	**(63)**	(70)
Granted during the year	**50**	17
Lapsed during the year	**(4)**	(11)
Outstanding at the end of the year	**87**	104

A charge of £0.1m was recorded in the income statement for the 4 CSOP schemes.

Notes to the Consolidated Financial Statements continued

18. Employee Benefits continued

Sharesave scheme

The fair value is measured at the grant date and spread over the period during which the employees become unconditionally entitled to the options.

The following share options have been granted under the Sharesave scheme and were outstanding at 31 December 2015:

Date of grant	2015 Number of shares '000	2014 Number of shares '000
19 April 2012	**1**	547
8 May 2014	**386**	466
12 May 2015	**406**	–
Outstanding at the end of the year	**792**	1,013

A reconciliation of option movement over the period to 31 December 2015 is shown below:

	Number of options 2015 Equity-settled '000	Number of options 2014 Equity-Settled '000
Outstanding at the beginning of the year	**1,013**	567
Adjustment due to rights issue	**–**	76
Exercised during the year	**(543)**	(15)
Granted during the year	**430**	491
Lapsed during the year	**(107)**	(106)
Outstanding at the end of the year	**793**	1,013

A charge of £0.3m was recorded in the income statement for the 3 Sharesave schemes.

The total expenses recognised for the period arising from share-based payments are as follows:

	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2014 £m
Recognised in equity	**0.8**	1.4
Recognised in the income statement	**1.0**	0.2
	1.8	1.6

The share-based payment expense recognised in creditors relates to dividends accrued by the option holders over the vesting period.

The number and weighted average exercise prices of share options in equity settled schemes are as follows:

	Weighted average exercise price 2015 (£) Equity-settled	Number of options 2015 Equity-settled	Weighted average exercise price 2014 (£) Equity-settled	Number of options 2014 Equity-settled
Outstanding at the beginning of the year	**0.77**	**3,044**	0.56	2,423
Adjustment due to rights issue	**–**	**–**	–	281
Exercised in shares during the year	**0.77**	**(1,378)**	0.52	(385)
Granted during the year	**1.90**	**998**	1.03	1,214
Lapsed during the year	**0.84**	**(359)**	0.47	(489)
Outstanding at the end of the year	**1.24**	**2,305**	0.77	3,044
Exercisable at the end of the year	**2.81**	**5**	2.08	10

18. Employee Benefits continued

Single Total Figure Table (audited information)

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

	Financial Year	Base salary and fees[5] (£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[4]	2015	375[9]	20[10]	248	4.5	535[3]	15[12]	550	75[11]	1,273
	2014	358	20	249	–	377[7]	9[7]	386	72	1,085
Mooky Greidinger[4]	2015	550	77	476	–	–	–	–	110	1,213
	2014	459	66	349	–	–	–	–	92	966
Israel Greidinger[4]	2015	375	74	325	–	–	–	–	75	849
	2014	313	60	239	–	–	–	–	63	675
Stephen Wiener[4]	2015	–	1	–	–	388[3]	–	388	–	389
	2014	122	12	85	–	462[7]	5[6]	467	25	711
Non-Executive Directors										
Anthony Bloom	2015	175	–	–	–	–	–	–	–	175
	2014	163	–	–	–	–	–	–	–	163
Martina King	2015	56	–	–	–	–	–	–	–	56
	2014	48	–	–	–	–	–	–	–	48
Alicja Kornasiewicz[8]	2015	30	–	–	–	–	–	–	–	30
	2014	–	–	–	–	–	–	–	–	–
David Maloney[8]	2015	30	–	–	–	–	–	–	–	30
	2014	72	–	–	–	–	–	–	–	72
Scott Rosenblum	2015	50	–	–	–	–	–	–	–	50
	2014	42	–	–	–	–	–	–	–	42
Arni Samuelsson	2015	50	–	–	–	–	–	–	–	50
	2014	42	–	–	–	–	–	–	–	42
Rick Senat	2015	55	–	–	–	–	–	–	–	55
	2014	53	–	–	–	–	–	–	–	53
Julie Southern[8]	2015	39	–	–	–	–	–	–	–	39
	2014	–	–	–	–	–	–	–	–	–
Peter Williams[8]	2015	24	–	–	–	–	–	–	–	24
	2014	59	–	–	–	–	–	–	–	59

(1) See page 58 for details of the other benefits provided to the Executive Directors.
(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 vesting in respect of the period has been calculated using a share price of £5.58, being the average price for the last three months of the period (as PSP will not vest until 15 March 2016), 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 payment to Stephen Wiener will amount to £23,370 and to Philip Bowcock will amount to £32,279.
(4) Philip Bowcock and Stephen Wiener left the Company on 31 October 2015 and 31 March 2014 respectively. Mooky Greidinger and Israel Greidinger joined the Company on 27 February 2014.
(5) Base salaries and fees were increased on 27 February 2014 following completion of the combination with Cinema City and since then have remained the same.
(6) Exercised early so figure reflects actual value received, but relates to the period in question. See page 55 of the 2014 Annual Report for details.
(7) Details of the actual gains made are set out on page 64. The actual figures differ from those in the table above (reflecting the 2014 Annual Report figures) as an estimated value was used of £3.57 a share to calculate the theoretical gain, as the awards/option had not been exercised at that time.
(8) Alicja Kornasiewicz and Julie Southern joined the Board and David Maloney and Peter Williams left on 26 May 2015.
(9) Philip Bowcock left the Company on 31 October 2015 and this figure includes two months' salary paid in lieu of notice.
(10) Philip Bowcock left the Company on 31 October 2015 and this figure includes the cost of two months' benefits paid in lieu of notice.
(11) Philip Bowcock left the Company on 31 October 2015 and this figure includes two months' pensions allowance paid in lieu of notice.
(12) The gain on the CSOP options vesting in respect of the period has been calculated using a share price of £5.52, being the share price on the date of vesting, as at 10 March 2016 they had not been exercised.

Notes to the Consolidated Financial Statements continued

18. 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 54 to 74.

19. Provisions

	Property provisions £m	Other provisions £m	Total provisions £m
Balance at 1 January 2015			
Current	1.5	5.1	6.6
Non-current	17.7	3.5	21.2
	19.2	**8.6**	**27.8**
Provisions made	0.9	1.3	2.2
Provisions released to administrative expenses during the period	(3.4)	(1.7)	(5.1)
Utilised against rent during the period	(3.2)	–	(3.2)
Unwound against interest during the period	1.5	–	1.5
Balance at 31 December 2015	**15.0**	**8.2**	**23.2**
Current	1.5	3.2	4.7
Non-current	13.5	5.0	18.5
Total	**15.0**	**8.2**	**23.2**

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 are 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).

	31 December 2015 £m	1 January 2015 £m
Expected timing for utilisation of property provisions		
Analysed as:		
Within one year	**1.5**	1.5
Between one and two years	**1.4**	1.7
In the second to fifth years	**3.8**	7.7
Over five years	**8.3**	8.3
	15.0	19.2

The level of provision is dependent upon judgement in forecasting future cash flows and used in arriving at the discount rate applied to cash flow projections. Management have sensitised the key assumptions in assessing property provisions including the discount rate, management believe that under any reasonably possible change in the key assumptions on which provision is based they would not significantly change.

20. Capital and Reserves

Share Capital

	31 December 2015 £m	1 January 2015 £m
Cineworld Group plc		
Allotted, called up and fully paid		
265,232,321 (2014: 263,860,665) ordinary shares of £0.01 each	**2.7**	2.6

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 £119.0 (2014: £141.5m) of the total £300.3m (2014: £311.8m) 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 2014 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:

	2015 £m	2014 £m
Interim	**13.3**	10.0
Final (for the preceding period)	**25.7**	16.9
	39.0	26.9

An interim dividend of 5.0p per share was paid on 2 October 2015 to ordinary shareholders (2014: 2.8p). The Board has proposed a final dividend of 12.5p per share, which will result in total cash payable of approximately £33.2m on 7 July 2016. In accordance with IAS10 this had not been recognised as a liability at 31 December 2015.

21. 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.

Notes to the Consolidated Financial Statements continued

21. Financial Instruments continued

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 14. Of the total balance of £23.5m (2014: £22.6m) due 83% (2014: 68%) are within credit terms. The bad debt provision as at 2015 is £306,000 (2014: £11,000), with a bad debt expense in the period of £Nil (2014: £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.

31 December 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	**299.3**	(303.8)	(7.7)	(7.7)	(11.9)	(276.5)	–
Finance lease liabilities	**6.8**	(10.4)	(0.4)	(0.4)	(0.7)	(2.1)	(6.8)
Trade and other payables	**33.9**	(33.9)	(33.9)	–	–	–	–
Derivative financial liabilities							
Interest rate swap 1	**0.1**	(0.1)	(0.1)	–	–	–	–
Interest rate swap 2	**0.1**	(0.1)	(0.1)	–	–	–	–
Interest rate swap 3	**0.5**	(0.5)	(0.2)	(0.2)	(0.1)	–	–
Interest rate swap 4	**0.5**	(0.5)	(0.2)	(0.2)	(0.1)	–	–
Interest rate swap 5	**0.2**	(0.2)	(0.05)	(0.05)	(0.1)	–	–
Interest rate swap 6	**0.2**	(0.2)	(0.05)	(0.05)	(0.1)	–	–
	341.6	**(349.7)**	**(42.7)**	**(8.6)**	**(13.0)**	**(278.6)**	**(6.8)**

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	**7.4**	(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)	–
	345.5	**(353.9)**	**(41.8)**	**(13.2)**	**(25.9)**	**(265.6)**	**(7.4)**

As part of the combination with Cinema City, the Group entered into a five-year facility in January 2014 which was used to part finance the combination, repay the pre-combination facilities of both Cineworld and Cinema City and fund the general working capital requirements of the Group. The facility included term loans of £165.0m and €132.0m and revolving credit facilities of £75.0m and €60.0m. In June 2015, the first pre-payments were made to the term loans, reducing the liabilities to £157.5m and €126.0m. The total facility at the balance sheet date (translated at the applicable exchange rate) totalled £364.6m. On 29 July 2015 Cineworld Group plc signed an amendment and extension to its existing banking facility which was effective immediately upon signing and extends the facility to June 2020. As a result, the term loans have reduced from £157.5m and €126.0m to £130.0m and €63.0m. The Group now has a single multi-currency revolving credit facility of £190m (2 July 2015: £75m and €60.0m). Based on the exchange rate at the balance sheet date, the revised facility totalled £364.7m. Whilst the overall level of facility has not materially changed since the balance sheet date, management believe that revised structure better reflects the

21. Financial Instruments continued

financing and working capital needs of the Group. The facility remains subject to the existing two covenants: the ratio of EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges. A margin, determined by the results of the covenant tests at a given date is added to LIBOR or EURIBOR. The margin on the revised term loans can now range between 0.95% and 2.65% (previously 1.65% and 3.15%) and the revised margin on the single revolving credit facility can range between 0.70% and 2.40% (previously 1.40% and 2.90%). The margins currently applicable to Group are 1.65% on the term loan and 1.40% on the revolving credit facility.

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.

31 December 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	**0.1**	(0.1)	(0.1)	–	–	–	–
Swap 2	**0.1**	(0.1)	(0.1)	–	–	–	–
Swap 3	**0.5**	(0.5)	(0.2)	(0.2)	(0.1)	–	–
Swap 4	**0.5**	(0.5)	(0.2)	(0.2)	(0.1)	–	–
Swap 5	**0.2**	(0.2)	(0.05)	(0.05)	(0.1)	–	–
Swap 6	**0.2**	(0.2)	(0.05)	(0.05)	(0.1)	–	–
	1.6	**(1.6)**	**(0.7)**	**(0.5)**	**(0.4)**	**–**	**–**

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)**	**–**

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.

Notes to the Consolidated Financial Statements continued

21. Financial Instruments continued

The revolver loan, of which £130.0m (2014: £44.0m) was drawn down at the end of the period, is not hedged. At the period end the Group had six (2014 period end: six) interest rate swaps which hedged 100% (2014: 50%) of the Group's variable rate unsecured Euro denominated term loan and 59% (2014: 50%) of the sterling denominated term loan. 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 reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2015	2014
Fixed rates instruments		
Financial liabilities (interest rate swap)	**(1.6)**	(2.7)
Financial liabilities (unsecured bank loans – hedged portion)	**(119.0)**	(135.0)
Finance lease liabilities	**(6.8)**	(7.4)
	(127.4)	(145.1)
Variable rate instruments		
Financial liabilities (unsecured bank loans – unhedged portion)	**(180.3)**	(172.3)

£119.0m (2014: £135m) of the variable rate financial liability is hedged via the interest rate swaps with the balance attracting a variable interest rate. In 2015 the balance is the additional £50.3 term loan and the revolving facility. In 2014 the balance is the additional £128.3m 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 £1.9m (2014: £1.8m) or decreased equity by £1.9m (2014: £1.8m) for each swap and would have increased or decreased profit or loss by £nil (2014: £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 2014.

	Profit or loss		Equity	
Effect in GBP thousands	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2015				
Variable rate instruments	(3,300)	3,300	(3,300)	3,300
Interest rate swap	1,400	(1,400)	1,400	(1,400)
Cash flow sensitivity (net)	(1,900)	1,900	(1,900)	1,900
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

21. Financial Instruments continued

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 31 December 2015 £m	Fair value 31 December 2015 £m	Carrying amount 1 January 2015 £m	Fair value 1 January 2015 £m
Unsecured bank loans	**299.3**	**303.8**	307.1	311.8
Finance lease liabilities	**6.8**	**6.8**	6.5	6.5
Interest rate swaps	**1.6**	**1.6**	2.7	2.7
	307.7	**312.2**	316.3	321.0

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.

The difference between net carrying amount and estimated fair value reflects unrealised gains or losses inherent in the instruments based on valuations at 31 December 2015 and 1 January 2015. 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
31 December 2015				
Derivative financial instruments	**–**	**1.6**	**–**	**1.6**
Interest bearing loans and borrowings	**–**	**306.1**	**–**	**306.1**
1 January 2015				
Derivative financial instruments	–	2.7	–	2.7
Interest bearing loans and borrowings	–	313.6	–	313.6

There have been no transfers between levels in 2015. No other financial instruments are held at fair value.

Capital Management

The capital structure of the Group consists of the following items:

	2015 £m	2014 £m
Cash and cash equivalents	**62.5**	37.4
Bank loans	**307.7**	307.1
Equity attributable to equity holders of the parent	**570.6**	548.6
	944.8	893.1

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.

Notes to the Consolidated Financial Statements continued

22. Operating Leases
Non-cancellable operating lease rentals commitments are as follows:

	Land and buildings £m	Other £m	31 December 2015 £m	Land and buildings £m	Other £m	1 January 2015 £m
Less than one year	**93.8**	**0.1**	**93.9**	85.6	0.1	85.7
Between one and five years	**352.3**	**0.2**	**352.5**	324.3	0.3	324.6
More than five years	**1,000.3**	**–**	**1,000.3**	1,016.3	–	1,016.3
	1,446.4	**0.3**	**1,446.7**	1,426.2	0.4	1,426.6

The total future minimum sublease payments expected to be received are £15.1m (2014: £5.4m).

Lease Arrangements

The Group enters into operating leases for sites in all territories in UK and Ireland and CEE and I. These leases are typically for 25-35 years with rent increases and options to renew leases determined in line with local market practice in each territory. The key contractual terms of each lease are taken into consideration when calculating the rental charge over the lease term. There are no significant restrictions placed on the Group as a result of its leasing arrangements.

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

	31 December 2015 £m	1 January 2015 £m
Contracted	**35.0**	31.9

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

24. 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
52 weeks ended 31 December 2015				
Total compensation for Directors	**3,973**	**–**	**260**	**4,233**

	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

Share-based compensation benefit charges for Directors was £0.9m in 2015 (2014: £0.4m). Details of the highest paid Director can be found in the Directors' Remuneration Report on page 54.

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 52 week period ending 31 December 2015 totalled £18.4m (2014: £15.6m) and as at 31 December 2015 £nil (2014: £nil) was due from DCM in respect of receivables. In addition the Group has a working capital loan outstanding from DCM of £0.5m (2014: £0.5m).

During the year the Group was charged expenses of £6.9m 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.

Details of subsidiaries held by the Group can be found in Note 28.

25. 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.

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

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

Property and Leases

The fair value of property, plant and equipment of £132.8m included a number of adjustments. Old cinema equipment and assets from non-trading sites which were previously held at their residual value of £10.8m were 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 were provided for due to the fact that they related 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 was 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 also considered the lease contract for each of the cinemas. A provision of £3.6m was 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 was recognised in respect of these contractual increases in line with IAS 17's: "Leases" requirement to recognise the future minimum payments on a straight-line basis over the life of the lease. An exercise was conducted to compare the current rentals of each of the sites to the current assumed average market rental rate. Accordingly, a net provision of £5.7m was 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 was written-down by £2.0m, as its full recovery was doubtful.

Notes to the Consolidated Financial Statements
continued

25. Business Combinations continued

Tax

The acquired deferred tax asset of £5.0m is stated after a fair value reduction of £0.9m of deferred tax assets which were 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. 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 is an income tax liability of £3.4m recognised on 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 was 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 were expected to be collectable at the acquisition date and the fair value of the trade receivables recognised reflected 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 £431.9m. Cinema City also contributed £57.2m profit before tax over the same period.

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

Following the business combination, GCH and its subsidiary companies ("GCH Group") are considered to be related parties of the Cineworld Group as Mooky Greidinger and Israel Greidinger are directors of both groups. Transactions with related parties have been disclosed in Note 24.

Company Balance Sheet
at 31 December 2015

	Note	31 December 2015 £m	1 December 2015 £m	1 January 2015 £m	1 January 2015 £m
Fixed assets					
Investments	28		**646.9**		646.9
Current assets					
Debtors	29	**296.5**		274.4	
Cash at bank		**0.1**		–	
		296.6		274.4	
Creditors: amount falling due within one year					
Interest-bearing loans, borrowings and other financial liabilities	30	**(11.1)**		(23.2)	
Other payables	31	**(48.1)**		(53.1)	
Bank overdraft		**(27.3)**		(12.5)	
		(86.5)		(88.8)	
Net current assets			**210.1**		185.6
Total assets less current liabilities			**857.0**		832.5
Creditors: amount falling due within one year					
Interest-bearing loans	30	**(286.4)**		(283.9)	
Net assets			**570.6**		548.6
Capital and reserves					
Called up share capital	32		**2.7**		2.6
Share premium account	32		**295.7**		294.9
Merger reserve	32		**207.3**		207.3
Profit and loss account	32		**63.8**		43.8
Hedging reserve			**1.1**		–
Shareholders' funds – equity			**570.6**		548.6

These financial statements were approved by the Board of Directors on 10 March 2016 and were signed on its behalf by:

Mooky Greidinger
Director

Israel Greidinger
Director

Company Statement of Changes in Equity
for the Period Ended 31 December 2015

	Note	52 week period ended 31 December 2015 £m	53 week period ended 1 January 2015 £m
Profit for the period		**57.2**	23.2
Dividends paid during the period	31	**(39.0)**	(26.9)
Movements due to share-based compensation	31	**1.8**	1.4
Equity instruments issued		**0.9**	315.1
Movements in fair value of cashflow hedge		**1.1**	–
Net increase in shareholders' funds		**22.0**	312.8
Opening shareholders' funds		**548.6**	235.8
Closing shareholders' funds		**570.6**	548.6

Notes to the Company Financial Statements

26. 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 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.

In the transition to FRS 101, the Company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the Company is provided in note 33.

IFRS 1 grants certain exemptions from the full requirements of Adopted IFRSs in the transition period. The following exemptions have been taken in these financial statements:

- Business combinations – Business combinations that took place prior to transition date have not been restated.
- Share based payments – IFRS 2 is being applied to equity instruments that were granted after 7 November 2002 and that had not vested by first day of comparative period.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- An additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy,; and
- Disclosures in respect of the compensation of Key Management Personnel.

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 IAS 12.

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.

Notes to the Company Financial Statements
continued

26. Accounting Policies continued
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.

27. 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 £509,000 (2014: £478,000). See pages 54 to 74 for further details of Directors' emoluments.

28. Fixed Asset Investments

Company	Shares in Group undertakings £m
Balance at 1 January 2015	**646.9**
Additions	–
Balance at 31 December 2015	**646.9**
Net book value	
At 1 January 2015	646.9
At 31 December 2015	**646.9**

	Country of incorporation	Principal activity	Class	% of shares held
Subsidiary undertakings				
Directly Held				
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
Indirectly Held				
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

28. Fixed Asset Investments continued

	Country of incorporation	Principal activity	Class	% of shares held
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
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 Inwestycjny 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

Notes to the Company Financial Statements
continued

28. Fixed Asset Investments continued

	Country of incorporation	Principal activity	Class	% of shares held
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

29. Debtors

	31 December 2015 £m	1 January 2015 £m
Amounts due from subsidiary undertakings	**296.5**	274.4

30. Interest-Bearing Loans, borrowings and other financial liabilities

	31 December 2015 £m	1 January 2015 £m
Non-current liabilities		
Unsecured bank loan, less issue costs of debt to be amortised	**285.4**	283.9
Interest rate swaps	**1.0**	–
	286.4	283.9
Current liabilities		
Unsecured bank loans, less issue costs of debt to be amortised	**10.5**	23.2
Interest rate swaps	**0.6**	–
	11.1	23.2

For details of interest bearing loans, borrowings and other financial liabilities see Note 17.

31. Creditors: Amounts Falling Due Within One Year

	31 December 2015 £m	1 January 2015 £m
Amounts due to subsidiary undertakings	**46.5**	48.9
Accruals	**1.6**	4.2
	48.1	53.1

Fair Values

Fair value disclosures for debtors and creditors have not been prepared on the basis that their carrying amount is a reasonable approximation to fair value.

32. Share Capital and Reserves

	Share capital £m	Share premium account £m	Hedging reserve £m	Merger reserve £m	Profit and loss account £m	Total £m
At 1 January 2015	2.6	294.9	–	207.3	43.8	548.6
Profit for the period	–	–	–	–	57.2	57.2
Dividends paid during the period	–	–	–	–	(39.0)	(39.0)
Movements due to share-based compensation	–	–	–	–	1.8	1.8
Equity instruments issued	0.1	0.8		–	–	0.9
Movements in fair value of cashflow hedge	–	–	1.1	–	–	1.1
At 31 December 2015	**2.7**	**295.7**	**1.1**	**207.3**	**63.8**	**570.6**

For details of share issue see Note 20.

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. This element of the profit and loss reserve is not distributable.

33. Share-Based Payments

See Note 18 to the Group financial statements.

34. Explanation of transition to FRS 101 from UK GAAP

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 101. The accounting policies set out in note 25 have been applied in preparing the financial statements for the year ended 31 December 2015, the comparative information presented in these financial statements for the year ended 1 January 2015 and in the preparation of an opening FRS 101 balance sheet at 27 December 2014 (the Company's date of transition).

In preparing its FRS 101 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 101 has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

	31 December 2015 £m			1 January 2015 £m		
	UK GAAP	Effect of transition	FRS 101	UK GAAP	Effect of transition	FRS 101
Fixed assets						
Investments	**646.9**	**–**	**646.9**	646.9	–	646.9
Current assets						
Debtors	**296.5**	**–**	**296.5**	274.4	–	274.4
Cash at bank	**0.1**	**–**	**0.1**	–	–	–
	296.6	**–**	**296.6**	274.4	–	274.4
Creditors: amount falling due within one year						
Interest-bearing loans, borrowings and other financial liabilities	**(11.1)**	**–**	**(11.1)**	(23.2)	–	(23.2)
Other payables	**(48.1)**	**–**	**(48.1)**	(53.1)	–	(53.1)
Bank overdraft	**(27.3)**	**–**	**(27.3)**	(12.5)	–	(12.5)
	(86.5)	**–**	**(86.5)**	(88.8)	–	(88.8)
Net current assets	**210.1**	**–**	**210.1**	185.6	–	185.6
Total assets less current liabilities	**857.0**	**–**	**857.0**	832.5	–	832.5
Creditors: amount falling due within one year						
Interest-bearing loans	**(286.4)**	**–**	**(286.4)**	(283.9)	–	(283.9)
Net assets	**570.6**	**–**	**570.6**	548.6	–	548.6
Capital and reserves						
Called up share capital	**2.6**	**–**	**2.6**	2.6	–	2.6
Share premium account	**295.8**	**–**	**295.8**	294.9	–	294.9
Merger reserve	**207.3**	**–**	**207.3**	207.3	–	207.3
Profit and loss account	**63.8**	**–**	**63.8**	43.8	–	43.8
Hedging reserve	**1.1**	**–**	**1.1**	–	–	–
Shareholders' funds – equity	**570.6**	**–**	**570.6**	548.6	–	548.6

There were no material adjustments arising from the transition to FRS 101.

Shareholder Information
as at 31 December 2015

Directors

A H Bloom	(Non-Executive Director and Chairman)
M Greidinger	(Chief Executive Officer)
I Greidinger	(Deputy Chief Executive Officer & Interim Chief Financial Officer)
R Senat	(Non-Executive Director and Senior Independent Director)
J Southern	(Non-Executive Director)
M King	(Non-Executive Director)
S Rosenblum	(Non-Executive Director)
A Samuelsson	(Non-Executive Director)
A Kornasiewicz	(Non-Executive Director)

Head Office
Power Road Studios
114 Power Road
Chiswick
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 – 2015

Announcement	10 March 2016
Ex Dividend	9 June 2016
Record Date	10 June 2016
Payment Date	7 July 2016

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
Slaughter and May
1 Bunhill Row
London EC1Y 8YY

Upcoming blockbusters
for 2016

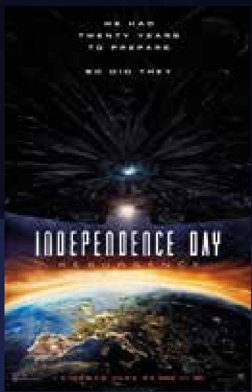
Batman V Superman: Dawn of Justice
March

Zootropolis
March

Captain America: Civil War
April

The Jungle Book
April

Alice Through The Looking Glass
May



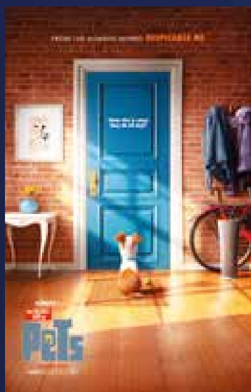
Independence Day: Resurgence
June

Warcraft
June

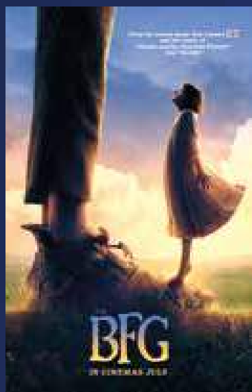
Finding Dory
July

Ice Age: Collision Course
July

X-Men: Apocalypse
July

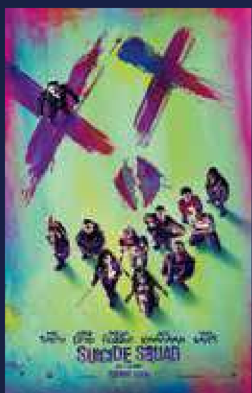


The Secret Life Of Pets
July



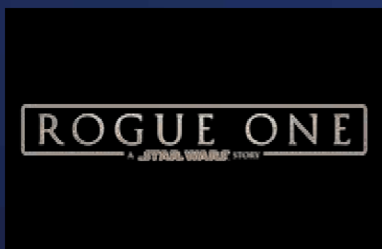
The BFG
July

Star Trek: Beyond
July



Suicide Squad
August

Fantastic Beasts & Where To Find Them
August



Star Wars: Rogue One
December

Designed and produced by Emperor
www.emperordesign.co.uk +44 (0)20 7729 9090

Cineworld Group plc

Cineworld Group plc
Power Road Studios
114 Power Road
Chiswick
London W4 5PY
020 8987 5000

www.cineworldplc.com