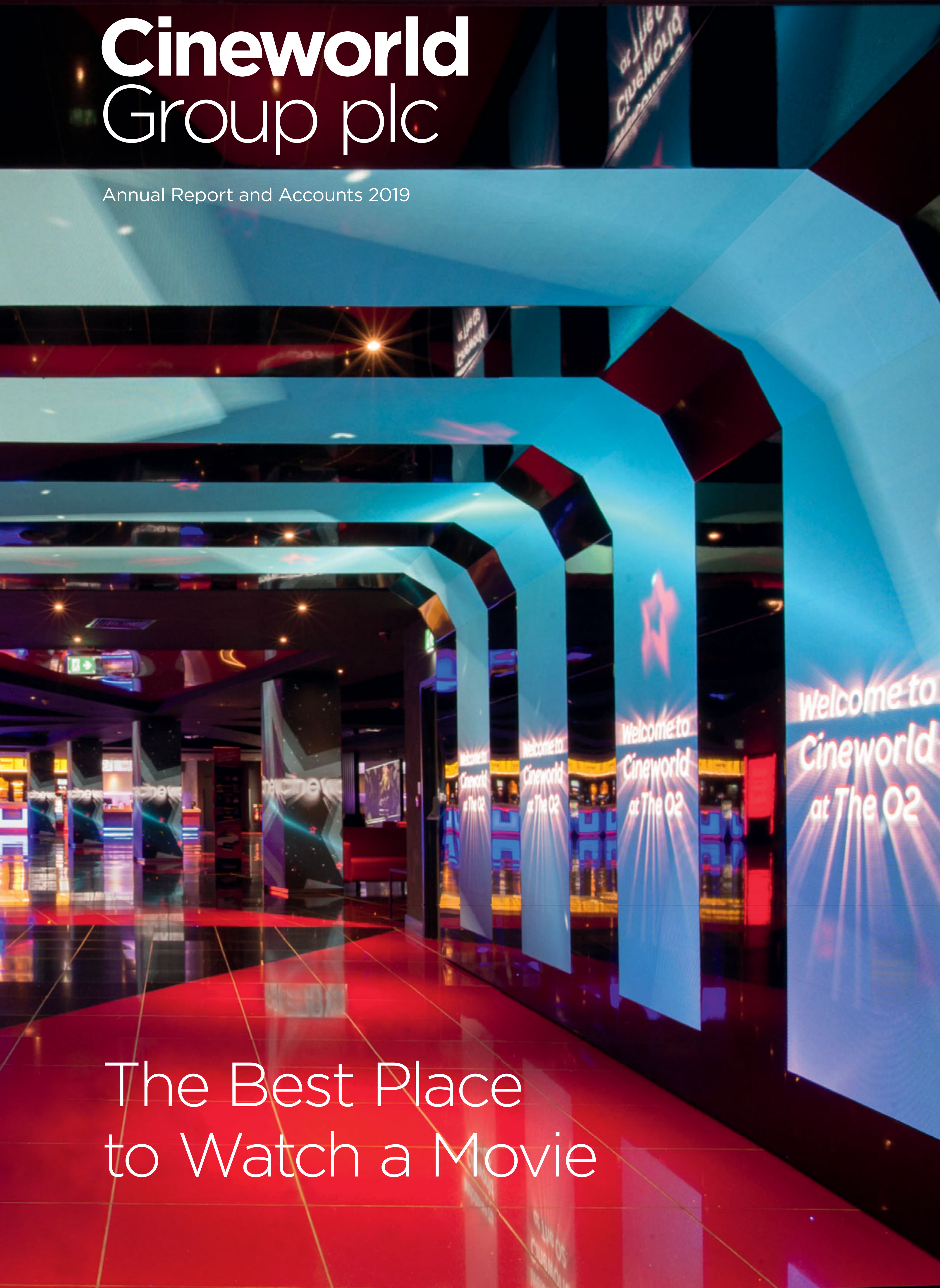
Cineworld Group plc

Annual Report and Accounts 2019



The Best Place to Watch a Movie

Our History

Always The Best Place to Watch a Movie

1930
Armon Theater cinema was built in Israel by Moshe Greidinger, grandfather of our current CEO

1997
Opened first multiplex in Hungary

cineworld

1995
Cineworld founded by Steve Wiener

No.2
UK cinema chain

REGAL CINEMAS

1989
Regal Cinemas founded in Knoxville, Tennessee

1930 1985 1990 1995 2000

2002
Mr. Anschutz acquired Regal cinemas, United Artist Theatres, Edwards cinemas and consolidated all three into a single holding company, Regal Entertainment Group Listed on New York stock exchange

2004
Cineworld acquired UK operations of UGC

2006
Successful IPO on the Warsaw stock exchange

2007
IPO of Cineworld on the London stock exchange

2008
Acquired Consolidated Theatres

2011
No. 1
cinema player in Central and Eastern Europe

2012
Acquired Picturehouse chain of cinemas

2013
Acquired Hollywood Theaters

2014
Merger with Cinema City International

2018
Cineworld completes acquisition of Regal Entertainment Group

2020
Proposed acquisition of Cineplex Inc

2005 2010 2015 2020

The Best Place to Watch a Movie

2019 was a year of achievement for Cineworld. We continued to enhance our estate and consolidate our customer offering, with our refurbishment plan well underway. We are rolling out our leading film-viewing experience to more cinemas to deliver further exhilarating experiences for our customers.

Ours has been a story of growth and evolution to provide a superior entertainment experience. We are proud of our journey and unwavering vision of being **The Best Place to Watch a Movie.**

2019 Highlights

A solid performance

Admissions

275.0m

(2018: 308.4m[(1)])

Group Revenue

$4,369.7m

(2018: $4,657.0m[(1)])

Adjusted EBITDA (under IAS 17)[(2,3)]

$1,032.6m

(2018: $925.4m)

Profit after tax

$180.3m

(2018: $284.3m under IAS 17)

Adjusted Profit after tax[(2)]

$293.0m

(2018: $325.9m under IAS 17)

Diluted EPS

13.1c

(2018: 22.4c under IAS 17)

Adjusted Diluted EPS[(3)]

21.3c

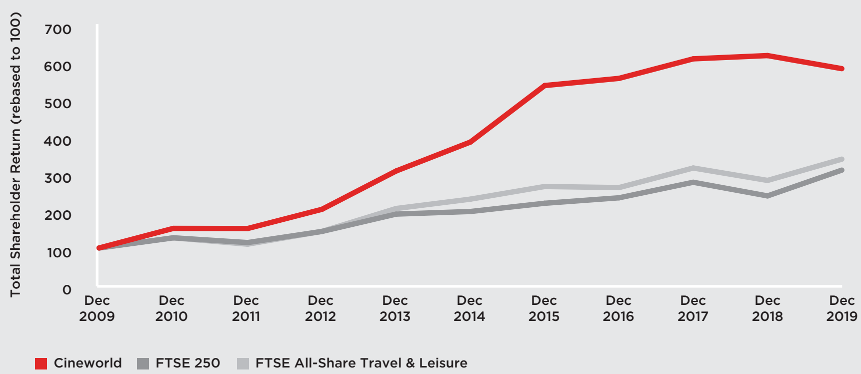
(restated 2018[(4)]: 25.7c under IAS 17)

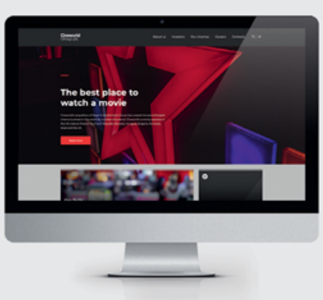
Dividend Per Share

15.5c

(2018: 15.0c)

Total Shareholder Return





For more information visit:
www.cineworldplc.com

Footnotes:

(1) Pro-forma results reflect the Group and US performance had Regal been consolidated for the entirety of the comparative period from 1 January 2018 to 31 December 2018. Revenue is shown on a constant currency basis for the UK&I and the ROW reporting segments by applying the 2019 average exchange rates to the 2018 performance. Refer to Note 3 for the full reconciliation.

(2) From 1 January 2019, the Group has adopted IFRS 16 "Leases", applying the modified retrospective approach. To provide comparability of the underlying results year on year, the results to 31 December 2019 have also been presented, excluding the impact of IFRS 16, and have been prepared in accordance with the previous leasing standard IAS 17. A reconciliation of the IFRS 16 2019 results to IAS 17 is provided in the Chief Financial Officer's Review.

(3) Refer to Note 3 and Note 8 for the full definition and reconciliation.

(4) The 2018 Adjusted basic Earnings Per Share and Adjusted diluted Earnings Per Share have been restated as set out in Note 1.

Contents

Our business at a glance

A snapshot of Cineworld

Our purpose

To provide our customers with a choice of how to watch a movie, in modern state-of-the-art cinemas with the latest technology and a variety of retail offerings, all underpinned by great customer service.

Our vision

To be "The Best Place to Watch a Movie"

Our values

Passion for People
Passion for Innovation
Passion for Achieving

Revenue by product and services

$2,536.1m
Box office

$1,240.3m
Retail

$593.3m
Other

Number of screens

IMAX

135
Number of IMAX screens

4DX

83
Number of 4DX screens

PLF

118
Number of PLF[1] screens

ScreenX

50
Number of ScreenX screens

(1) PLF is defined as Premium Large Format and includes RPX screens in the US and Superscreen screens in the UK and ROW

Our brands

REGAL	cineworld	CINEMA CITY	Picture house	yes PLANET
7,178 screens	1,087 screens	1,006 screens	93 screens	136 screens
546 sites	102 sites	102 sites	26 sites	11 sites

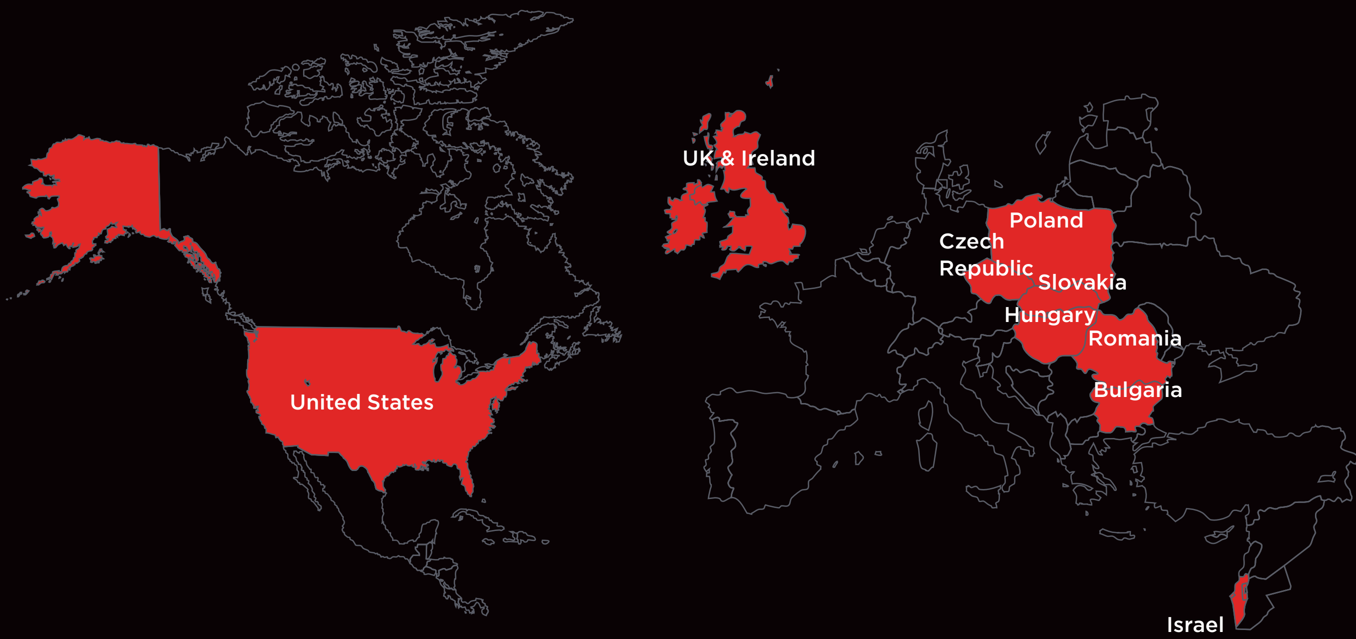
Cineworld today

10 countries

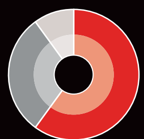
787 sites

9,500 screens

30,000+ employees



Screens



US	7,178
UK & Ireland	1,180
RoW	1,142

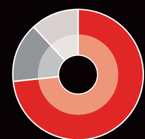
Sites

US	546
UK & Ireland	128
RoW	113

Admissions

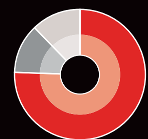
US	177.3m
UK & Ireland	48.2m
RoW	49.5m

Revenue



US	$3,209.6m
UK & Ireland	$648.4m
RoW	$511.7m

Adjusted EBITDA



US	$1,197.1m
UK & Ireland	$192.2m
RoW	$191.0m

Strong foundations for the future

We are well positioned to capitalise on our scale and experience

Anthony Bloom
Chairman

Overview

This is my last report as the Group's Chairman as I will not be standing for re-election at the forthcoming Annual General Meeting ('AGM'). Reflecting on the Group's growth and expansion since 1995, when I became Chairman at its inception, I am incredibly proud of what has been achieved. The first cinema was opened in Stevenage, and in my wildest imagination, I would never have thought that the Group would become the second-largest cinema chain in the world with 787 sites in 10 countries at the end of 2019.

It is regrettable that my report on the Group's satisfactory results for 2019 should at the time of writing be overshadowed by the materially adverse impact the spread of the COVID-19 virus could have on the global cinema industry, and the consequent impact on the Group's share price.

While it is obvious that circumstances can and do change astonishingly quickly, so far our Group admissions for the 2020 year to date have not been affected to any material extent and have held up in accordance with our normal expectations.

However as a matter of prudence and to prepare our business for all eventualities, in view of the uncertainty about the future impact of the virus we have taken the precaution of developing an action plan which we will implement in the case of a possible significant decrease in admissions. This will entail, among other initiatives, the postponement of non-essential capital expenditure, acceleration of cost reduction programmes and a reduction in staffing. The implementation of these measures will be evaluated and applied commensurate with any required cinema closures or precipitate drop in admissions. Obviously, these plans will only be implemented in anticipation of an "in extremis" situation.

The proposed acquisition of Cineplex Inc ('Cineplex') was announced in December 2019 and post-completion will be combined with our US business to create the biggest cinema business in North America.

More important to us than being the biggest, however, is to be the best. We constantly strive to do so by providing our customers with an outstanding experience in modern and appealing auditoria, with differentiated formats, superb screens, the latest technology (seats, screens, projection and sound) and an attractive selection of refreshments. In short, our mission is to ensure that our cinemas become widely known to be "The Best Place to Watch a Movie". It is this philosophy that drives our obsessive focus on operations, underpins our expansion and refurbishment programme (which has been enthusiastically supported by our customers) and motivates our management and employees. This differentiated customer offering is a strong competitive response to new forms of movie viewing, which cannot and do not provide the same total customer experience that can be enjoyed in a modern superbly equipped and operated cinema.

In 2019, the Group's overall performance was solid, given that box office performance in the comparative year was the highest ever achieved in the US history of cinema. Nevertheless, over 275m people saw movies in a Cineworld Group cinema, thus demonstrating the enduring appeal of theatrical releases. Admissions were 10.8% lower for the Group and revenue for the year decreased on a pro-forma basis by 6.2% to $4,369.7m (2018: pro-forma $4,657.0m). However, higher than anticipated synergistic benefits of the Regal transaction and operating cost reductions helped to mitigate the effect of the lower box office figures and Adjusted EBITDA again exceeded a billion dollars, decreasing by 3.7% on a pro-forma basis to $1,032.6m (under IAS 17) (2018: pro-forma $1,072.4m). The statutory profit after tax decreased to $180.3m (2018: $284.3m).

For the future we will remain strongly focused on operational performance, cash flow generation and in particular de-leveraging which will be achieved within our current capital allocation framework, with no impediment to the capital expenditure programme or our usual dividend policy. We derive confidence from our ability to achieve a material reduction in debt as we demonstrated success in de-leveraging post the Regal acquisition with Net Debt, excluding finance lease liabilities, reduced to $3.5bn at 31 December 2019 from $4.1bn at the Regal acquisition date. Even taking into account the additional debt that will be incurred as a result of the Cineplex acquisition, I am confident that given the inherent strong cash flows generated by our operations, a substantial reduction in net debt levels will again be achieved this year.

In line with the Group's operating model (in terms of which we lease and not own almost all of our cinemas) and our long-term strategy of crystallising value for shareholders, during the year the Group completed two sale and lease-back transactions for a total of $556.3m, relating to 35 US-based sites. The Board utilised half of the proceeds to reduce gross debt and the other half to reward shareholders by way of a one-off special dividend of 20.27c per share.

In addition to the special dividend mentioned above, as a result of the strong cash flows generated by the business, the Board increased the cash dividend paid for the full year. The fourth dividend per share proposed for 2019 is 4.25c bringing the total dividend for 2019 to 15.5c, compared to 15.0c in 2018.

The proposed Cineplex acquisition

On 16 December 2019, the Group announced the proposed acquisition of Cineplex by means of purchase of its entire issued, and to be issued share capital. The proposed acquisition was based on an implied enterprise value of $2.1bn and the Board believes that the acquisition, which fits squarely within our strategic acquisition objectives and, in the absence of unforeseen factors, such as COVID-19, is strongly expected to be earnings and cash flow accretive.

The acquisition of Cineplex received overwhelming support from both the Cineworld and Cineplex shareholders on 11 February 2019 at Extraordinary General Meetings called for that purpose.

The post-acquisition objectives will be to integrate the operations with those of Regal, maximise the potential synergistic benefits and focus on a structured debt reduction programme targeting Group leverage towards a ratio of 3x net debt to Adjusted EBITDA by the end of 2021.

Board and management

The following Board changes took place during the year:

- On 17 January 2019 the appointment of Alicja Kornasiewicz as Deputy Chair was announced. Alicja will succeed to the position of Chair when I step down at the AGM in 2020. Alicja has made a significant contribution to the Board since joining it in 2015, and her experience and background will undoubtedly be an asset to the Group going forward. I wish Alicja every success in her new role.
- On 15 May 2019 Julie Southern, Non-Executive Director, Chair of the Audit Committee and member of the Remuneration Committee stepped down to manage her increased non-executive commitments.
- On 1 November 2019, Helen Weir CBE was appointed to the Board as an Independent Non-Executive Director. Helen was Chief Financial Officer at Marks and Spencer Group plc between 2015 and 2018, and Group Finance Director at the John Lewis Partnership between 2012 and 2014. In addition, Helen has held senior executive roles at Lloyds Banking Group and Kingfisher plc. Helen currently holds a number of non-executive director roles. From 15 November 2019 Helen became a member of the Audit Committee and Remuneration Committee.

On behalf of the Board I would like to express my sincere thanks to our Executive Management Team who are incredibly hard working, passionate about the business and dedicated to its success. They are supported by a highly professional and equally hard working team of employees, who have not only facilitated the successful US integration (which will achieve significantly higher, almost double, the initially anticipated synergies at the time of the Regal transaction), but at the same time have competently overseen the rest of the Group's operations in 10 countries and maintained the image of the Group as a leader in the worldwide cinema exhibition business.

Outlook

The Group's diverse geographic footprint provides it with strong foundations for the future and we are well positioned to capitalise from its scale and experience. I am confident that it will continue to grow and expand satisfactorily in the future – it has a remarkable estate, excellent and experienced management and the requisite financial resources.

As always, it is dependent on a strong film slate which for 2020 contains some excellent movies. I accordingly view the future with considerable assurance. Obviously this is subject to the impact the COVID-19 virus might have in the countries in which our business operates. I am completely unable to make any forecasts in this respect, as at the moment the situation changes from day to day; with great rapidity some countries improve and others deteriorate. We can only hope that the former prevails.

In closing, I would like to thank all those with whom I have had the privilege of working over the past 25 years – I have enjoyed every single year and I wish Cineworld every success. Thank you all for an exciting and inspiring journey – I know that in your hands, Cineworld will always be "The Best Place to Watch a Movie".

Anthony Bloom
Chairman
12 March 2020

Section 172(1) statement

The Board considers the interests of the Group's employees and other stakeholders, including the impact of its activities on the community, environment and the Group's reputation, when making decisions. The Board, acting fairly between members, and acting in good faith, considers what is most likely to promote the success of the Group for its shareholders in the long term.

Read more about:

- How the views and interests of all our stakeholders were represented in the Boardroom, together with how we responded, on **pages 50 to 53**;
- The Group's strategy and business model on **pages 6, 12 and 14**;
- How we manage risk on **pages 24 to 29**; and
- Our approach to corporate governance on **pages 42 to 65.**

Delivering on our strategy

2019 was another step forward in the Group's transformational journey

Moshe Greidinger
Chief Executive Officer

Our strategy is to:

Provide the best cinema experience

Be technological leaders in the industry

Expand and enhance our estate

Drive value for shareholders

Read more **page 14**

Over the past 50 years, the global theatrical industry has demonstrated stability and resilience again and again across numerous economic cycles and phases of technological advance. This year's global box office all-time record of $42.5 billion demonstrates the strength of our industry across the world, however this has not been the case in the main markets in which we operate. In North America, where we have 75% of our operations, box office revenue amounted to the territory's second highest figure at $11.4 billion, following a record year in 2018 of $11.8 billion. The Group's performance in 2019 has therefore been softer, largely as a result of the stronger comparative period in 2018 for the US and a tougher competitive environment in the UK.

Our strategy for 2020 remains unchanged as we continue to focus on optimising customer experience in order to be "The Best Place to Watch a Movie!". Below are some of our key achievements over the last 12 months in fulfilling that purpose.

Integration of Regal

Over the past two years, our integration plan significantly progressed and we are proud of our key achievements and developments:

- Synergies upgraded from $100.0 million at the time of the acquisition to $190.0 million;
- Our US subscription programme, "Unlimited", successfully launched in July 2019;
- Refurbishment plan on track. Several sites under refurbishment as at 31 December 2019;
- Roll out of reserved seating throughout the Regal estate;
- Optimisation of the estate with the closure of 26 loss-making sites;
- Rebranding, with new Regal logo;
- New website and apps driving online penetration to 40%;
- Enhanced concession offering with Lavazza coffee bars, alcohol bars and food menus;
- New strategic partnership with PepsiCo;

- Introduction of ScreenX technology and the opening of a further 23 4DX screens;
- Increased the number of laser projectors, thus improving the customer experience while benefiting from significant operating cost savings; and
- Strengthened our partnership with NCM ("National CineMedia") and introduced post-show advertising.

Customer experience

Our cinemas offer up to seven formats for watching movies; regular screens (2D), 3D, 4DX, ScreenX, IMAX, Premium Large Format ("PLF") and our VIP offering in the UK and ROW. Through both our expansion and our refurbishment programme, we are focused on ensuring as many of our sites as possible provide a good range of these formats, giving our customers the choice of not only which movies to watch, but also of how to watch them. Ensuring a continued superior experience is key to maintaining our competitive advantage. In the UK over the past 18 months we have maintained our leading market share position despite competitive pricing pressure.

As well as developing our exhibition offerings and ensuring world-class customer service, we continue to pay particular attention to our retail products and services. During the year we have continued our partnership with Starbucks at 37 locations in the UK. In the US, we have partnered with Lavazza and opened our first coffee "joint" in Manhattan's Union Square, with many more to come. During the year we added our alcohol beverage service to an additional 35 theatres, taking our total to 248 theatres, over 45% of our circuit. We have also signed a new partnership agreement with PepsiCo to provide refreshing non-alcoholic drinks to all our US cinemas.

We launched our Unlimited programme, which has successfully operated in the UK and Poland for several years, in the US in July 2019 and it has been extremely well received. Unlimited is one of the pillars of our strategy for growing revenues and admissions. The schemes also bring operational benefits by encouraging repeat visits, often at off-peak times and accompanied by friends and family.

Technology and innovation

Investment in technology and innovation continues to be a key pillar of our strategy to make our cinemas "The Best Place to Watch a Movie". In 2019, we opened 31 ScreenX and 30 4DX screens globally. At the end of 2019, we had 135 IMAX screens, 83 4DX screens, 50 ScreenX and 118 Premium Large Format screens ready and waiting to delight our customers.

We strengthened our partnership with Barco and Christie to acquire more than 2,000 next-generation projectors to further improve the quality of the picture across our estate through high-quality projection. The laser projectors we use also provide considerable operating savings and, with sustainability in mind, are much more environmentally friendly.

As we continue our investments in IT systems and customer interface, I am pleased to report that the number of tickets booked online and through our app has reached a record high.

Expansion and refurbishments

Despite a slow start to our US refurbishment plan, we are now making great progress, with the first two sites completed and ten other sites under refurbishment at the end of 2019. We plan to refurbish 100 sites in the first phase of the US programme. In the UK, eight refurbishments were completed, including our O2 site, the biggest cinema in London. We aim to provide consistent high-quality cinemas across the estate. By combining refurbishments with new sites, our "cinema experience" for customers is enhanced, ensuring that our Group is "The Best Place to Watch a Movie".

Also as part of our proactive estate management, we closed 18 sites during 2019; 16 in the US, one in the UK and one in ROW, as the lease terms expired and it was not commercially beneficial or feasible to renew such leases. The site closure had a negative impact on admissions and revenue performance during the year which was partly offset by the launch of our Unlimited programme in the second half of the year in the US. During the period, we completed the sale and leaseback of 35 properties in the US for $556.3m in line with our leasehold operating model.

In terms of expansion, we opened 14 cinemas: seven in the US, five in the UK and two in ROW, a total of 160 screens. A further 127 screens are scheduled to open in 2020 across the Group.

HR and community

As a global company with more than 30,000 employees across 10 territories, creating shared purpose and unifying our values and combined business knowledge are vital to the successful delivery of our strategy. I am extremely proud of our people and the progress we have made on our plan to transform Regal. I wish to thank our motivated and dedicated teams for their loyalty, commitment and support in achieving this remarkable transformation. We are committed to ensuring our people have the opportunity to develop personally and to reach their full potential. With the continually expanding Group, there are now even more opportunities and we continue to nurture our talent and promote internally wherever possible. Our training programmes are specifically tailored for each level and department within the business to ensure everyone has the right knowledge and skills to provide the best customer service.

Our wider communities are also important to us. Every year we undertake a range of activities and initiatives along with charities, schools and community groups. Through the Regal Foundation, a non-profit charitable organisation, we have raised over $5m to support selected charities in the US in 2019. In the UK, we were proud to partner with the BBC's Children in Need fundraising initiative for the fourth year in which we raised over £650,000.

Value for shareholders

The cash generative nature of our business underpins our business model. Our priorities for the use of our cash remain consistent; to invest in the business to support growth in revenue and earnings, de-leveraging and to grow the dividend. During 2019, we have been able to reward shareholders with growth of 9.1% in the adjusted diluted earnings per share ("EPS") under IAS 17. The Group increased the proposed full year dividend to 15.5c per share from 15.0c per share in 2018.

Our Strong Investment Case

1 Operating in a market resilient to the economic and technological cycles

Cinema box office performance is resilient to economic and technological cycles.

Cinema offers outstanding value versus other forms of family leisure entertainment

North American box office revenue has grossed over $11.0bn for the past 5 years

Streaming is a complementary option rather than a substitute to the cinema experience

2 Market leading operator

#2 Global cinema operator with significant scale and experience

Leader in technology with digital laser projectors, 4DX, ScreenX and IMAX screens

Leader in subscription services with our Unlimited membership scheme in the UK, Poland and United States

3 Proven investment strategy

Compelling US opportunity with synergies realised and refurbishment plan underway

Enhanced retail offerings including Starbucks, Lavazza, B-fresh and bars

66 new sites opened across the Group since 2014 and 33 refurbishments completed

Future outlook

In December 2019, we announced the proposed acquisition of Cineplex, which is due to complete in the first half of 2020. I would like to thank our shareholders for their support demonstrated by the 99.6% of votes cast being in favour of the transaction. The combination of Cineplex and Regal will create the leading North American cinema operator with unrivalled scale and opportunity. By deploying our operational best practices and our experience in integrating new businesses, we expect the transaction to create compelling value for shareholders and to be strongly EPS and free cash flow accretive.

While we delivered satisfactory results in 2019, this is another step in the Group's journey. Looking forward, we are well positioned to execute on our strategy in 2020 and look forward to working with the Cineplex team. We have an excellent estate in North America, the UK and ROW which is growing and constantly being upgraded to enhance the cinema experience for our customers. Studios are more committed than ever to provide great content through the theatrical release, including sequels as well as original movies, while our commitment is as strong as ever to provide the infrastructure, the great service and a top-level experience for all customers.

Thus far, we have observed no material impact on our movie theatre admissions due to COVID-19. However in view of the uncertainty as to the future impact of coronavirus, we are taking measures to ensure that our business is prepared for all possible eventualities including, but not limited to, capex postponement and cost reduction. Following a positive start in January and February, we look forward to the strong film slate for the remainder of 2020 including: "Black Widow"; "Wonder Woman 1984"; "Bond 25: No Time To Die"; "Quiet Place Part II"; "Mulan"; "The New Mutants"; "Fast & Furious 9"; "Soul"; "Top Gun Maverick"; "Minions: The Rise Of Gru"; "Tenet"; "Jungle Cruise"; "Venom 2"; "Death on The Nile; "The Eternals"; "Godzilla vs. Kong"; "Dune"; "West Side Story" and many more.

2019 has been a successful year for the Group despite some challenges. I am proud to say that this is mainly driven by our motivated and dedicated teams: their loyalty, commitment and support which has helped us reach our remarkable achievements, especially with regards to the Regal acquisition. I look forward to continuing the Group's journey secure in the knowledge that our excellent team is ready to face our challenges and drive the Group to another great year in 2020.

Moshe (Mooky) Greidinger
Chief Executive Officer
12 March 2020

4

Strong financial performance and cash generation profile

Improved Group Adjusted EBITDA margin by 300bps since 2014

Outperformed synergy target for the Regal transaction by 90% (on track to achieve $190.0m by FY20)

Significant de-leverage profile – reduced net leverage from 4.1x since acquisition, resulting to 3.4x net leverage as of December 2019

5

Proven track record of strong shareholder returns

Total shareholder return of 582.2% over the past 10 years

The Group has maintained its dividend pay-out ratio post acquisition

Returned c.$640m in ordinary and special dividends to shareholders since the Regal acquisition

6

Hands-on management with strong track record and heritage

Greidinger family have been in the cinema business for over 90 years

Management team with over 115 years of combined industry experience

Strong track record of operational performance and acquisitions

Addressing our biggest opportunities and challenges

Market driver	**Technology and innovation** **Developments in technology have brought new innovative audio and visual experiences to the cinema industry.**	**Property market and development** **The rate of new cinema openings is often dependent on local market conditions. Planning laws, the economic environment and the ability of developers to finance their projects are factors which impact cinema location.**	**GDP and the economic environment** **The cinema industry is dependent on the customer choosing to spend disposable income on watching a movie.**
The impact	Technology impacts the whole customer journey from booking tickets to purchasing concessions, as well as the audio and visual experience. The digitalisation of cinemas has resulted in both a greater range of films being offered and the showing of alternative content such as opera, live events, theatre and ballet.	The local market conditions and planning laws impact the rate and feasibility of new openings as well as which sites can be refurbished.	Value for money remains an important factor and cinema has tended to be one of the most affordable forms of entertainment in the wider leisure market in which the cinema industry competes. Historical trends and patterns show that cinema attendance is most closely related to the quality of the movies rather than the gross domestic product ("GDP") of a territory.
How our strategy is optimised to respond	Investment in technology is a key pillar of the Group's strategy – we want to be leaders in this field. The Group continues to invest in premium formats globally such as 4DX, ScreenX, IMAX and Premium Large Formats every year. We are also investing in next-generation laser projectors from Barco and Christie. The Group is continually reviewing and analysing the latest technology available to ensure the right technology is selected. The Group is also evolving its IT systems to provide customers with the ability to book online more easily and through mobile applications as well as digital kiosks for concession sales.	The Group has been successful managing our estate portfolio by opening 160 new screens over the past year as well as closing loss making sites in particular in the United States. We completed the sale and leaseback of 35 properties in the United States in line with the Group existing business model of operating a predominantly leasehold estate. As the estate is generally older in the mature markets, refurbishment of the existing estate, in particular in the US and the UK, is a key focus for the Group.	The Group monitors local and national markets to ensure ticket and concession prices remain a competitively priced form of entertainment. The Group invests in both the estate and technology to ensure customers receive a premium experience during every visit while getting value for money.

Market maturity

Where a market is in the maturity phase this impacts the level and trend of cinema admissions per capita.

The more mature markets such as the US, UK and Israel tend to be characterised by higher admissions per capita, higher average ticket prices and a lower population per screen ratio. Growth markets have the opposite characteristics and provide great expansion potential for the Group.

The geographic spread of the Group provides diversification benefits and opportunities across both the more mature and growth markets. This includes the opportunity to open new sites as well as refurbish older sites, particularly in the more mature markets where the estate is generally older. We have started our extensive refurbishment programme in the US with 100 sites to be refurbished in the first phase of the programme.

Competing media and leisure activities

Throughout the decades the cinema industry has always faced competition from other forms of media delivering content, for example video, video on demand ('VOD'), DVD and Blu-ray.

Although online streaming and the downloading of films at home are increasingly popular, an outing to the cinema provides a unique experience which cannot be replicated at home, especially with superior experiences offered by technologies such as IMAX, 4DX and ScreenX. A trip to the cinema is a social occasion and watching a movie on a large state-of-the-art screen with superb sound is attractive to all age groups. Visiting the cinema remains a convenient, affordable out-of-home activity, especially when compared with other leisure activities such as concerts and sporting events.

The Group continues to invest in new technology to ensure a premium and differentiated experience while remaining an affordable activity for the whole family. We also offer a subscription programme in three of our territories which is a great value option for movie enthusiasts. Going to the cinema has also become more than just watching a movie, and that is why the Group has invested in its retail offerings across our estate such as Starbucks, Lavazza, alcohol bars, premium food and our VIP offering.

Consolidation of the industry

The cinema industry globally has recently seen an increase in acquisition activity and consolidation within the market.

In 2019, we continued to see M&A activity within the industry with Marcus Corporation acquiring dine-in cinema circuit Movie Tavern, Cohen Media Group acquired the UK chain Curzon Cinemas; Pathé acquired the Benelux chain Euroscoop and Kinepolis completed the acquisition of american circuit MJR Digital Cinemas. In 2018, Vue bought German cinema group Cinestar, and in 2016 AMC Entertainment acquired Carmike in the US, Odeon in the UK and the Nordic Cinema Group in the Nordics. In the US, outside of the top three chains, the rest of the market is represented by smaller, independent cinema chains which operate in states.

The Group's strategy includes identifying potential profitable opportunities to grow and expand the business. In 2019 this included the proposed acquisition of Cineplex, which would make the Group the largest operator in North America (by number of screens).

Cinematic window

There have been ongoing discussions for a number of years about the cinematic window, the period between the release of a film in a cinema and on any other platform.

A material reduction in the cinematic window could reduce the cinema admissions per capita.

There is no expectation that the current cinema window will change significantly in the near future as major studios remain committed to the theatrical release. The release window benefits both the film studios and the movie theatres. The Group continually monitors the status of this and engages with the distributors and studios to discuss the subject.

Our Business Model

Delivering on our vision

Our assets

Our financial strength
Focus on cost and revenue initiatives enables us to maintain healthy margins, which in turn drive the cash flow needed to continue to invest in and expand our estate. This continued investment ensures that we are able to reach as many customers as possible with the high quality experience we believe in. We manage investment in our estate in conjunction with the maintenance of a strong Statement of Financial Position making the business financially secure, flexible and able to make returns to shareholders.

Our knowledge and know-how
The wealth of knowledge and know-how which has been built up across the Group over the past nine decades has enabled us to design and build the latest state-of-the art cinemas and operate them efficiently through optimal management structures. While we do not have control over the content, our close and long-standing relationships with the film distributors are fundamental to providing the best and most varied selection of movies for our customers at the right time.

Our estate and brands
The geographic spread of our business reduces exposure to volatility in individual markets. It also provides opportunities across both mature and growth markets. We have established brands in each of the territories in which we operate. We have focused on developing and optimising the estate through our refurbishment and construction programme which is at the heart of our strategy.

Our technology
We are technological leaders in the industry, offering our customers the latest audio and visual technology. We have seven different formats in which our customers can watch a movie: regular screens, 3D, 4DX, IMAX, ScreenX, Premium Large Format (Superscreen and RPX) and VIP auditoriums. We set our prices according to the format the customer chooses and not the movie.

What we deliver

Everything that we do is to deliver on our vision… to be “The Best Place to Watch a Movie”

REGAL cineworld CINEMA CITY

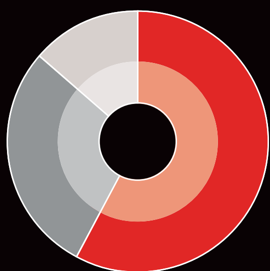
How we create value

We create value through providing our customers with a choice of where and how to watch a movie along with a variety of concession products. The Group's knowledge and know-how ensures we achieve operational excellence across the estate while providing our customers with a superior experience every time they visit one of our cinemas.

Our business is underpinned by:

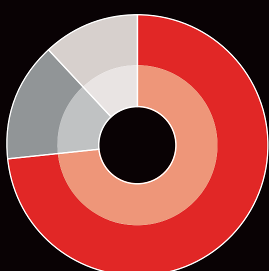
Regulation and responsible business
We are committed to ensure all of our teams comply with local and national industry laws and business regulations and strive to attain the highest levels of health and safety standards across the Group.

Revenue by product and services



Box office	$2,536.1m
Retail	$1,240.3m
Other	$593.3m

Revenue by geography



US	$3,209.6m
UK and Ireland	$648.4m
Rest of World	$511.7m

The value we create

Customers

By delivering our vision to be "The Best Place to Watch a Movie", we are ensuring that our customers feel more, and will want to return to our cinemas again and again. As well as our estate and offerings we believe it's the "Tiny Noticeable Things" our people do which make the difference.

Shareholders

We aim to deliver returns, long term value and dividend growth to our shareholders. This is achieved through driving revenues, increasing earnings, re-investing in the business and prudently managing our cash position.

Employment

Operating in ten countries we create direct jobs and career opportunities for over 30,000 people. The investment we make in our people, particularly through learning and development, and the way we operate is key to maintaining our happy and motivated workforce. We also create a number of indirect jobs for example through our construction and refurbishment programmes.

Wider stakeholders

We give back to our communities through a range of activities and initiatives. This includes events run at both a national level and in our local communities. We partner with distributors to provide charity screenings, arrange events for local schools and organisations.

Risk management

Maintaining and monitoring an effective system of risk management and internal control ensures that our business, people and assets are safeguarded and that material financial errors and irregularities are prevented or detected.

Governance

Our experienced and diverse Board and Committees provide effective governance and oversight to the whole Group.

Provide the best cinema experience...

...to give our customers a choice of how to watch a movie, with a variety of retail offerings, all underpinned by the best customer service

Our people continue to be pivotal in delivering our vision to be "The Best Place to Watch a Movie". It's the "Tiny Noticeable Things" our people do which differentiate our customers' experience. Therefore, recruiting high quality employees and investing in their training is at the heart of our strategy.

Providing our customers with choice is key – this includes the movies they can watch, how they watch them, the type of venue they watch them in and a variety of retail offerings provided to cater for all demographics.

What we achieved

- Admissions of over 275.0m across the Group, negatively impacted by strong comparative film slate, site closures and refurbishment in the US and pricing pressure in the UK.
- Launch of Unlimited programme in the US.
- Enhanced our concession offering across the Group with Starbucks, Lavazza, Bars and enhanced menus.
- 40% online booking penetration in the United States.
- Through our "BeGreat" programme we ran an accredited mental health training for managers as well as our diversity and inclusion programme.

Priorities for 2020

- Integration of Cineplex following completion of the transaction.
- Further expansion of concession offerings in the US: Lavazza Coffee Bars and B-fresh healthy drinks.
- Continue to enhance online offering and number of tickets sold through our website and app.

Measuring our progress

Admissions

275.0m

2018: 272.6m

Average ticket price $

9.22

2018: $9.16

Retail spend per person $

4.51

2018: $4.20

Risks

- Quality and availability of films.
- Changes in customer preferences.
- IT and website disruption.

Read more **page 24**

Sustainability drivers

- Employee wellbeing and health and safety.
- Customer satisfaction and brand loyalty.
- Enhance tailored content depending on local demographic.
- Promote and distribute smaller & locally produced movies.
- Offer healthier retail and concession alternatives.

Read more **page 32**

Expand and enhance our estate...

...to provide consistent, high quality, modern cinemas

When selecting new sites for development or sites for refurbishment we consider the location, accessibility, competition, and other local economic factors. We also have a selective site closure programme when the lease terms have expired and it is not commercially beneficial or feasible to renew these leases.

What we achieved

- Opening of 14 new sites: seven in the US, five in the UK and two in the ROW.
- A further 10 refurbishments were completed; eight in the UK and two in the US.
- Closure of 16 loss making sites in the US.

Priorities for 2020

- Continue the refurbishment programme in the US and UK.
- 12 new sites to be opened: seven in the US, two in the UK and three in ROW.

Measuring our progress

Number of new screens

160

2018: 108

Total number of screens

9,500

2018: 9,518

Number of major refurbishments completed

10

2018: 4

Risks

- Quality of the cinemas.
- State and maintenance of the theatres.
- Opening and refurbishment dependent on planning laws and building permits.

Read more **page 24**

Sustainability drivers

- Durability of refurbishment.
- Collaboration with local authorities.
- Energy efficient newbuilds.

Read more **page 32**

Be technological leaders...

...in the industry to offer the latest audio and visual technology

We want to be at the forefront of providing the latest technology to our customers. We continue to strengthen and deepen our partnership and relationships with our technology partners.

What we achieved

- We opened 31 ScreenX and 30 4DX across our estate.
- We are one of the largest operators of IMAX screens in the US and across Europe.
- The Group is the only provider of 4DX in the UK and an extensive provider in the US and Europe.
- We continued to develop and roll out our own Premium Large Format, with 118 across the Group at the end of 2019.
- Signed new agreements with Barco and Christie to provide latest technology laser projectors.

Priorities for 2020

- Continue refurbishment programme in the US and UK.
- Continue our investment in providing a range of premium formats.
- Roll out of laser projectors across the estate.

Measuring our progress

Number of premium formats

135	83	50	118
IMAX screens (2018: 130)	4DX screens (2018: 53)	ScreenX (2018: 19)	PLF (2018: 116)

Risks

- Availability of content tailored for specific technology.
- Change in technology.
- Strength of relationship with technology partners.

Read more **page 24**

Sustainability drivers

- Energy saving through roll out of laser projectors.
- Ensure safety requirement of stakeholders.
- Maintain long term relationship with our technology partners.

Read more **page 32**

Drive value for shareholders…

…by delivering our growth plans in an efficient and effective way

To be able to reward our shareholders we remain focused on driving revenues, increasing earnings and prudently managing our cash position.

What we achieved

- Increased Regal acquisition synergies from $100m to $190m.
- Adjusted diluted EPS decreased by 17.1% to 21.3c due to the impact from the adoption of IFRS 16.
- The Group maintained its dividend pay-out ratio for another year, increasing the full year cash dividend paid.
- Continued focus on driving efficiencies and de-leveraging.

Priorities for 2020

- Completion of Cineplex transaction and integration.
- Continue refurbishment plan in the US and UK.
- Cash flow generation and de-leveraging.

Measuring our progress

Revenue $m	Adjusted EBITDA $m (IAS 17)	Adjusted diluted EPS C	Dividend Per Share C
4,369.7	1,032.6	21.3	15.5
2018: $4,119.1m	2018: $925.4m	2018 restated: 25.7 c	2018: 15.0 c

Risks

- Retain strategic employees.
- Deliver on strategic initiatives and performance.
- Integration of Cineplex.

Read more **page 24**

Sustainability drivers

- Effective and proactive estate management.
- Social and environmental impact of integrating new businesses.
- Engage with local communities and charities.

Read more **page 32**

Precise pixel perfect projectors

Investment in technology and innovation continues to be a key pillar of our strategy to make our cinemas "The Best Place to Watch a Movie".

We strengthened our partnership with Barco and Christie to acquire more than 2,000 next-generation projectors to further improve the quality of the picture across our estate through high-quality projection.

The laser projectors we use also provide considerable operating savings and, with sustainability in mind, are much more environmentally friendly.

Class, defined through comfort

Our cinemas offer up to seven formats for watching movies: regular screens (2D), 3D, 4DX, ScreenX, IMAX, Premium Large Format ("PLF") and our VIP offering in the UK and ROW.

Through both our expansion and our refurbishment programme, we are focused on ensuring as many of our sites as possible provide a good range of these formats, giving our customers the choice of not only which movies to watch, but also of how to watch them.

Strategy in Action

Nurture talent and create opportunity, for all

We are committed to ensuring our people have the opportunity to develop personally and to reach their full potential. With the continually expanding Group, there are now even more opportunities and we continue to nurture our talent and promote internally wherever possible.

Our training programmes are specifically tailored for each level and department within the business to ensure everyone has the right knowledge and skills to provide the best customer service.

Risk Management

Supporting growth through effective risk management

Principal Risks and Uncertainties
Operating as a cinema chain in ten different countries presents a number of risks and uncertainties that continue to be the focus of the Board's ongoing attention.

Risk Management Approach
The Group's approach to risk management and internal control is designed to manage risk at all levels. Where possible, the Group has implemented appropriate mitigation strategies to reduce the overall risk exposure in line with the Board's risk appetite. For further details please see the Group approach to risk management set out on pages 54 to 56.

Principal Risk Assessment
The Board 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 time-frame horizon for consideration of the principal risks is aligned to the three-year period used when considering the future viability of the Group. For further details, please see the Group's viability statement on pages 30 and 31.

After the Board's review of existing risk and potential emerging risk, the Board believes the existing Principal risks reflect the Group's risk profile.

The Board has remained vigilant on the impact of the UK's exit from the European Union (BREXIT), and consideration has been given to the risks that may have a significant impact on the underlying trading performance of the Group going forward.

The Board has evaluated the potential impact of COVID-19 and we are taking measures to ensure that we prepare our business for all eventualities. Should conditions relating to COVID-19 continue to worsen, we have measures at our disposal to reduce the impact on our business including, but not limited to, capex postponement and cost reduction.

Appetite
The Board undertook a formal annual review of risk appetite, ensuring that the view it has established for each of the principal risks reflects its current perspective and its willingness to accept risk in pursuit of the strategic objectives of the Group. For further details please see the Group approach to risk management set out on pages 54 to 56.

Viability
In addition, the Directors' viability assessment has taken into consideration the potential impact 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 the viability assessment may be found on pages 30 and 31.

Key
- Provide the best cinema experience
- Be technological leaders in the industry
- Expand and enhance our estate
- Drive value for shareholders

Principal Risks

Risk	Strategic Relevance	Trend	Owner
1. Technology and Data Control		↔	Deputy CEO
2. Availability and Performance of Film Content		↔	CCO
3. Provision of next Generation Cinemas		↔	CEO
4. Viewer Experience and Competition		↔	CCO
5. Revenue from Retail/Concession Offerings		↔	CCO
6. Cinema Operations		↔	CEO
7. Regulatory Breach		↔	CFO
8. Strategy and Performance		↔	Deputy CEO
9. Retention and Attraction		↔	Deputy CEO
10. Governance and Internal Control		↔	CFO
11. Major Incident		↔	CEO
12. Integration with Regal		↔	CEO
13. Treasury Management		↔	CFO

1 Technology and Data Control

A critical system interruption or major IT security breach encountered.

Link to Strategy

Risk Owner
Deputy CEO

Impact
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 could lead to claims, regulatory penalties, disruption of operations of the Group and ultimately reputational damage.

Mitigation Activity
- The Group IT function monitors, manages and optimises our systems, including ensuring their resilience through regular back-ups and the implementation of security measures.
- External experts are employed where necessary to oversee and help manage major projects involving the upgrading or replacement of key systems.
- Under the direction of the Group Data Protection Officer there is a Data Privacy/Security Committee (supported by external professional advisers) that drives the programme of data protection across the Group.

Changes in the Year
- Integration plans/projects have commenced or been completed across our systems, processes and resources.
- The threat of cyber risks has continued to be a focus throughout the year with additional investment being made to ensure we maintain a control environment appropriate for the size of the Group,
- General Data Protection Regulation ("GDPR") and the California Consumer Privacy Act ("CCPA") has meant some changes to systems, policies and procedures to ensure compliance.

Opportunity
- Continuing the programme of investment in systems and ensuring our processes are robust will strengthen the day-to-day operations across the Group.

2 Availability and Performance of Film Content

Lack of access to high quality, diverse and well publicised movie product.

Link to Strategy

Risk Owner
CCO

Impact
Underpinning the overall success of the Group is the quality of the movie slate, the timeliness of release, the release window and the appeal of such movies to our customers. Where the movie studios do not produce sufficiently attractive movies, or movies underperform, this has a direct impact on cinema attendance and, therefore, box office revenue for the Group may decline.

Mitigation Activity
- We work closely with distributors to acquaint ourselves, as early as possible, with the upcoming film slate in order to forecast likely movie performance.
- Although access to the latest movie slate is reliant on our relationship with the distributors, the Group's strategy is to show a wide range of movies over and above the traditional Hollywood blockbusters. This allows us to capitalise on specific local area demand for type and content of movies shown.
- The Group has increased focus on growing the event cinema offering to provide customers with more alternative content.

Changes in the Year
- This year's global box office all-time record of $42.5 billion demonstrates the strength of our industry across around the world.
- In North America, box office revenue amounted to the territory's second-highest figure at $11.4 billion, the fifth consecutive year that it has exceeded $11.0 billion.

Opportunity
- The increase in geographical footprint will further enhance our ability to mitigate against year-on-year volatility to the individual cinema markets.
- Continue to grow event cinema business to satisfy customers' appetite for alternative content.
- There is a strong film slate for 2020 and we expect these to drive continued growth in admissions.
- Despite the impact of COVID-19, studios in the countries we operate currently remain committed to their release schedule.

3 Provision of Next Generation Cinemas

Maintaining/refurbishing existing sites and/or developing new sites fails to provide a circuit of next generation cinemas.

Link to Strategy

Risk Owner
CEO

Impact
Ensuring our cinemas are of state-of-the-art design and have the latest cutting edge cinema experience technology are both key for our strategy to provide the best place to watch a movie. A deviation from this could have a direct impact on admissions and the financial health of the Group.

Mitigation Activity
- The site prioritisation analysis for the selection of refurbishments, new sites and or closures.
- Project Management expertise that allows the unique position of renovating without cinema closures.
- Ensuring access to the latest cutting edge technology through our ability to secure agreements with key suppliers.
- Maintaining long-term working relationships with key contractors to ensure continued access to knowledge and experience.

Changes in the Year
- Opening of 14 new sites: seven in the US, five in the UK and two in ROW.
- Refurbishment plan on track with 10 refurbishments completed (eight in the UK and two in the US).
- Closure of 16 loss making sites in the US

For further details see the Chief Executive Officer's Review on pages 6 to 9.

Opportunity
- Continue refurbishment programme in the US and UK.
- Open 12 new sites: seven in the US, two in the UK and three in ROW.

4 Viewer Experience and Competition

Failure to deal with competition effectively by not offering quality products and services that meet the needs of the customer and deliver an enhanced viewer experience.

Link to Strategy

Risk Owner
CCO

Although cinema admissions are predominantly driven by the quality and availability of films, ensuring that the Group continually enhances the viewer experience is crucial. Any decrease in the quality of the services we offer, from the ease of booking and the technology we use to a friendly farewell on departure, could result in loss of customers to competitors and/or other leisure/entertainment attractions.

Mitigation Activity
- Our strategy is focused on continually improving the quality of services we offer to customers and making a visit to our cinemas a unique experience.
- This includes increasing the efficiency of online booking, cutting edge cinema design, removing clutter from the foyers, investing in technical innovation and premium offerings (ScreenX , 4DX and other large screen formats), upgrading seating options, further rollout of the VIP offering and improving retail offers.
- We also focus on our approach to customer interaction with the Group outside of the cinema environment.

Changes in the Year
- Our investment in ensuring we can offer as many screen formats as possible continued with IMAX, 4DX and ScreenX being added during 2019 we opened 31 ScreenX and 30 4DX screens globally.
- Signed new agreements with Barco and Christie to provide latest technology laser projectors.
- Launch of Unlimited Programme in the US was very positively received.

Opportunity
- Further expansion of concession offering in the US.

5 Revenue From Retail/ Concession Offerings

Delivery of a retail/concession offering that does not meet the requirements and preferences of our customers.

Link to Strategy

Risk Owner
CCO

Impact
Retail/concession sales generally fluctuate in line with admissions and the genre of film on show. 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 cost of items such as energy and foodstuffs, as well as the introduction of the Soft Drinks Industry Levy, has a direct impact on price.

Mitigation Activity
- Through our ongoing monitoring of various metrics, including spend per person, we have the ability to understand and react quickly to changing customer needs.
- A key strategy for the Group is to maintain a strong relationship with the principal retail suppliers.
- We run targeted promotions and bring in different ranges of products to meet changing customer demand.
- The introduction of franchising models for some of the key suppliers has also been an important way of enhancing the range of offerings.
- We are working closely with our drinks partners to reduce and, where possible, mitigate the potential impact of the Soft Drinks Industry Levy. We are doing this by broadening our ranges of diet and sugar free options along with water and trialling innovation with reformulated products whilst still providing consumer choice based on preferences.

Changes in the Year
- Retail revenue remains a function of admissions and spending trends in each local market. This has been positively impacted by the expansion of concession offerings: Starbucks, Lavazza Bars and an enhanced menu.
- New strategic partnership with PepsiCo in the US.

For further details see the Chief Executive Officer's Review on page 6 and Chief Financial Officer's Review on page 36.

Opportunity
- Further expansion of concession offerings in the US: Lavazza and B-fresh.

6 Cinema Operations

Failure to maintain and operate well run and cost-effective cinemas.

Link to Strategy

Risk Owner
CEO

Impact
Operating cinemas well is pivotal to the overall success of the Group. Key to this is to ensure that cinema management understand the 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 cinemas and ultimately the Group's financial performance.

Mitigation Activity
- 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.
- Ongoing evolution and updating of cinema operational processes and procedures.

Changes in the Year
- The investment we make in our people, particularly through learning and development, and the way we operate is key to maintaining our happy and motivated workforce.
- Optimised management structures in the US to align the Group.

For further details please see Resources and Relationships on page 32.

Opportunity
- Continue to deploy operational best practices across the Group.

7 Regulatory Breach

↔

A major statutory, regulatory or contractual compliance breach.

Link to Strategy

Risk Owner
CFO

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 activity.

Mitigation Activity
- Management operates an ongoing cinema compliance programme, supplemented by independent compliance assurance reviews by external advisers where appropriate.
- Group support functions use a combination of ongoing staff development as well as updates from professional advisers to ensure management are aware of the latest regulations in key areas.

Changes in the Year
- Data privacy review was performed in the US.
- Data Privacy activities in the UK have continued to ensure compliance with GDPR.
- A Group Head of Health and Safety was appointed to further align the Group Health and Safety programme across the Group.

For further details please see Risk Management and Internal Controls section pages 54 to 56.

Opportunity
- Continue to align the approach to health and safety audits in the US to the Group approach.
- Continue data privacy compliance initiatives across the Group.
- Continue the evolution of our approach to compliance to ensure it is embedded in our day-to-day operations.

8 Strategy and Performance

↔

The approach to setting, communicating, monitoring and executing a clear strategy fails to deliver long-term objectives.

Link to Strategy

Risk Owner
Deputy CEO

Impact
Although the overall strategy for the Group is not a complex one, it is key that this is executed.

Any diversion from this strategy could result in loss of market share to competitors, failure to capitalise on emerging market opportunities, reduction in potential revenue/profits and therefore loss in shareholder value.

Mitigation Activity
- A structure is in place to support effective strategy development, as well as ongoing reporting and monitoring of business performance on a daily, weekly, monthly, quarterly and annual basis. Monitoring Senior Management performance against their agreed personal objectives is an ongoing exercise.
- 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.

Changes in the Year
- Although the Group has expanded significantly, the strategy and vision remains the same, to be "The Best Place to Watch a Movie" by continually focusing on providing the best customer experience, maintaining technological leadership, expanding and upgrading the estate, and training and retaining, highly motivated, experienced and loyal staff.

Opportunity
- The Group's strategy includes identifying potential profitable opportunities to grow and expand the business.
- Continual focus on and review of strategy ensures the Board is well placed to assess value adding opportunities as they arise.

Key

- Provide the best cinema experience
- Be technological leaders in the industry
- Expand and enhance our estate
- Drive value for shareholders

9 Retention and Attraction

Failure to attract and retain Senior Management and/or other key personnel.

Link to Strategy

Risk Owner
Deputy CEO

Impact
The Group's performance and its ability to mitigate significant risks within its control depend on its employees and Senior 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 could have an impact on its ability to deliver business objectives.

Mitigation Activity
- To ensure the long-term success of the Group, it uses a variety of techniques to attract, retain and motivate its staff, with particular attention to those in key roles.
- These techniques include the regular review of remuneration packages, share incentive schemes, training, regular communication with staff and an annual performance review process.

Changes in the Year
- Pay standards in the US have been aligned to the new operational structure.
- Our training programmes are specifically tailored for each level and department within the business to ensure everyone has the right knowledge and skills to provide the best customer service.

For further details please see Resources and Relationships on page 32.

Opportunity
- The growth of the Group has increased the opportunities for internal promotion, and transfers.

10 Governance and Internal Control

A critical internal control and/or governance failing occurs.

Link to Strategy

Risk Owner
CFO

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 short and long-term success. Any failure and/or weakness in this area (financial and non-financial) could have an impact on the efficient and effective operations of the Group.

Mitigation Activity
- The Group uses various mechanisms to support the implementation and effectiveness of controls.
- These include:
  - implementation of the Group Risk Management Framework;
  - ongoing self-assessment process for monitoring cinema compliance and financial control standards;
  - 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.

Changes in the Year
- The Group appointed PwC as its external auditor.
- Implemented global risk and assurance strategy.
- Appointed new external adviser to support the delivery of assurance programme.

For further details please see Risk Management and Internal Control on pages 54 to 56.

Opportunity
- Continue to enhance the use of technology for embedding automated controls and providing ongoing live assurance.
- Increase Internal Audit resources focusing on improving Group compliance activities.

11 Major Incident

Inability to respond to a major incident.

Link to Strategy

Risk Owner
CEO

Impact
Cinema attendance may be affected by political events, such as terrorist attacks on, or wars or threatened wars in territories in which we operate, health related epidemics and random acts of violence or natural disasters, any one of which could cause people to avoid our cinemas or other public places where large crowds are in attendance. This could adversely impact the financial performance of the Group.

Mitigation Activity
- 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 and safety of our cinema estate.
- Various security systems and/or personnel are in place across the Group.
- Should an incident occur at one of the Group's sites, business continuity and disaster recovery plans are in place to ensure that management can react appropriately.
- Appropriate insurance is in place to mitigate the financial consequences as a result of property damage.

Changes in the Year
- Incidents of terrorism attacks across the globe mean the Group continues to focus on this as part of its ongoing cinema operations.
- Development of a robust crisis response plan in the US.
- Active shooter training was performed in the US.

Opportunity
- Enhanced US active shooter training to provide computer based learning and annual certification.
- Continuous review of processes which can identify areas for operational improvement and improve overall safety at our sites.

12

Integration with Regal

↔

Failure to deliver expected benefits from the Regal acquisition and/or integrate the business into the Cineworld Group effectively.

Link to Strategy

Risk Owner
CEO

Impact
The significance of the acquisition for the Group means that execution of an effective integration strategy supported by sufficient management resources is critical. If any part of this is not optimised then the Group might not achieve the expected financial and operational benefits which may have an adverse impact on growth, profitability and future cash flow.

Mitigation Activity
- Continued review of operational structures to ensure they are optimised globally.
- Retention of key expertise within the Group.
- Ongoing Executive Director presence in the US.

Changes in the Year
- Synergies upgraded from $100m at the time of the acquisition to $190m.
- Refurbishment plan on track with 10 sites under refurbishment as at 31 December 2019.
- Optimisation of the estate with closures of 16 loss making sites.
- Our subscription programme successfully launched in the US in July 2019.

Opportunity
- Delivering the full potential of the combination through the strength of our brands, focus on customer experience and investment in technology.

For further details please see Chief Executive Officer review on page 6.

13

Treasury Management

↔

Ineffective treasury management slows down our ability to service our debt obligations and deliver against our planned strategic initiatives (e.g. refurbishment programmes).

Link to Strategy

Risk Owner
CFO

Impact
A key future strategy for the Group is ensuring it has the ability to use the cash generative nature of the business to reduce the net debt to Adjusted EBITDA ratio. Balancing this with the level of planned investment in strategic initiatives globally will be a continual focus for the Board.

Mitigation Activity
- Integration of Regal and Cineworld treasury functions.
- On-going review of financial instruments being used.

Changes in the Year
- At 31 December 2019 the Group's financial arrangements consisted of USD and Euro term loan totalling $3.6m and a revolving credit facility of $462.5m which had been drawn down by $95.0m.
- We concluded a sale and lease back transaction with proceeds of $556.3m.
- The Group maintained its dividend policy and has returned $640m in ordinary and special dividends to shareholders since the Regal acquisition.

Opportunity
- Following the acquisition of Cineplex, the objectives will be to maximise the synergistic benefits and focus on a structured debt reduction programme targeting leverage towards three times net debt to Adjusted EBITDA by 2021.

Key

- Provide the best cinema experience
- Be technological leaders in the industry
- Expand and enhance our estate
- Drive value for shareholders

Viability Statement

Assessing the viability of the enlarged Group

In accordance with the UK Corporate Governance Code, the Directors have assessed the viability of the enlarged Group, which includes the proposed Cineplex transaction, over a period longer than one year. For details of the additional financing for Cineplex which will be taken on following completion please refer to the Going Concern statement on page 43 and Note 1 on page 101. The assessment takes into account the Group's current and expected new facilities for the Cineplex acquisition as well as the potential impact of the principal risks and uncertainties set out on pages 24 to 29.

The Directors have determined that a three year period from the date of approving the financial statements constitutes an appropriate period over which to provide its viability statement. Three years was determined based on the maturity period of the Group's current and expected new financing facilities, the visibility of the future film slate, the enlarged Group's property expansion and renovation plans, investment in technology and relationships with the film distributors.

The Group's business model and strategy are not expected to significantly change as a result of the Cineplex acquisition, other than to be implemented in Canada following completion of the acquisition.
The nature of the enlarged Group's activities are long-term and the business model is open-ended. The Group's current overall strategy has been in place for several years, subject to the ongoing monitoring and development.

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.

For the purpose of assessing the enlarged Group's viability, the Directors identified that of the principal risks detailed on pages 24 to 29 the following are the most important to the assessment of the viability of the enlarged Group:

- Availability and performance of film content,
- Viewer experience and competition,
- Expansion and growth of our cinema estate.

Based on the principal risks identified above, scenario based assessments were performed for the enlarged Group. The scenarios applied included:

- Reducing both admissions as a result of lack of film content/or increased competition through the emergence of new technology or alternative formats to watch films,
- Reducing average ticket price, as a result of lack of film content, and/or increased competition through the emergence of new technology or alternative formats to watch films,
- A combination of the above.

In performing the scenario assessments the enlarged Group would still be able to continue to meet its day to day liabilities as they fall due over the three year period.

Whilst the reviews performed do not consider all of the risks that the enlarged Group may face, the Directors consider that the scenario based assessment prepared of the enlarged Group's prospects is reasonable in the circumstances of the inherent uncertainty involved.

The Directors believe the risk management and internal control systems in place allow them to monitor the key variables that have the ability to impact the liquidity and the solvency of the enlarged Group and are confident that management are able to sufficiently mitigate the situations applied in the scenario analysis, excluding the specific Covid-19 scenario analysis detailed below, as mitigating actions could be taken, which include reducing capital expenditure, reducing dividend payments and reducing variable costs.

Based on these assessments, and having considered the established and expected controls for the risks and the available mitigating actions, the Directors confirm that they have a reasonable expectation that the enlarged Group will be able to continue in operation and meet its liabilities as they fall due over the period.

COVID-19 Scenario Analysis

The uncertainty as to the future impact on the Group of the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. Thus far, we have not observed any material impact on our movie theatre admissions due to COVID-19. Following an increase in admissions in the first two months of the year against the same period in the previous year, we continue to see good levels of admissions in all our territories, despite the reported spread of COVID-19. Although the release of the new Bond movie has been postponed to November 2020 largely due to closure of cinemas in the Asian markets, the studios have advised us that in the countries in which we operate, they currently remain committed to their release schedule for the coming months and remainder of the year.

In the downside scenario analysis performed, the Board has considered the potential impact of the COVID-19 outbreak on the Group's results. In preparing this analysis the following key assumptions were used: the impact of a total loss of revenue across the enlarged estate for between one and three months, no fixed costs reductions should sites be closed, run-rate combination benefits of c.$133m expected to be achieved as part of the Cineplex acquisition, forecast capital expenditure reduced in 2020 by 90%, and cessation of dividend payments from 1 July 2020. This analysis does not take account of the fact that in the case of widespread site closures the films scheduled to be released during this period of closure could be moved to later in 2020. These downside scenarios are currently considered unlikely, however it is difficult to predict the overall outcome and impact of COVID-19 at this stage. Under the specific downside scenario, however, of the Group losing the equivalent of between two and three months' total revenue across the entire estate there is a risk of breaching the Group's financial covenants, unless a waiver agreement is reached with the required majority of lenders within the next twelve months.

Only the specific downside scenario detailed above would indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Consolidated Financial Statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

The key resources and relationships that drive our sustainable performance

Introduction

The Group's key relationships are with our customers, our people, our commercial partners and our wider communities. How we behave and interact with each of these parties reflects on our reputation, which is a key asset underpinning the successful delivery of our strategy.

Our ethics policies seek to guide the behaviour of our people by specifying principles which establish common values through which we do business.

We strive to ensure that we act in appropriate ways to maintain and enhance our reputation. The Group seeks to act with honesty and integrity in its dealings with customers, employees, shareholders, regulators, suppliers and our wider community.

Read more about how we engage with our key stakeholders on pages 50 to 53.

Our customers

Our customers are key to our success. We believe that through listening and being responsive to what our customers tell us about their visits, we are better able to deliver cinema experiences which make us the best place to watch a movie.

As reported last year, in 2018 we launched a new customer feedback programme in partnership with market leading customer engagement solutions provider 'Rant and Rave'. Our ambition: to amplify customer feedback within the business and generate actionable insights. By empowering our teams to act on the feedback they receive in real time, we delivered measurable improvements to customer satisfaction and brand loyalty in 2019, and aim to build on these gains in 2020.

We focus on providing our customers with a wide variety of on screen entertainment including the best film product from all the major studio and independent production houses plus a range of other on screen entertainment including live theatrical, dance and musical events. We also believe in providing a range of cinematic experiences, with multiple screening formats offering the latest theatrical technology now available in many of our cinemas including 4DX, IMAX, ScreenX, Superscreen and VIP.

We deliver on our strategy to be the best place to watch a movie by building our offering around quality entertainment, a choice of experience and value for money, all underpinned by great customer service.

We also have initiatives which aim to extend the relationship with the customer beyond a single visit. In the UK, we have the long established Unlimited membership service for a fixed monthly (or annual) subscription, enabling customers to watch as many films as they wish (with uplifts available if the customer wishes to see the movie in premium formats such as ScreenX, IMAX or 4DX). This scheme was successfully launched in Poland at the end of 2015 and in the US in 2019.

In addition to Unlimited, in the US, members of the Regal Crown Club® earn credits for each dollar spent at the Company's cinemas, and can then redeem such credits for movie tickets, concession items, and movie memorabilia at the cinema, online, or via an app. We also have a number of other membership schemes across the Group's territories which offer discounts, and allow us to interact frequently with our customer base.

Event cinema screenings bring a wider range of content to our customers, enabling our audiences to see live shows taking place around the world. Operating in this way supports such productions, making them more commercially viable, accessible to more people and, in turn, brings more people to the cinema.

The Group actively encourages our future cinema-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.

Non-financial information statement

The Company has complied with the Non-Financial Reporting Directive contained in sections 414CA and 414CB of the Companies Act 2006.

Where to find related information:

Environmental	Employees	Social	Human rights	Anti-corruption and anti-bribery	Principal risks	Business model
See pages 35 and 84	See pages 33 and 84	See pages 33 and 53	See pages 33 and 84	See pages 35 and 56	See pages 24 to 29	See pages 12 to 13

Throughout the Group, all national regulators' film classification guidelines are followed, unless local regulators require otherwise. In some of our territories, there are no classification guidelines, and in such cases we provide information to customers about films so they can make informed choices about the type of film being shown. We also ensure that all trailers are complementary in terms of suitability to the main feature.

Retail

As many of our customers still consider going to the cinema as a treat or special occasion, they expect traditional cinema snacks as part of their experience. We offer a range of products to our customers, and we work closely with our partners to provide healthier or low sugar alternatives where possible and in line with customer or legislative demands.

Access for all

The Group promotes a philosophy of access for all by offering accessible cinemas for the disabled that show a wide range of films and event cinema. 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 countries, the Group allows customers with disabilities to be accompanied by a carer, free of charge. All new cinemas are designed 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 taken to enhance access within cinemas where practicable to do so.

Our people

During 2019, we continued to enhance our people offering in a variety of ways to create "The Best Place to Work in the Movies."

We are very committed to our internal promotion philosophy and the development of talent through our 'Be More' programmes. 2019 saw around 220 delegates participate in UK succession related development activities, meaning they will be Team Leaders and Cinema, General and Regional Managers of the future. Our 2019 engagement survey showed impressive scores in this area, with 86% of people saying they "had the training to do their jobs". This philosophy is being mirrored in the US and complements the newly established cinema structures. During 2019, we launched the first level of succession training for "cast members" and team leaders. This included over 50 new online courses and to date, over 4,500 cast members and team leaders have completed this first level of training. Further enhancements will take place in 2020, including the launch of Regal-learn, the US on-line learning platform.

As well as Regal-learn, we continue to enhance our people-related IT systems, having added new features in recruitment and extending our intranet, Cinehub, to Cinema City. 2020 will also see the launch of a mobile app to our people.

We remain committed to the whole area of employee voice and engagement, receiving impressive improvements of 10% in 2019's engagement survey in areas such as 'being involved in action planning' and 'following through' on those actions. In response to feedback, we have already launched a number of new initiatives such as cinema family fun days, team communication programmes and participation in national events such as National Popcorn Day.

We will continue to build on our people agenda – "The Best Place to Work in the Movies" – throughout 2020.

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 which is specifically targeted at preventing discrimination, and such principles are embedded through the business by requisite policies.

"I just wanted to say I am finding the training videos for the Team Leads to be phenomenal. They're well made, with current and relevant research, interesting, and helpful."

Comments from the STAR Programme, Regal's newly launched succession training programme.

Continuing the diversity and talent theme, in the UK, we are proud to have continued our partnership with the Tony Blair Institute for Global Change for the second year. 20 females from Cineworld and Picturehouse have participated in this exciting programme which sees our team mentoring female students from schools in and around London. The aim of this programme is to start providing life skills to young women from disadvantaged and minority backgrounds to help them achieve their aspirations. Cineworld sees this as an enhancement to our already structured learning, development and talent agenda, with mentors reporting a positive impact on their professional development, confidence, communication and leadership skills and greater efficiency in managing their own teams.

BBC Children in Need

Cineworld Cinemas in the UK proudly called “Action” on our 4th year of partnership with BBC Children in Need.

Our All Star cast of staff channelled their favourite action heroes to go above and beyond all year long to raise blockbusting charity funds at every cinema. Just like the superheroes on the silver screen, our cinema teams have conquered assault courses, hiked for miles, scaled mountains, leapt out of aeroplanes and even dived into the ocean in search of sharks.

In the cinemas, they’ve shaved their heads, baked up a storm, quizzed their customers on every possible genre of film, and even cycled the whole breadth of the country. Like all true heroes they show no sign of stopping; raising over £2m in the first four years of partnership.

And the viewing public haven’t been forgotten. Customers can pick up a pair of Pudsey ears at any Cineworld cinema and get involved by rounding to the nearest pound when purchasing those essential movie snacks at the concession tills. In 2019, over October half-term in the UK, Cineworld held special ‘Movies for Juniors’ screenings with a percentage of ticket sales being donated towards our overall campaign pledge.

Thanks to the hard work of our teams, Cineworld was proud to pledge £650,000 for BBC Children in Need in 2019.

£650,000

for BBC Children in Need in 2019.

Our commercial relationships

Having strong commercial relationships is also key to operating our business successfully.

With years of experience in the cinema industry, our teams have worked hard to develop strong working 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 movies 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.

The Group is committed to protecting the intellectual property rights of films and event cinema. Policies and procedures are constantly reviewed and developed to ensure cinema management 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. The Group will continue to work closely with relevant industry and law enforcement organisations in order to help reduce and prevent film piracy.

Building relationships with developers, landlords and local planners is very important to be able to ensure we can maintain an appropriate pipeline of new sites for the future and undertake our refurbishment programme.

We continue to work with suppliers of innovative technology, demonstrated by our the drive to introduce laser projectors across our cinemas, giving an enhanced customer experience and driving down energy costs. This, coupled with our continuing roll-out of ScreenX, 4DX and IMAX in all our markets, ensures that we continue to deliver on our customer promise of being the best place to watch a movie as well as maximising box office revenue.

Strong relationships with our principal retail suppliers 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 policies.

Our communities

Our work with charities, schools and community groups across all our territories is very important to us. We are involved with a wide range of activities including working with distributors on charity screenings, providing free shows for organisations, and working closely with local schools.

We take part in a wide range of charitable activities throughout the Group, including the "Summer Movie Express" event in the US, where cinema-goers can enjoy a selection of "G" or "PG" rated movies at participating cinemas to benefit the Will Rogers Institute, and its mission in the areas of medical research and health education.

The Group also works as a venue partner for numerous film festivals. While many are well known and high profile, in certain countries the Group 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 the Group’s brands through the wider film industry.

"We believe that film can be a powerful educational tool for all ages – as well as being a valuable cultural experience in itself."

The Picturehouse education team work closely with teachers, film festivals and partner organisations to deliver a diverse and exciting year-round programme at Picturehouse cinemas across the UK. We welcome over 40,000 people each year to our screenings and events, specially curated for Nursery, Primary, Secondary and Special Educational Needs (SEN) and Additional Support Needs (ASN) Schools and for adult learners. We believe that film can be a powerful educational tool for all ages – as well as being a valuable cultural experience in itself, watching a film can expand our experiences and understanding by helping us to explore concepts and ideas that are new or challenging to us.

Environment

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

Being a multisite business, the Group is conscious of its total energy consumption and amount of waste materials generated and is actively working on reducing both. The Group's mandatory greenhouse gas report can be found in the Directors' Report on pages 84 and 85. Our cinema websites enable e-tickets to be purchased and used, avoiding the need to print tickets. In 2019 in the US, the introduction of a new website and apps drove online penetration to 40%. In new and refurbished cinemas, 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.

Through our partnership with Starbucks and 5p single use takeaway cup charge, in the last 12 months Cineworld has donated over £77,000 to environmental charity Hubbub (and over £100,000 since we introduced the charge as part of this initiative).

Health and safety

Health and safety is of major importance to us when considering the day-to-day health, safety and welfare of our customers, employees and contractors. The Group seeks to maintain the highest standards in the effective management of our health and safety obligations, and our duty of care to our customers and staff.

Each year, cinemas in the Group are subject to health and safety assessments (including aspects of fire, food and occupation). Results are monitored, and any significant issues are followed up by management teams, with the assistance of specialist external consultants where needed.

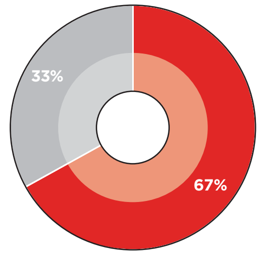
Anti-bribery and corruption

The Group has in place a range of governance-related policies, including Whistleblowing, Gifts and Hospitality, and Health and Safety. The Company has implemented these policies and procedures to ensure it is prepared, to the extent possible, to prevent corrupt practices across our business relationships. The Group endeavours to conduct its business with integrity, aims to be a responsible employer, and adopts values and standards designed to help guide our staff in their conduct and business relationships.

In our new builds we purchase projectors using the latest laser technology which not only provide a brighter picture but are also nearly four times more energy efficient, providing significant operational cost savings.

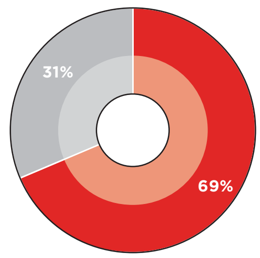
Gender representation and KPIs

Gender breakdown of the Board[(1)]



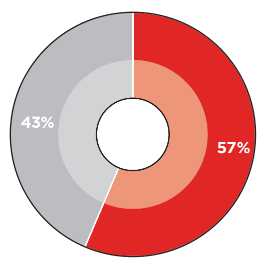
Male	8
Female	4
Total Board of Directors	**12**

Gender breakdown of senior managers



Male	95
Female	43
Total senior managers	**138**

Gender breakdown of total employees[(2)]



Male	19,260
Female	14,758
Total employees	**34,018**

(1) As at 31 December 2019.

(2) Data is based on the average headcount for 2019.

A solid financial performance

Nisan Cohen
Chief Financial Officer

	Year ended 31 December 2019	Year ended 31 December 2018	Statutory movement	Pro-forma constant currency Year ended 31 December 2018	Pro-forma constant currency movement
Admissions	**275.0m**	272.6m	0.9%	308.4m	(10.8)%
	$m	$m	%	$m	%
Box office	**2,536.1**	2,496.6	1.6	2,830.7	(10.4)
Retail	**1,240.3**	1,145.2	8.3	1,299.1	(4.5)
Other Income	**593.3**	477.3	24.3	527.2	12.5
Total revenue	**4,369.7**	4,119.1	6.1	4,657.0	(6.2)

Cineworld Group plc (the 'Group') results are presented for the year ended 31 December 2019 and reflect the trading and financial position of the US, UK and Ireland ('UK&I') and the Rest of the World ('ROW') reporting segments. Regal Entertainment Group ('Regal') became part of the Group from 1 March 2018 and their post-acquisition results are included within the US reporting segment.

Pro-forma results for 2018 reflect the Group and US performance had Regal been consolidated for the entirety of the comparative period from 1 January 2018 to 31 December 2018. Pro-forma results are presented to provide a comparable basis to understand the performance year-on-year. Pro-forma results have also been adjusted to include acquisition-related adjustments for the entire pro-forma period. Unless explicitly referenced, all percentage movements given reflect performance on a constant currency basis to allow a year-on-year assessment of the performance of the business without the impact of fluctuations in exchange rates over time. Constant currency movements have been calculated by applying the 2019 average exchange rates to 2018 performance.

Total admissions decreased by 10.8% year-on year to 275.0m on a pro-forma basis. Total revenue for the year ended 31 December 2019 was $4,369.7m, a decrease of 6.2% on a pro-forma constant currency basis. On a statutory basis revenue increased by 6.1% compared with the prior year, when the US was only included for 10 months.

The principal revenue stream for the Group is box office revenue, which made up 58.0% (2018: 60.8%) of total revenue. Box office revenue is a function of the number of admissions and the ticket price per admission, net of sales tax.

Admissions (one of the Group's Key Performance Indicators) depend on the number, timing and popularity of the movies the Group is able to show in its cinemas. In addition, the Group operates membership schemes which provide customers with access to screenings in exchange for subscriptions fees, and this revenue is reported as part of box office.

The Group's second most significant revenue stream is from retail sales of food and drink for consumption within cinemas, which made up 28.4% (2018: 27.9%) of total revenue. Retail revenue across the Group is driven by admissions trends within each operating territory.

Other Income represents 13.6% (2018: 11.3%) of total Group revenue. Other Income is made up of all income other than box office and retail, predominantly revenue from advertisements shown on screen prior to film screenings and revenue from booking fees associated with the purchase of tickets online. The Group also generates distribution revenue in the UK and ROW, which is included within Other Income.

US

The results below show the Group's performance in the US.

	Year ended 31 December 2019	Year ended 31 December 2018	Statutory movement	Pro-forma Year ended 31 December 2018	Pro-forma movement
Admissions	**177.3m**	170.7m	3.9%	206.5m	(14.1)%
	$m	$m	%	$m	%
Box office	**1,859.6**	1,762.8	5.5	2,131.2	(12.7)
Retail	**953.9**	851.3	12.1	1,019.0	(6.4)
Other Income	**396.1**	319.0	24.2	375.1	5.6
Total revenue	**3,209.6**	2,933.1	9.4	3,525.3	(9.0)

Box office

Box office revenue represented 57.9% (2018: 60.5%) of total revenue. Admissions and box office revenue decreased by 14.1% and 12.7% respectively on a pro-forma basis during the year to 31 December 2019. These results reflect the mix of the movies year on year and the strength of the US cinema market in 2018 compared with 2019. The total North American industry box office revenue for the year was 4.0% lower compared with the prior year (Source: Comscore). The top three movies in 2019 were "Avengers: Endgame", "The Lion King" and "Toy Story 4", which in total grossed $1.8bn. The top three movies in 2018 were "Black Panther", "Avengers: Infinity War" and "Incredibles 2", which together grossed $2.0bn. Admissions have also been partly impacted by the closure of seven sites (68 screens) in the second half of 2018 and 16 sites (168 screens) in 2019 as part of the active estate management following the acquisition. Although our Unlimited programme was launched successfully, this was not until July 2019. The programme has been very well received by our customers and has contributed positively to our market share over the second half of the year.

The average ticket price achieved in the US increased by 1.6% to $10.49 (2018: $10.32). The increase reflects some inflationary price rises and, importantly, the expansion and popularity of our premium offerings. The top three movies in the year were available in a range of formats – IMAX, RPX (an alternative large screen auditorium technology), 4DX and 3D.

Retail

Retail revenue represented 29.7% of total revenue (2018: 28.9%). The retail revenue decreased as a result of the lower admissions in the year but this was partly offset by the increase in retail spend per person which increased by 9.1% on a pro-forma basis to $5.38 (2018: $4.93). The increase in spend per person was due to selective price increases as well as an increase in popcorn, food and beverage sales. In the second half of 2018 and in 2019 alcoholic beverage availability was added to 59 sites, as well as enhanced food offerings in 16 sites. With the introduction of reserved seating and the growth in online bookings this is also having a positive impact on dwell time and spend per person.

Other Income

Other Income represented 12.4% of total revenue (2018: 10.6%). Other Income is made up of on-screen advertising revenue, corporate and theatre income and revenue from online booking fees charged on the purchase of tickets for screenings, which is driven by the demand for tickets and the propensity of customers to book tickets online. Screen advertising revenue is earned through the Group's agreements with National CineMedia ('NCM') and direct contracts with concession vendors and distributors. NCM operates on behalf of a number of US exhibitors to sell advertising time prior to screenings. Advertising revenues are driven primarily by admissions levels and the value of advertising sold. Other Income also includes less significant elements related to the sale of gift cards and bulk ticket programmes and the hire of theatres for events. Despite the impact of lower admissions, on a pro-forma basis the Other Income has increased by 5.6% largely due to continued uptake for bookings online and a one-off vendor termination fee. The termination payment of $22.0m from a vendor was agreed to compensate the Group for future revenue which would have been received under the terms of the existing contract.

UK&I

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

	Year ended 31 December 2019	Year ended 31 December 2018	Statutory movement	Constant currency Year ended 31 December 2018	Constant Currency movement
Admissions	**48.2m**	51.6m	(6.6)%	51.6m	(6.6)%
	$m	$m	%	$m	%
Box office	**405.7**	453.5	(10.5)	433.2	(6.3)
Retail	**156.7**	167.5	(6.4)	160.0	(2.1)
Other Income	**86.0**	76.7	12.1	73.3	17.3
Total revenue	**648.4**	697.7	(7.1)	666.5	(2.7)

Box office

Box office revenue represented 62.6% of total revenue (2018: 65.0%). Admissions decreased by 6.6% and box office revenue decreased by 6.3% on a constant currency basis. Whilst the industry box office is also down in the UK over the past 18 months there has been competitive pricing pressure in the market. The average ticket price achieved in the UK&I has remained relatively flat, with a marginal increase on a constant currency basis to $8.42 (2018: $8.40). In the UK and Ireland, the top five grossing movies were, "Avengers: Endgame", "The Lion King", "Toy Story 4", "Joker" and "Frozen 2" which grossed $427.9m (Source: Comscore). This compares to the top five titles in 2018 which were "Avengers: Infinity War", "Mamma Mia: Here We Go Again", "Incredibles 2", "Black Panther" and "The Greatest Showman" which grossed $392.9m (Source: Comscore).

Retail

Retail revenue represented 24.2% (2018: 24.0%) of total revenue. Retail revenue decreased by 2.1% from the prior year on a constant-currency basis. This was driven by the decrease in admissions net of the 4.8% increase in retail spend per person on a constant currency basis to $3.25 (2018: $3.10). Spend per person was positively impacted by our investment in a broader range of retail offerings, including Starbucks and our VIP offering. As at 31 December 2019, the Group had 37 Starbucks sites, an additional five sites compared to the end of 2019, and five sites with a VIP offering.

Other Income

Other Income represented 13.2% (2018: 11.0%) of total revenue. Other Income includes all other revenue streams outside of box office and retail, mainly advertising, online booking fee revenue and some distribution revenue through Picturehouse. Advertising revenue is primarily generated by on-screen adverts and is earned though our joint venture screen advertising business Digital Cinema Media Limited ('DCM'). DCM sells advertising time on-screen on behalf of the UK cinema industry and advertising revenue is impacted by admissions trends and the value of advertising sold. The main driver for the increase in Other Income was an increase in online bookings, voucher and event ticket sales, which performed strongly, compared with the prior year. Advertising revenue performance was also stronger due to the nature of the film mix in 2019.

Rest of the World

The results below for the ROW include Poland, Romania, Hungary, the Czech Republic, Bulgaria, Slovakia and Israel.

	Year ended 31 December 2019	Year ended 31 December 2018	Statutory movement	Constant currency Year ended 31 December 2018	Constant Currency movement
Admissions	**49.5m**	50.3m	(1.6)%	50.3m	(1.6)%
	$m	$m	%	$m	%
Box office	**270.8**	280.3	(3.4)	266.3	1.7
Retail	**129.7**	126.4	2.6	120.1	8.0
Other Income	**111.2**	81.6	36.3	78.8	41.1
Total revenue	**511.7**	488.3	4.8	465.2	10.0

Box Office

Box office revenue represented 52.9% (2018: 57.2%) of total revenue. Box office admissions in the ROW decreased by 1.6% and box office revenue increased 1.7% compared to the prior year on a constant currency basis. Admissions in Czech Republic and Bulgaria increased from the prior year, there was a marginal decline in Israel admissions, and admissions in Poland, Romania, Hungary and Slovakia decreased. Poland had very strong comparatives in 2018 supported by the results of local release "Kler", which achieved box office revenue of $28.0m (Source: Box Office Mojo) and became one of the most successful films in history in the Polish market. This was also followed by another local movie "Kobiety Mafii". The most successful movies in the year across the ROW were "Avengers: End Game", "Frozen 2", "The Lion King" and "Joker". In the Czech Republic, the second highest performing movie in the period was a local release, "Ženy v běhu" demonstrating the continued popularity of local movies. The average ticket price increased by 3.4% to $5.47 (2018: $5.29) on a constant currency basis. The increase is partly due to inflationary price rises and the increasing popularity of premium offerings such as 4DX and IMAX.

Retail

Retail revenue represented 25.4% of the total revenue (2018: 25.8%). Retail spend per person increased to $2.62 (2018: $2.39) during the year – an increase of 9.6% on a constant currency basis. The growth was driven by a combination of retail initiatives and inflationary price increases.

Other Income

Other Income includes distribution, advertising and other revenues and represents 21.7% (2018: 17.0%) of total revenue. Forum Film is the Group's distribution business for the ROW and distributes movies on behalf of certain major Hollywood studios as well as owning the distribution rights to certain independent films. Distribution revenue performed very strongly in 2019, due to increased box office results on the films distributed compared to 2018, driven by the key titles distributed in the year including, but not limited to "Avengers: Endgame", "The Lion King", "Frozen 2", "Spider-Man: Far from Home", and "Star Wars: Episode IX – The Rise of Sky Walker". New Age Media is the Group's advertising arm in ROW and this has also performed well based on the film mix in 2019.

Financial Performance

	US	UK&I	ROW	Total Group	Total Group
	Year ended 31 December 2019				Year ended 31 December 2018
Admissions	177.3m	48.2m	49.5m	**275.0m**	272.6m
	$m	$m	$m	**$m**	$m
Box office	1,859.6	405.7	270.8	**2,536.1**	2,496.6
Retail	953.9	156.7	129.7	**1,240.3**	1,145.2
Other Income	396.1	86.0	111.2	**593.3**	477.3
Total revenue	**3,209.6**	**648.4**	**511.7**	**4,369.7**	4,119.1
Adjusted EBITDA (as defined in Note 3) excluding IFRS 16 impact				**1,032.6**	925.4
IFRS 16 impact on Adjusted EBITDA				**547.7**	–
Adjusted EBITDA (as defined in Note 3)				**1,580.3**	–
Operating profit				**724.7**	492.9
Finance income				**26.3**	53.9
Finance expenses				**(568.0)**	(225.2)
Net finance costs				**(541.7)**	(171.3)
Share of profit from joint ventures				**29.3**	27.4
Profit on ordinary activities before tax				**212.3**	349.0
Tax on profit on ordinary activities				**(32.0)**	(64.7)
Profit for the year attributable to equity holders of the Group				**180.3**	284.3

Impact of IFRS 16 "Leases"

From 1 January 2019, the Group has adopted IFRS 16 "Leases", applying the modified retrospective approach. The new accounting standard requires that lease agreements with a fixed or minimum rent are recognised in the Group's Statement of Financial Position as a right-of-use asset and a lease liability. IFRS 16 has a significant impact on the Group's Statement of Financial Position and Statement of Comprehensive Income. Adjusted EBITDA has increased on an IFRS 16 basis significantly as the reported cost of operating leases decreased while depreciation of the right-of-use assets and interest expenses for the lease liability increased. With the current portfolio of lease agreements, the Group's profit after tax for the year ended 31 December 2019 has been negatively affected by $167.8m.

	Pre IFRS 16 Results $m	Impact of IFRS 16 $m	Statutory Results $m
Revenue	4,369.7	–	4,369.7
Cost of sales	(3,294.1)	545.0	(2,749.1)
Other operating income	5.3	0.4	5.7
Administrative expenses	(422.0)	(479.6)	(901.6)
Operating profit	**658.9**	**65.8**	**724.7**
Adjusted EBITDA as defined in Note 3	**1,032.6**	**547.7**	**1,580.3**
Net financing costs	(255.6)	(286.1)	(541.7)
Share of profit from joint ventures	29.3	–	29.3
Profit on ordinary activities before tax	**432.6**	**(220.3)**	**212.3**
Tax on profit on ordinary activities	(84.5)	52.5	(32.0)
Profit for the year attributable to equity holders of the Group	**348.1**	**(167.8)**	**180.3**

The implementation of IFRS 16 increased total assets as at 1 January 2019 by $2.7bn due to the right-of-use assets being recognised. The total liabilities also increased as a result of the corresponding lease liability. The equity was affected negatively by $0.2bn.

	31 December 2018 $m	Impact of IFRS 16 $m	1 January 2019 $m
Total assets	9,703.7	2,723.8	12,427.5
Total liabilities	(6,283.4)	(2,897.1)	(9,180.4)
Net assets	**3,420.3**	**(173.3)**	**3,247.0**
Total equity	**3,420.3**	**(173.3)**	**3,247.0**

Adjusted EBITDA (excluding the impact of IFRS 16)

On a pro-forma basis, excluding the impact of IFRS 16, the Adjusted EBITDA has decreased by 3.7% to $1,032.6m (2018: $1,072.4m). This was mainly driven by the net impact of the reduction in admissions and as a result total revenues for the year and the post-acquisition synergies achieved in the US. The Adjusted EBITDA margin of 23.6% is 0.8% higher on a pro-forma basis (excluding currency effects). On a statutory basis Adjusted EBITDA has increased by 11.6% to $1,032.6m (2018: $925.4m). The increase is largely due to the contribution of Regal for 12 months in 2019 compared to 10 months in 2018 and post-acquisition synergies.

Adjusted EBITDA generated by the US was $775.8m for 2019 (2018: $670.4m), an increase of 15.7%. On a pro-forma basis the Adjusted EBITDA has decreased by 5.0%. The Adjusted EBITDA margin has increased by 1.1% to 24.2% resulting from the post-acquisition synergies including cost control initiatives.

Adjusted EBITDA generated by the UK & Ireland of $116.7m has decreased by 7.3% compared to the prior year (2018: $125.9m). The Adjusted EBITDA margin of 18.0% has remained flat year on year. The ROW has generated Adjusted EBITDA of $140.1m, an increase of 8.5% on the prior year (2018: $129.1m). The Adjusted EBITDA margin of 27.4% for the ROW represents an increase of 1.0% compared to the prior year. The increase for the ROW is mainly due to price increases, a strong retail performance and increased distribution activity.

Adjusted EBITDA

The Adjusted EBITDA has increased to $1,580.3m (2018: $925.4m) primarily as a result of adopting IFRS 16 on 1 January 2019 and the additional two months contribution from Regal in 2019 compared to 2018.

Operating profit

Operating profit of $724.7m was $231.8m higher than the prior year (2018: $492.9m). Operating profit included an additional two months results from the US in 2019, the impact of IFRS 16 from 1 January 2019 and the post-acquisition synergies achieved in the US.

The following one off items have been included within operating profit in 2019:

- Following negotiations with suppliers there has been a release of a $17.1m provision in the year. The provision was recorded as part of the IFRS 3, purchase price allocation on acquisition of Regal;
- A $22.0m vendor termination payment;
- A one-time write-off of other current assets of $3.9m; and
- As a result of changes to the loyalty scheme structure there has been a release of $10.0m from deferred revenue.

Within operating profit there are a number of non-recurring and non-trade related items that have a net negative impact of $12.8m (2018: net negative impact $58.8m). These items are excluded from Adjusted EBITDA and have been set out in detail in Note 3.

The total depreciation and amortisation charge (included in administrative expenses) in the year totalled $729.8m (2018: $320.5m). The charge is higher year on year due to additional two month's charge for Regal and the impact of IFRS 16 from 1 January 2019.

Net finance costs

At 31 December 2018 the Group had a USD term loan of $3.3bn and a Euro term loan of $607.0m and a $300.0m revolving credit facility ('RCF') which had not been drawn upon. In April 2019, the RCF was extended by $162.5m to $462.5m and in September 2019 a minor financing restructure was undertaken. An incremental USD term loan was taken out for $650.0m to partially repay the Euro term loan and settle the outstanding balance on the RCF.

The structure used to partly settle the Euro term loan included three Euro to USD cross currency interest rate swaps which the Group entered into. Under the arrangements of these swaps the Group received €408.7m. These proceeds were used to settle €408.0m of the Group's outstanding Euro term loan and the Group now pays a Euro coupon on the notional outstanding balance of the Euro legs of the swaps and receives a coupon on the notional outstanding balance of the USD legs of the swaps. The USD coupon is then used to pay the coupon on the USD$650.0m incremental term loan. On maturity of the swaps and the incremental USD term loan, the Group will receive $450.0m on the USD legs of the swaps and pay €408.7m on the Euro leg.

At 31 December 2019 the Group had US term loans outstanding totalling $3.4bn, a Euro term loan of $215.4m and a $462.5m RCF, of which $95.0m had been drawn upon.

Net financing costs totalled $541.7m during the period (2018: $171.3m). Finance income of $26.3m (2018: $53.9m) included interest income of $4.5m (2018: $2.3m), a gain of $10.4m in on the movement of the fair value of financial derivatives and $3.4m on the unwind of the discount on non-current assets (2018: $4.6m). Following adoption of IFRS 16 $0.7m has been recognised in 2019 in respect of the unwind of the discount on sub-lease assets.

Foreign exchange gains of $7.3m (2018: $47.0m) were incurred in respect of monetary assets and non-USD denominated loans. In 2018 the gain mainly arose on the re-translation of the Euro denominated portion of the Group's term loan which was not hedged in 2018 and has been partially repaid in 2019.

The finance expense of $568.0m (2018: $225.2m) has predominantly increased following the adoption of IFRS 16, with a $304.2m charge in respect of lease liability interest. In 2018 the total in respect of the unwind of the discount and interest charges on property-related leases was $17.9m. Interest on bank loans and overdrafts in the period totalled $167.3m (2018: $146.7m). The other finance costs of $96.5m (2018: $60.2m) included: $27.2m (2018: $11.0m) of amortised prepaid finance costs, $51.3m (2018: $44.2m) in respect of the unwind of discount on deferred revenue, a loss of $8.1m in on the movement of the fair value of financial derivatives and $9.9m in respect of foreign exchange losses (2018: $1.9m). In 2018 there was a one-off gain of $3.5m reclassified from equity to profit or loss in respect of settled net investment hedge.

Taxation

The overall tax charge during the year was $32.0m giving an effective tax rate of 15.1% (19.2% excluding the impact of IFRS 16) (2018: 18.5%). The small increase in the effective rate (excluding the impact of IFRS 16) reflects changes in the Group's geographical split of profits, in particular the US rate which is higher than that of our other markets and included the gain from the sale and leaseback transaction in the period.

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

Earnings

Profit on ordinary activities after tax in the period was $180.3m, a decrease of $104.0m compared with the prior year (2018: $284.3m). The decrease is the net result of including an additional two months results from Regal in the year compared to 2019, the lower admissions year on year, the impact of IFRS 16 which has had a negative impact on the results for the year and the one-off operational and non-recurring non-trade items.

Basic Earnings Per Share amounted to 13.1c (2018: 22.5 IAS 17 basis). Eliminating the one-off, non-trade related items totalling $113.0m, Adjusted diluted Earnings Per Share were 21.3c (restated 2018: 25.7c IAS 17 basis).

Statement of cash flows and statement of financial position

Overall, net assets have decreased by $482.6m, to $2,937.7m since 31 December 2018. Total assets increased by $2,746.8m, this predominantly relates to the adoption of IFRS 16 and the $3,441.2m right-of-use assets which have been brought onto the Group's Statement of Financial Position. The total liabilities have also increased by $3,229.4m, primarily due to recognizing $4,197.5m in respect of finance leases under IFRS 16.

The Group continued to be strongly cash generative at the operating level. Total net cash generated from operations in the year was $1,293.7m (2018: $542.4m). The adoption of IFRS 16 has had an impact on the geography of items within Group's Statement of Cash Flows. In particular, cash flows in respect of leases are now presented in cash flows from financing activities, having previously been presented within cash flows from operating activities. Net cash inflows from investing activities were $141.0m during the year (2018: $3,452.3m outflow).

Net debt of $7.7bn at the year end is $4.0bn higher than the balance at 31 December 2018 primarily due to the $4.7bn impact in 2019 from IFRS 16.

Acquisition of Cineplex

On 16 December 2019, the Group announced the proposed transaction of Cineplex by means of an acquisition of the entire issued, and to be issued share capital of Cineplex. The acquisition was based on an implied enterprise value of $2.1bn. Due to its size, the acquisition was classed as a Class 1 transaction under the Listing Rules, and therefore required shareholder approval. The Group and Cineplex shareholders approved the acquisition on 11 February 2020. Prior to the acquisition completing the Investment Canada Act Approval must be obtained.

The consideration for the acquisition of $2.3bn will be fully settled in cash which will be raised through a $2.0bn extension to the Group's existing term loans and a $0.3bn unsecured bridge loan. Given the acquisition has not yet completed at the approval date of the 2019 financial statements, no accounting for the acquisition in accordance with IFRS 3 "Business Combinations" has been included in these financial statements.

Dividends

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

The Board has proposed the 2019 fourth dividend to be 4.25c per share, reflecting the satisfactory performance for the year, strong cash flow generation and the strength of the Statement of Financial Position. The total dividend per share for 2019 was 15.5c (2018: 15.0c). The record date for the 2019 fourth dividend payment is 14 April 2020 and the payment date will be 1 May 2020.

The final dividend for 2018 of 10.15c per share was paid on 5 July 2019 to ordinary shareholders. The total cash paid was $139.3m. On 13 June 2019, the Group announced a special dividend of 20.27c per ordinary share which was paid on 5 July 2019, along with the first quarterly payment for 2019 of 3.75c per share. The total cash payable for these dividends was $329.5m.

The second and third quarterly payment for 2019 of 3.75c per share were paid on 4 October 2019 and 10 January 2020 respectively. The total cash paid for these two payments was $102.8m.

Nisan Cohen
Chief Financial Officer
12 March 2020

The strategic report from pages 1 to 41 was approved by the Board and signed on its behalf by:

Moshe Greidinger
Chief Executive Officer
12 March 2020

Israel Greidinger
Deputy Chief Executive Officer

Chairman's Introduction to Governance

A robust governance framework supporting strategy

Anthony Bloom
Chairman

Dear shareholders

I am pleased to present the Corporate Governance Statement for 2019.

In January 2019, I announced that I will be stepping down at the 2020 Annual General Meeting ("AGM"), having served as the Company's Chairman for nearly 25 years. As part of the succession planning process for the role of Chair, which you can read more about on page 57, Alicja Kornasiewicz, the Deputy Chair, has been designated as the incoming Chair and will stand for election as such at the AGM. I wish Alicja every success.

One of our core strategic objectives is ensuring that good governance is a fundamental part of our corporate culture. It supports the implementation of our strategy, helps ensure we can meet our business goals, and provides a foundation for the creation of long-term value for our shareholders and other stakeholders. Good governance is a discipline that is particularly important during times of change. As we continue to integrate the Regal business, and as we anticipate further growth into Canada following the announcement last December of our proposed acquisition of Cineplex Inc., good governance will remain a key focus going forward.

On 16 July 2018, the Financial Reporting Council published its new UK Corporate Governance Code (the "Code"). We have spent time as a Board analysing and implementing the new Code's guidance, including in the areas of stakeholder engagement, corporate culture, succession planning, diversity, and the various other aspects that apply to our remuneration policies. Details of how we have implemented the Code changes may be found within this governance report, and also in Alicja's opening statement in the Directors' Remuneration Report on page 66.

In 2019, we considered our Purpose (which is set out on page 2), Values and Strategy, and undertook a review of our corporate culture, assessing the extent to which our values had been embedded throughout the Group. Our analysis incorporated a wide range of key cultural indicators, such as workforce engagement survey results, employee turnover figures, feedback in relation to our learning and development programmes, feedback from site visits, our gender pay-gap data, and a continuous review (at every Board meeting) of our health and safety reports. In addition, the Board reviewed and monitored whistleblowing statistics and themes. We report more specifically on workforce engagement on page 67 of the Directors' Remuneration Report.

Our employees bring our values and our culture to life in the day-to-day running of the business. During the year I, along with other Board members, visited a number of sites, giving us the opportunity to hear first-hand the views of our workforce on a number of matters and an insight into the extent to which our business policies, our leadership and our strategies are being implemented. I am pleased to report that during 2019 we continued to focus on employee engagement.

We know from previous tracking that there is a clear link between employee engagement and an optimum customer experience, as our customer satisfaction scores are consistently higher where employee engagement is at its greatest. More details of the Group's related initiatives can be found in the Resources and Relationships section on page 32.

Under the Code, the Board is encouraged to take the interests of employees into consideration in Board discussions and decision-making, and the importance of strengthening the voice of the workforce in the Boardroom is strongly emphasised. For the 2019 financial year, the Board commissioned a report in this area from the Group Senior Vice President of HR, drawing on a variety of data sources and employee initiatives. This detailed report enabled the Board to form a firm view of the opinions and areas of focus of our people, so that we can have these in mind when thinking about our strategic priorities. As part of the Board's development in this area, Dean Moore has been appointed as the Non-Executive Director to represent employees in the Boardroom, and will take up this role for the 2020 reporting year.

Pursuant to the Code requirements in relation to stakeholder engagement, together with the obligations arising under section 172 of the Companies Act, we have taken time as a Board to focus on how we engage with our key stakeholders and how we consider their needs, concerns and expectations in board discussions and decision-making. More information on this may be found on pages 51 to 53.

Also in accordance with the requirements of the Code, and our policy of a three-year Board evaluation cycle, the 2019 Board evaluation was externally facilitated. I am pleased to report the conclusion that the Board and its Committees are operating effectively. Further information on the evaluation process and the outcomes can be found in the Nomination Committee report on page 58.

As mentioned above, in December 2019 we announced the proposed acquisition of Cineplex Inc., the leading cinema chain in Canada. The transaction was approved by shareholders at an extraordinary general meeting held on 11th February 2020. Once the transaction completes, Cineworld will be the largest cinema chain in North America, the second largest in the world, and we will continue to strive to be the best.

Anthony Bloom
Chairman
12 March 2020

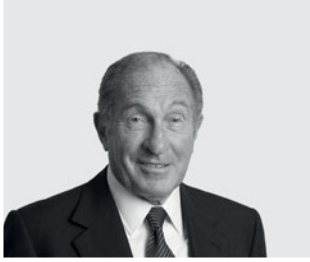
Board Statements

Requirement	Board Statement
Compliance with the UK Corporate Governance Code Read more **page 47**	The principal governance rules applying to companies with a premium listing for the year covered by this statement are contained in the Code published by the UK Financial Reporting Council ("FRC") in July 2018 (the "Code"), and a copy is available on its website www.frc.org.uk. For the year ended 31 December 2019, the Board considers that the Company was compliant with the provisions of the Code save that Alicja Kornasiewicz, when appointed to the role of Chair of the Remuneration Committee, had not served on a remuneration committee for 12 months, and Anthony Bloom has served as Chairman for longer than 9 years. Please see notes on pages 48 and 51 of this Corporate Governance Statement.*
Going Concern Read more **pages 62 and 101**	The Directors consider whether the Group has adequate resources to continue in operational existence for at least 12 months from the date of signing these accounts. Thus they continue to adopt the going concern basis in preparing the annual financial statements, but have highlighted a material uncertainty regarding the future impact on the Group of the recent COVID-19 outbreak. For full details of the going concern assessment, please see page 101. The Directors have considered the business activities as set out on pages 36 to 41 and the Principal Risks and Uncertainties on pages 24 to 29. 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 in Note 26 on page 145. Financial risk management objectives, details of financial instruments and hedging activities, and exposure to credit risk and liquidity risk are described in Note 27 to the financial statements.
Viability Read more **pages 30 and 31**	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 24 to 29. This assessment considered the established controls for the risks, and the available mitigating actions, as well as the uncertainty as to the future impact on the Group of the recent COVID-19 outbreak. For full details of the Directors' assessment on the viability of the Group over the three year period to 2022, please see pages 30 and 31.
Robust Assessment of Emerging and Principal Risks Read more **pages 24 to 29 and 54**	The Directors consider they have undertaken a robust assessment of the emerging and principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. Please refer to pages 24 to 29 for further information on the Company's principal risks and uncertainties, and their impact on the prospects of the Group.
Review of Internal Control and Risk Management Read more **pages 54 and 55**	The Directors have carried out a review of internal control and risk management. Please refer to pages 54 and 55 for further information.
Fair, Balanced and Understandable Read more **page 61**	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 61.

*Provisions 32 and 19 of the Code

Board of Directors
At 31 December 2019

Anthony Bloom
Chairman



Independent: No

Committee memberships:
No formal memberships, but has attended all meetings by invitation

Tenure on Board:
15 years 2 months

Relevant skills, qualifications and experience:
Anthony Bloom joined the Board in October 2004 as Chairman, and has served as Chairman since the business was founded in 1995. He was previously Chairman and Chief Executive of The Premier Group Limited (South Africa) and a director of Barclays Bank (South Africa), South African Breweries and Liberty Life Assurance.

Mr Bloom holds Bachelor of Commerce and Bachelor of Law (cum laude) degrees from the University of Witwatersrand in South Africa and a Masters of Law degree from Harvard Law School. He was a Sloan Fellow at the Stanford Graduate School of Business. In 2002, Mr Bloom was awarded the degree of Doctor of Law (H.C.) by the University of Witwatersrand in recognition of his contribution towards the establishment of a non-racial society in South Africa. Mr Bloom was awarded the 'Lifetime Achievement' award at CinemaCon in Las Vegas in April 2019.

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

Alicja Kornasiewicz
Deputy Chair

Independent: Yes

Committee memberships:
A R

Tenure on Board:
4 years 7 months

Relevant skills, qualifications and experience:
Alicja Kornasiewicz joined the Board in May 2015 as an independent Non-Executive Director, is Chair of the Remuneration Committee and a member of the Audit Committee. Alicja was appointed as Deputy Chair in 2019, and is due to become Chair of the Company following the AGM in May 2020, when Anthony Bloom steps down.

Ms Kornasiewicz brings extensive Central and Eastern Europe financial and political experience to the Board. Previously, she was the Chief Executive Officer of Bank Pekao SA, and Head of Investment Banking for Emerging European countries at Unicredit Group. Ms Kornasiewicz served as Secretary of State in the Polish Ministry of Treasury from 1997 to 2000. Over the last 20 years she has held a number of supervisory board positions. Ms Kornasiewicz holds a PhD in economics from Poznan University of Economics and graduated from Harvard Business School.

Principal external appointments:
Senior Adviser for Investment Banking Division at Morgan Stanley; Non-Executive Director of EuroCash Group.

Moshe (Mooky) Greidinger
Chief Executive Officer

Independent: No

Committee memberships:
None

Tenure on Board:
5 years 10 months

Relevant skills, qualifications and experience:
Moshe Greidinger joined the Board in February 2014 as Chief Executive Officer. Prior to that he was Chief Executive Officer of Cinema City International ("CCI"). He joined Cinema City in 1976. Since 1984, Mr Greidinger has held executive positions with Cinema City, has served as a Director and Deputy Managing Director of Israel Theatres Limited since 1983, and as Co-Chairman of the Cinema Owners Association in Israel since August 1996.

Mr Greidinger achieved the "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, and the "Global Achievement in Exhibition Award" at CinemaCon in Las Vegas in April 2016.

Principal external appointments:
Director of Israel Theatres Limited; Co-Chairman of the Cinema Owners Association, Israel; Head of the Board of Trustees, the Hebrew Reali School of Haifa. He is a member of the National Association of Theatre Owners Global Cinema Federation (NATO).

Israel Greidinger
Deputy Chief Executive Officer

Independent: No

Committee memberships:
None

Tenure on Board:
5 years 10 months

Relevant skills, qualifications and experience:
Israel Greidinger joined the Board in February 2014 as Chief Operating Officer. In August 2014, his role changed to Deputy Chief Executive Officer.

From 1994 until 2014, he worked for Cinema City International ("CCI") and was appointed Chief Financial Officer of CCI in 1995. Mr Greidinger has also served as a Director of Israel Theatres Limited since 1994.

From 1985 to 1992, he was Managing Director of C.A.T.S. Limited (Computerised Automatic Ticket Sales), and from 1992 to 1994, he was President and Chief Executive Officer of Pacer C.A.T.S. Inc.

Principal external appointments:
Director of Israel Theatres Limited since 1994; Chairman of the Israeli Friends of Rambam Health Care Campus.

Committee membership key

N Nomination Committee
A Audit Committee
R Remuneration Committee
● Committee Chair

Nisan Cohen
Chief Financial Officer

Independent: No

Committee memberships:
None

Tenure on Board:
3 years

Relevant skills, qualifications and experience:
Nisan Cohen joined the Board in January 2017 as Chief Financial Officer, and before that had been part of the Cineworld Group for 16 years. Previously, as Vice President of Finance, he led the integration of the finance teams in the Cineworld Group across nine countries after the Cinema City Combination in 2014. In 2018, Mr Cohen made a major contribution to the successful acquisition of Regal Entertainment Group, including leading the integration of the UK, ROW and US financial teams.

Principal external appointments:
Member of The Institute of Certified Public Accountants in Israel.

Renana Teperberg
Chief Commercial Officer

Independent: No

Committee memberships:
None

Tenure on Board:
1 year 6 months

Relevant skills, qualifications and experience:
Renana Teperberg was appointed to the Board in July 2018, and has been part of the Cineworld Group for over 20 years. Ms Teperberg first joined Cinema City International as a cashier in 1997, while studying for a BA in psychology at the Hebrew University of Jerusalem.

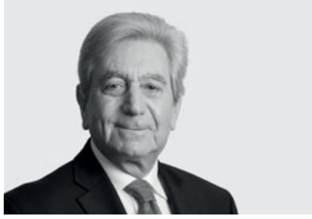
After progressing to General Manager, she moved to the Cinema City International Head Office where she subsequently became Head of Programming and Marketing.

Following the combination with Cineworld, she became Senior Vice President of Commercial and then Chief Commercial Officer in 2016. In 2018, Renana played a major role in the acquisition of Regal Entertainment Group.

Renana holds an executive MBA in business management from IDC Herzliya.

Principal external appointments:
Non-Executive Director of AC JV, LLC (Fathom Events), National Cinema Media, Inc., and Digital Cinema Media Limited.

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



Independent: Yes

Committee memberships:
N

Tenure on Board:
9 years 5 months

Relevant skills, qualifications and experience:
Rick Senat joined the Board in July 2010 and is Chair of the Nomination Committee. He is also Senior Independent Director.

Mr Senat has over 40 years' experience in the film industry, joining Warner Bros in 1976 and becoming its Senior Vice-President for Business Affairs in Europe. He retired from Warner Bros after 25 years' service.

Mr Senat was also a director of the legendary film company Hammer Film Productions, and has previously served as Vice Chair of the British Film Institute.

Until recently, he was a partner in the Blair Partnership, a Non-Executive Director of Pottermore Limited and Bank Leumi (UK) plc., and Non-Executive Chairman of the London Film Museum.

Mr Senat is a graduate of University College London and a solicitor.

Principal external appointments:
Non-Executive Chairman of Mad Dog Casting Limited.

Scott S. Rosenblum
Non-Executive Director

Independent: No

Committee memberships:
N

Tenure on Board:
5 years 10 months

Relevant skills, qualifications and experience:
Scott S. Rosenblum joined the Board in February 2014 as a non-independent Non-Executive Director.

He is a member of the Nomination Committee.

Prior to his appointment, he was a member of the Supervisory Board of Cinema City International ("CCI"), becoming its Chairman in 2011.

Mr Rosenblum is licensed as a lawyer and is admitted to the New York Bar Association. For nearly 30 years, he has been a partner in the law firm of Kramer Levin Naftalis & Frankel LLP, New York, where he was Managing Partner between 1994 and 2000 and a member of the Executive Committee until 2018. Mr. Rosenblum is also Co-Chairman of the Corporate Department.

Mr Rosenblum is a graduate of Dartmouth College and the University of Pennsylvania Law School. He has extensive experience in areas of general corporate and securities law, corporate finance, corporate governance, mergers and acquisitions and joint ventures.

Principal external appointments:
Partner since 1991 and Co-Chairman since 2000 of the Corporate Department of Kramer Levin Naftalis & Frankel LLP; Director and adviser to the boards of various public and private companies.

Committee membership key

N Nomination Committee | A Audit Committee | R Remuneration Committee | ● Committee Chair

Dean Moore
Non-Executive Director

Independent: Yes

Committee memberships:
A R

Tenure on Board:
3 years

Relevant skills, qualifications and experience:
Dean Moore joined the Board in January 2017 as an independent Non-Executive Director. He is Chair of the Audit Committee, and a member of the Remuneration Committee.

Prior to Cineworld, Mr Moore worked as Chief Financial Officer of N Brown Group plc for 12 years from 2003 to 2015, before which he was Chief Financial Officer of T&S Stores plc until it was acquired by Tesco plc in early 2003.

From 1996 to 1999 he was Chief Financial Officer of Graham Group plc, and he has held a number of other senior finance positions. Mr Moore is a Chartered Accountant (ICAEW) and graduate of University of Aston (Business Management BSc).

Principal external appointments:
Non-Executive Director, Audit Committee Chair, and Senior Independent Director of Volex Plc.

Camela Galano
Non-Executive Director

Independent: Yes

Committee memberships:
R

Tenure on Board:
1 year 6 months

Relevant skills, qualifications and experience:
Camela Galano was appointed to the Board as an independent Non-Executive Director in July 2018. She is a member of the Remuneration Committee.

Camela began her career at New Line Cinema, progressing to the role of President of International Sales, Marketing & Distribution, where she oversaw the international distribution of innumerable titles, including the blockbuster trilogy "The Lord of the Rings".

Subsequently, Camela became the President of International Film Acquisitions for Warner Bros. Following her time at Warner Bros., she served as President of Relativity International, overseeing global sales, marketing and distribution management of Relativity's own titles, acquisitions and third-party releases.

Ms Galano is a longtime member of the Academy of Motion Picture Arts and Sciences, and the British Academy of Film and Television Arts.

Principal external appointments:
Head of International at Studio8.

Arni Samuelsson
Non-Executive Director

Independent: Yes

Committee memberships:
N

Tenure on Board:
5 years 10 months

Relevant skills, qualifications and experience:
Arni Samuelsson joined the Board in February 2014 as an independent Non-Executive Director. He is a member of the Nomination Committee.

He has over 40 years of cinema exhibition and film distribution experience, principally through SAMfélagið (Samfilm) – a cinema exhibitor and film distributor in Iceland, of which he has been joint owner and Chief Executive Officer since it was formed in 1975.

Mr Samuelsson has been Chief Executive Officer of Samfilm EHF (SAMfélagið's distribution arm) since 1975, and Chief Executive Officer of SAMcinema (SAMfélagið's cinema arm) since the same year. Prior to this, Mr Samuelsson was a Director and owner of Vikurbaer, a supermarket business in Keflavik, from 1972 until its sale in 1982.

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

Helen Weir
Non-Executive Director

Independent: Yes

Committee memberships:
A R

Tenure on Board:
2 months

Relevant skills, qualifications and experience:
Helen Weir joined the Board in November 2019 as an independent Non-Executive Director. Helen is a member of the Audit and Remuneration Committees. Ms Weir was the Chief Financial Officer at Marks and Spencer Group plc between 2015 and 2018, and Group Finance Director at the John Lewis Partnership between 2012 and 2014. In addition, Helen has held senior executive roles at Lloyds Banking Group and Kingfisher plc. She has previously served as a non-executive director at SAB Miller plc, Royal Mail Holdings plc, and Just Eat plc.

Principal external appointments:
Non-executive director and Senior Independent Director at Superdry Plc, non-executive director at Greencore Group plc, non-executive director of the Rugby Football Union and a trustee of Marie Curie.

Julie Southern
Non-Executive Director

Julie Southern stepped down from the Board on 15 May 2019

Independent: Yes

Committee memberships:
A R

Tenure on Board:
4 years

Application of Code Principles

The table below explains where to find further information on how the Company has applied the main principles of the UK Corporate Governance Code 2018 ("Code"). The information required to be disclosed by Disclosure Guidance and Transparency Rule 7.2.6 is set out in the Directors' Report on pages 80 to 85 and is incorporated into this statement by reference.

1. Board leadership and company purpose	
A. The Role of the Board	**Pages 47 and 49**
B. Purpose, Values and Strategy	**Page 42**
C. Effective Controls and Risk Management	**Pages 54 and 55**
D. Stakeholder Engagement	**Pages 52 and 53**
E. Workforce Policies	**Pages 33, 42, 59 and 67**
2. Division of responsibilities	
F. The Role of Chair	**Page 49**
G. Board Balance and Division of Responsibilities	**Pages 48 and 58**
H. The Role of the Non-Executive Directors	**Page 49**
I. Policies, Processes, Information, Time and Resources	**Pages 45 to 47 and 55 to 57**
3. Composition, succession and evaluation	
J. Succession Planning and Diversity	**Page 59**
K. Skills, Experience, Knowledge and Tenure on the Board	**Pages 58 and 59**
L. Board Evaluation	**Page 58**
4. Audit, risk and internal control	
M. Independence of the Internal and External Auditors, and the Integrity of Financial Statements	**Pages 60 and 64**
N. Fair Balanced and Understandable	**Page 61**
O. Principal Risks	**Pages 24 to 29**
5. Remuneration	
P. Policies and Practices to Support Strategy and Promote Long-Term Sustainable Success	**Page 68**
Q. Formal and Transparent Procedure for Developing Policy on Executive Remuneration	**Page 66**
R. Independent Judgement and Discretion when Authorising Executive Remuneration	**Page 66**

The Role of 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 41. The Board meets regularly in the year for its scheduled meetings and also annually for a strategy session. 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 regular basis with detailed financial and operational information. Regular briefings by the Executive Management Team are given to the Board, to deepen the collective understanding of the business, leading in turn to more effective debate.

Division of Responsibilities

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, Moshe Greidinger, is clearly defined in writing. Further details of the respective responsibilities are set out below.

Board Committees

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/en/about-us/corporate-governance).

Governance Framework

The Board
Implementation of the Group's long-term strategy

Audit Committee

The Committee assists the Board in discharging its responsibility with regard to financial reporting, the control environment, the work of the External and Internal Auditors, and the Risk and Assurance Team.

Chair: **Dean Moore**

Audit Committee Report **page 60**

Nomination Committee

The Committee 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. It is also responsible for overseeing the development of a diverse pipeline for succession.

Chair: **Rick Senat**

Nomination Committee Report **page 57**

Remuneration Committee

The Committee makes 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 Senior Management, and for the design of performance related pay schemes and long-term incentive plans.

Chair: **Alicja Kornasiewicz**

Remuneration Committee Report **page 66**

Membership of the Audit, Nomination and Remuneration Committees

Membership of the Audit, Nomination and Remuneration Committees at the commencement of the financial year was as follows:

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

Membership of the Audit, Nomination and Remuneration Committees at the end of the financial year was as follows:

	Chair	Member	Member	Member
Audit Committee	Dean Moore(1)	Alicja Kornasiewicz	Helen Weir(3)	
Nomination Committee	Rick Senat	Scott Rosenblum	Arni Samuelsson	
Remuneration Committee	Alicja Kornasiewicz(2)	Dean Moore	Camela Galano(4)	Helen Weir(3)

(1) Dean Moore was appointed as Chair of the Audit Committee on 15 May 2019, taking over from Julie Southern.

(2) Alicja Kornasiewicz was appointed as Chair of the Remuneration Committee on 15 May 2019, taking over from Dean Moore.

(3) Helen Weir was appointed as a member of the Audit and Remuneration Committees on 15 November 2019.

(4) Camela Galano was appointed as a member of the Remuneration Committee on 15 May 2019.

All the Committees remained compliant with the Code as regards their membership during the year, save that on appointment to the role of Chair of the Remuneration Committee, Alicja Kornasiewicz had not served on a remuneration committee for 12 months. Whilst Alicja did not have 12 months' experience, the Board considered that her previous experience in a variety of senior business roles meant that she was appropriately qualified for this position.

Roles and Responsibilities of the Directors

Role	Name	Responsibility
Chairman	Anthony Bloom Alicja Kornasiewicz is due to become Chair following the AGM in May 2020, when Anthony Bloom will step down.	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, and ensuring that Directors receive accurate, timely and clear information. The Chairman also facilitates constructive board relations and the effective contribution of all the Non-Executive Directors and when appropriate, discusses matters with the Non-Executive Directors without the Executive Directors being present.
Chief Executive Officer	Moshe (Mooky) Greidinger	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 Management Team.
Non-Executive Directors	Camela Galano, Alicja Kornasiewicz, Dean Moore, Scott S. Rosenblum, Arni Samuelsson, Eric (Rick) Senat, Helen Weir	The Non-Executive Directors provide constructive challenge, provide strategic guidance, offer specialist advice, and hold Management to account. They meet during the year in the absence of the Executive Directors, and play a key role in reviewing proposals, in particular in respect of strategy.
Senior Independent Director	Eric (Rick) Senat	The Senior Independent Director is available to shareholders if they have concerns which contact through the normal channels of Chairman, Chief Executive Officer, Deputy Chief Executive Officer or Chief Financial Officer has failed to resolve or for which contact is inappropriate.
Company Secretary	Fiona Smith	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.

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 session)	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings in year		6	5	4	2
	Independent	**Attended**	**Attended**	**Attended**	**Attended**
Directors					
Anthony Bloom	No	6/6[1]	5/5[2]	4/4[2]	1/2[2]
Nisan Cohen	No	6/6	N/A	N/A	N/A
Camela Galano	Yes	6/6	N/A	3/3[3]	N/A
Israel Greidinger	No	6/6	N/A	N/A	N/A
Moshe Greidinger	No	6/6	N/A	N/A	N/A
Alicja Kornasiewicz	Yes	6/6	5/5	3/3[1] [4]	N/A
Dean Moore	Yes	6/6	5/5[1]	4/4	N/A
Scott Rosenblum	No	6/6	N/A	N/A	2/2
Arni Samuelsson	Yes	6/6	N/A	N/A	2/2
Rick Senat[5]	Yes	4/6	1/3[5]	1/1	2/2[1]
Julie Southern[6]	Yes	2/3	2/2	1/1	N/A
Renana Teperberg	No	6/6	N/A	N/A	N/A
Helen Weir[7]	Yes	1/1	N/A	N/A	N/A

(1) Chair of Board/Board Committee.

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

(3) Camela Galano was appointed as a member of the Remuneration Committee on 15 May 2019. Between that time and the year end, there were only three Committee meetings, so Camela attended the maximum number of meetings possible.

(4) Alicja Kornasiewicz was appointed as Chair of the Remuneration Committee on 15 May 2019. Between that time and the year end, there were only three Committee meetings, so Alicja attended the maximum number of meetings possible.

(5) Rick Senat was a member of the Audit Committee between 15 May 2019 and 15 November 2019. During that time Rick attended one of the three scheduled Audit Committee meetings. Non-attendance at the Board and Audit Committee meetings specified in the table was due to circumstances outside of Rick's control, including changes by the Company to Board meeting dates (conflicting with pre-arranged events), and funeral attendance.

(6) Julie Southern stepped down from the Board at the AGM on 15 May 2019. Until that time, there had been three Board meetings, one Remuneration Committee meeting, and two Audit Committee meetings.

(7) Helen Weir was appointed as a Director on 1 November 2019, and attended all Board meetings that took place between that time and the year end. Helen became a member of the Remuneration and Audit Committees on 15 November 2019. Between that time and the year end, there were no scheduled Committee meetings.

Directors and Directors' Independence

At the start of the year, the Board was composed of twelve members, six of whom were considered independent. On 15 May 2019, Julie Southern stepped down from the Board. On 1 November 2019, Helen Weir was appointed to the Board as an independent Non-Executive Director. At the end of the year, the Board was again composed of twelve members, six of whom are considered independent.

The Code recommends that at least half the Board of Directors (excluding the Chairman) should comprise non-executive directors determined by the Board to be independent. The Board considers that Camela Galano, Alicja Kornasiewicz, Dean Moore, Arni Samuelsson, Rick Senat, Helen Weir and Julie Southern were, for the year (or the portion of the year for which they served as Non-Executive Directors), independent Non-Executive Directors.

The Board is satisfied that Dean Moore meets the requisite criteria to be considered independent, notwithstanding his previous interim employment within the Group, given the nature of the role he performed in the ten month period from March 2016, where his mandate was to focus on the Chief Financial Officer succession planning process.

Rick Senat has served on the Board for more than nine years. The Board undertook a rigorous review as to whether it considered Rick to remain independent. The discussion focused on the quality, nature and effectiveness of Rick's contribution to the Board in discussions generally, including in relation to his role as Nomination Committee Chair. The Board was confident that Rick was able to demonstrate independent judgement in Board discussions, to provide effective challenge, and exercise independence of thought. As a result, the Board continues to consider Rick to be independent.

Scott Rosenblum is not viewed as independent because of his previous business dealings with the Greidinger family and its interests, and as he is the Global City Theatres B.V. appointee under the Relationship Agreement as described on page 81 of the Directors' Report.

The names of the Directors at the year end, together with their biographical details, are set out on pages 44 to 46.

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 Policy (as published in the 2017 Annual Report, available on the Company's website).

The independent Non-Executive Directors bring an objective viewpoint and range of experience to the Group 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 maintained. All the Non-Executive Directors have access to independent legal advice subject to consulting with the Board and following the agreed procedure.

Board Evaluation

In accordance with the Code, the Company conducts an annual evaluation of Board and Board Committee performance, which is facilitated by an independent third party at least once every three years. For 2019, the performance of the Board and Committees was assessed by Edis-Bates Associates. Further details of the evaluation can be found in the Nomination Committee Report on pages 57 to 59.

Election And Re-election

The appointment and replacement of directors is governed by the Company's Articles, the UK Corporate Governance Code (the "Code"), the Companies Act 2006 and related legislation. All directors intending to continue in office seek election or re-election by shareholders at each AGM. The Articles may be amended by a special resolution of the shareholders.

Biographical details of all the current Directors are set out on pages 44 to 46. In view of the performance evaluation, the Board is satisfied that each Director standing for election or 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 and Deputy Chair's Commitments

The current Chairman, and the Deputy Chair, perform a limited number of external roles, but the Board is satisfied that these are not such as to interfere with the performance of the duties to the Group.

Stakeholder Engagement

The Directors value contact with the Company's institutional and private investors. An Annual Report 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 advance of the full year results and the interim results. Separate announcements of all material events are made as necessary.

In addition to the Chief Executive Officer, Deputy Chief Executive Officer and Chief Financial Officer, who have regular contact with shareholders, the Chairman and the Committee Chairs are available to meet with shareholders as and when required. Additionally, the Chief Executive Officer, Deputy Chief Executive Officer and Chief Financial Officer provide focal points for shareholders' enquiries and dialogue throughout the year. The whole Board is kept up to date at its regular meetings with the views of shareholders and analysts and it receives reports on changes in the Company's share register and market movements.

The Board uses the AGM to communicate with private and institutional investors and welcomes their participation. The Chairman aims to ensure that the 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.

Chairman's Tenure

Anthony Bloom was Chairman during 2019, even though he had served on the Board for more than nine years. The Company was in the process of carrying out the search for a successor for the role of Chair, and the Board considered it beneficial for Mr Bloom to continue in office during this time due to his extensive understanding of the business, and this enabled an effective and orderly handover period to incoming Chair, Alicja Kornasiewicz.

Directors' Duties – compliance with s.172 of the Companies Act 2006

Section 172 of the Companies Act 2006 ("s.172") requires directors to promote the success of the Company for the benefit of the members as a whole and in doing so have regard to the interests of stakeholders including customers, employees, suppliers, and the wider community in which it operates. The Board is focused on its responsibilities under s.172, and the impact of the business on key stakeholder groups is considered on a regular basis. During 2019, the Board spent time examining stakeholder engagement mechanisms and a summary of these is set out on pages 52 and 53. These mechanisms will continue to be reviewed to consider whether there are ways to enhance their effectiveness and improve on the programme of engagement activities that are already in place. The table below identifies where in the Annual Report information on factors the Board believe demonstrate its compliance with section 172(1)(a)-(f) are set out in more detail.

Section 172 – Further Information

The Board has had regard to the following matters:	More information:
(a) Long-term results – the likely consequences of any decision in the long term	**Strategic Report:** Our business model, **page 12** Chairman's Letter, **page 4** CEO's Review, **page 6** Capital allocation, **pages 36 to 41** Key performance indicators, **pages 14 to 17** Risk management, **pages 24 to 29** Viability statement, **pages 30 and 31** **Corporate Governance:** Chairmans' Introduction, **page 42** Audit Committee report, **page 60**
(b) Our workforce – the interests of the Company's employees	**Strategic Report:** Our business model, **page 12** Resources and Relationships, **page 33** **Corporate Governance:** Stakeholder engagement, **pages 52 and 53** Workforce engagement, **page 42** Nomination Committee report, **page 59** **Remuneration Report:** Remuneration Committee Chair's statement, **page 66**
(c) Our business relationships – the importance of developing the Company's business relationships with suppliers, customers and others	**Strategic Report:** Our business model, **page 12** Market Drivers, **pages 10 and 11** Stakeholder engagement, **pages 52 and 53** Resources and Relationships, **page 34** Risk management, **pages 24 to 29**
(d) The community and our environment – the impact of the Company's operations on the community and the environment	**Strategic Report:** Resources and Relationships, **page 34** **Corporate Governance:** Stakeholder engagement, **pages 52 and 53** **Directors' Report:** GHG emissions data, **pages 84 and 85**
(e) The Company's reputation – the desire to maintain a reputation for high standards of business conduct	**Strategic Report:** Non-financial information statement, **page 32** Anti-bribery and corruption, **pages 35 and 54 to 56** Resources and Relationships, **pages 32 to 35** **Corporate Governance:** Audit Committee report, **page 60**
(f) Fairness between Shareholders – the aim to act fairly as between members of the Company	**Corporate Governance:** Shareholder engagement, **pages 50 and 52**

Board discussions and decision-making

The following is an example of how the Directors have had regard to the matters set out in sections 172(1) (a)-(f) when discharging their duties.

Expansion and refurbishment programme

A key pillar of Cineworld's strategy is to expand and enhance the global estate. During the year, the Board received continuous updates on new sites and the refurbishment programme from the CEO, and saw progress itself through site visits. The programme directly supports the strategy and overarching purpose of Cineworld to be "The Best Place to Watch a Movie" and the Board considers it to be supportive of long-term sustainable success. Engagement with customers finds they are overwhelmingly supportive of refurbishments that deliver a higher quality viewing experience and new cinema openings are widely welcomed. Employee feedback is communicated up to the Board from site visits and employee engagement surveys, and employees report enjoying modernised workspaces and delivering a superior customer service experience. Site openings create new jobs within the community, and the expansion of the estate means there are greater opportunities for development for existing employees. The Board is cognisant that expanding the estate has a significant impact on the surrounding community. Consideration of community and local issues is taken at management level and reported to the Board in the context of new sites and refurbishments. The durability of refurbishments, energy efficient new builds, and collaboration with local authorities and suppliers are all considered.

Customers

Our customers are key to our success. We focus on ensuring that they have a positive experience every time to increase the likelihood of repeat visits.

Engagement mechanisms
- Primary method of customer engagement through voice of the customer programme "Rant and Rave"
- Customer contact
- Social media
- Unlimited membership and feedback – US, UK, Poland
- Site visits

What do they care about most?
- Quality of cinema experience
- Customer service in cinema
- Innovation
- Booking efficiency and smart technology
- Sustainability

Shareholders

The Chief Executive Officer, Deputy Chief Executive Officer, and Chief Financial Officer provide focal points for shareholders' enquiries and dialogue throughout the year. The Board uses the AGM to communicate with private and institutional investors.

Engagement mechanisms
- Investor meetings
- Governance meetings – Chairman and Committee Chairs
- AGM
- Investor conference participation

What do they care about most?
- Strategy
- Strong leadership
- Strong returns

Employees

Nurturing talent is a key part of our people strategy and, in support of our growth strategy, we are proud that over the last 12 months more than 50% of cinema management positions were filled by internal applicants.

Engagement mechanisms
- Employee engagement surveys across Group
- Site visits feedback
- Whistleblowing line
- Turnover data
- Gender and diversity information

What do they care about most?
- Being able to develop careers within the business
- Feeling involved
- Being listened to
- Being motivated
- Managers motivating and standing up for employees

Suppliers

We work hard at developing and maintaining good relationships with a range of film studios and distributors. Strong relationships with our principal retail suppliers enable us to work together on promotions that help drive retail sales.

Engagement mechanisms
- Supplier exhibitions
- Regular meetings
- Payment practice reporting and analysis
- Property relationships – developers, landlords and local planners
- Innovation – commercial relationships with suppliers of technology
- Retail – commercial relationships with suppliers of retail
- Industry body memberships

What do they care about most?
- Collaborative relationships
- Good communication

Engaging with our stakeholders and responding to their needs

Wider community

Our work with charities, schools, and community groups across all our territories is very important to us. We are involved with a wide range of activities including working with distributors on charity screenings, providing free shows for organisations and working closely with local schools.

Engagement mechanisms
- Social media
- Numerous local initiatives – dialogues with local businesses, schools, councils and charities
- Requests from charities received directly
- Partnership with charities
- Our apprenticeship programmes

What do they care about most?
- Jobs and local investment
- Active support for local charities and organisations

Audit

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 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 delay. The Group approach is implemented using the principles of the Three Lines of Defence model, as illustrated in the diagram below.

During the year, 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.

The ongoing review and evaluation of risk management and internal control is undertaken by the Risk and Assurance team whose key responsibilities are:

- Risk Management
- Internal Audit
- Fraud Detection and Loss Prevention
- Insurance

The Board confirms that, in accordance with the Code:

- there is an ongoing and robust process for identifying, evaluating and managing the emerging and principal risks faced by the Group (for more details please see Principal Risks and Uncertainties on pages 24 to 29);
- the Company's systems of risk management and internal control have been in place for the year under review, are regularly reviewed by the Executive Directors and the 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 and business reporting.

Risk

The Board, supported by the Audit Committee and the Executive Management Team, has overall responsibility for implementing an effective risk management approach. The Group's approach is governed by its Risk Management Framework that sets out the policy, oversight structure, accountability and processes for the monitoring and reporting of risk within the Group, and facilitates the following objectives for risk management:

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

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

Oversight structure and accountability – The risk management oversight and accountability structure has ensured that risk consideration is from both a "top-down" and "bottom-up" perspective. The Group maintains a Principal Risk Register as well as operational risk registers for support functions, cinema operations and specific projects.

Ongoing process – At each level the risk assessment process is based on five key steps:

1. Risk identification (using cause and effect analysis)
2. Assessment of inherent risk severity
3. Identification of existing controls and assessment of effectiveness
4. Assessment of residual risk severity
5. Development and implementation of risk mitigation

Details of the Group's principal risks and how they are being managed or mitigated are provided on pages 24 to 29.

As part of this process, risk appetite is considered by the Board annually 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, and the level of investment in control in pursuit of the Group's strategic objectives.

Escalation, monitoring and reporting – A clear escalation policy is in place to ensure changes to risk exposure are notified up through the governance structure as required. Risk owners 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 ongoing monitoring and reporting activities in place with risk information being presented to the Board and Audit Committee.

Culture – To support embedding the application of the Risk Management Framework into the culture and behaviours of the Group, ongoing training has been delivered by the Risk and Assurance team.

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 are responsible for internal control and risk management within their own area and for ensuring compliance with the Group's policies and procedures.

The Audit Committee has oversight of the programme of assurance activities to allow for its ongoing review of the effectiveness of internal control. The delivery of this assurance programme is undertaken by the Risk and Assurance team, which is supported by specialist advisers as required.

Details of the activities of the Audit Committee during 2019 are set out on page 61.

Internal audit – 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), financial and information technology controls testing and additional specific reviews requested by Management. The Risk and Assurance team has been supported by BDO to deliver the 2019 plan.

Cinema compliance – The Cinema Compliance programme has operated across the Group with reviews being undertaken to understand the application of the key controls within the operational procedures in the areas of cash, retail, payroll/HR and operations.

Each cinema in the Group has been risk assessed based on operational and management information to determine which cinemas would be included in the audit programme for the year.

Quarterly management reporting of key themes and trends help support the Group to make continued improvements.

In addition to the programme of on-site reviews conducted by the Risk and Assurance team, an annual self-assessment audit is undertaken by each cinema in the Group.

Fraud detection and loss prevention – To support the Group in fraud detection and loss prevention, ongoing analysis of our key data sources is undertaken to identify any irregular transaction activity that could indicate instances of fraud, loss or failure of procedural compliance.

External audit – The External Auditor provides a supplementary, independent and autonomous perspective on those areas of the internal control system which it assesses in the course of its work. Its findings are reported to the Audit Committee.

Operational controls – The Executive Directors, on a day-to-day basis, are involved in reviewing the key operations of the business through their interaction with their Senior Management teams across the Group and their discussions on operational performance and delivery.

Financial control – The Group has internal control and risk management arrangements in relation to the Group's financial reporting processes and the preparation of its Consolidated Financial Statements. 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.

Ongoing financial performance is monitored through regular reporting to the Executive Directors and 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.

Other assurance activities – A programme of health and safety/food safety audits (delivered by outsourced providers) takes place in the UK and US.

As a result of GDPR, additional assurance activities have been undertaken that focused on reviewing the maturity of the Group in the application of the regulation.

In line with requirements under PCI-DSS, an independent security assessor provides reports on compliance (where applicable).

Policies and procedures – The Group has in place a range of governance related policies which are regularly reviewed and communicated to employees. These include Gifts and Hospitality, Anti-Fraud and Bribery, and Health and Safety. In addition, the Group has in place whistleblowing policies so that the workforce may raise concerns in confidence. Whistleblowing data is routinely reviewed by the Board and follow up actions are considered. For more details of the Group's policies see the Resources and Relationships section on pages 32 to 35.

Eric (Rick) Senat
Chairman of the Nomination Committee

Chair	Rick Senat
Committee members	Scott Rosenblum Arni Samuelsson
Number of scheduled meetings held in 2019	2
The Company Secretary acts as Secretary to the Committee	

"The Committee's key objective at the beginning of 2019 was to find a successor for the role of Chair."

Dear shareholders

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

As mentioned in my report last year, the Committee's key objective at the beginning of 2019 was to find a successor for the role of Chair. This task involved detailed planning, and we spent a significant amount of time as a Committee discussing and considering the attributes required for such an important leadership role.

As part of the selection process, a number of individuals were interviewed and, after careful consideration, it was decided that Alicja Kornasiewicz was the outstanding candidate, with an exceptional background, and remarkable business acumen. We wish Alicja every success as she embarks on the new role in May.

In other Board changes during the year, Julie Southern stepped down at the 2019 AGM after four years of service, for which we are very grateful. The Nomination Committee instigated a search for a replacement independent non-executive director and, in October 2019, we announced that Helen Weir would join the Board with effect from 1 November 2019.

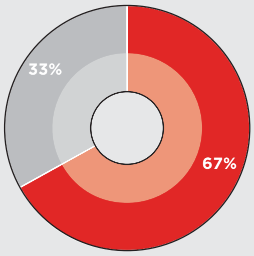
Other activities of the Committee during the year included discussions on succession planning, and a consideration of the mechanisms in place at the Company to support and encourage the development of talent at the levels below Board. We also took time to consider our diversity policy and objectives – diversity has become a much-discussed topic in society today, and rightly so.

As regards diversity in the Boardroom, we are in line with the recommendations of the Hampton-Alexander Review, with one-third female representation on the Board. In fact, we received an extremely positive rating in the Hampton-Alexander Report in 2019, in which we were ranked Number 1 in the Travel and Leisure sector. More details regarding the gender balance of employees and our senior management team can be found on page 35.

Of course, diversity is about more than gender, and we are also mindful as a Committee of the Parker Review on ethnic diversity on UK boards. More details of our Diversity Policy can be found on page 59.

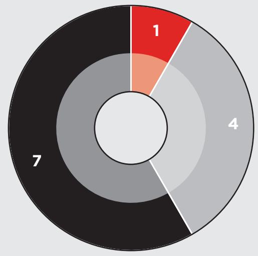
Rick Senat
Chairman of the Nomination Committee

Gender breakdown of the Board[1]



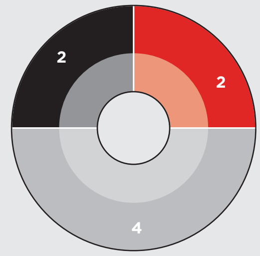
Male	8
Female	4
Total Board members	**12**

Balance of the Board[1]



Chairman	**1**
Executive Directors	**4**
Non-Executive Directors	**7**

Length of tenure of Non-Executive Directors[1]



0-2 years	**2**
3-6 years	**4**
7+ years	**2**

(1) As at 31 December 2019.

Nomination Committee Composition

During the year, the Committee comprised three Non-Executive Directors (namely Rick Senat (Chair), Scott Rosenblum, and Arni Samuelsson). While Rick Senat and Arni Samuelsson are considered to be 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 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, the development of the talent pool of the business, 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. Prior approval is sought before a Director accepts an external appointment. The terms of reference of the Committee are available on the Company's website (www.cineworldplc.com/en/about-us/corporate-governance).

The Committee met for two scheduled meetings during the financial year and held a number of additional meetings as required on an ad hoc basis, including in relation to succession planning for the Chairmanship.

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 succession is being discussed.

During the year the Committee reviewed its own performance, reviewed the structure of the Board and the three Committees, and discussed succession and diversity issues.

Board Evaluation

During the year, a performance evaluation was carried out in respect of the Board, the Audit, Remuneration and Nomination Committees and each individual Director including the Chairman. In accordance with the requirements of the Code, the process for 2019 was facilitated by an external consultant, Jon Edis-Bates of Edis-Bates Associates, who had no other connection with the Company or any of the Directors of the Company.

As part of the evaluation process, Jon Edis-Bates met individually with each of the Directors and other key individuals, and discussed a range of questions that had been pre-agreed with the Chairman. He then collated the results and reported back to the Chairman.

A summary was then presented to the Board and each Director given the chance to ask further questions. A short confidential report was also prepared on the performance of each Director which the Chairman shared with the individual.

The evaluation confirmed that overall the Board and Committee processes were working appropriately. However, there were a few matters identified where Directors felt that more time should be allocated to them and processes could be improved further in certain areas. Such matters included more regularly reviewing the Board's composition with a particular focus on succession planning for the Non-Executive Directors. Additional time has already been spent on some of these matters, and an Action Plan has been drawn up to progress some of the recommendations of the Report in the coming year.

Skills, Experience and Knowledge

All Directors have a good understanding of the markets, territories, regulatory and risk management frameworks within which the Group operates, as well as the technology it uses. The biographies of the Directors, as set out on pages 44 to 46 highlight the skills and experience each Director brings to the Board. The Nomination Committee monitors the length of tenure and the skills and experience of the Non-Executive Directors to assist in succession planning. The Committee is confident that the Board has the necessary mix of skills and experience to contribute to the Company's strategic objectives.

Tenure

The tenure of each of the Directors is set out in their biographies on pages 44 to 46, and summarised on page 58.

Succession Planning and the Pipeline of Talent

To find the most suitable candidates for the Board, the Nomination Committee considers the skills, experience and attributes required to create a diverse Board which is capable of driving the Company forward successfully in fulfilment of its purpose and strategic goals. The Committee also considers the initiatives that are in place to develop the talent pipeline at a senior level across the business. Initiatives that were reviewed by the Committee in relation to development of talent at a senior level included advanced coaching schemes, management conferences, training on leadership, sessions on well-being, resiliance and mental health awareness, and access to mentoring schemes. More information on the development initiatives for Senior Management can be found on page 33 of the Resources and Relationships section.

Policy on Diversity and Inclusion

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, including different ethnic backgrounds, should be considered and, where reasonably possible, shortlists should comprise candidates of different genders. Diversity extends beyond the Boardroom and the Committee is supportive of Management's efforts to build a diverse organisation and maintain a diverse talent pipeline. For more information about the Group's approach to diversity, please see the "Employees" section of the Directors' Report on page 84 and the "Diversity and Human Rights" section of Resources and Relationships on page 33.

Recruitment Process for Board Directors

It was announced on 28 October 2019 that Helen Weir had been appointed to the Board as an Independent Non-Executive Director, with effect from 1 November 2019. With regard to the appointment of Helen, Board advisers AGM Transitions were engaged. AGM Transitions had no connection with the Company or any of the Directors of the Company, other than in relation to the succession planning advice which it has provided to the Company since 2016, and its work in respect of the succession of the Chairman as described in the 2018 Annual Report and Accounts.

Dean Moore
Chairman of the Audit Committee

Chair	Dean Moore
Committee members	Alicja Kornasiewicz, Helen Weir
Number of scheduled meetings held in 2019	5
The Company Secretary acts as Secretary to the Committee	

"A key focus area for the Committee in 2019 was the audit tender, which was considered appropriate to undertake at this time given the increased size and complexity of the Group following the acquisition of Regal in 2018."

Dear shareholders

As Chair of Cineworld's Audit Committee ("the Committee"), I am pleased to present our Audit Committee Report for the year to 31 December 2019.

This 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, 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 that we have in place at Cineworld.

The Committee had several areas of focus in 2019. One key area was the implementation of new accounting standards, in particular IFRS 16, which has had a significant impact for the Group in that it affects all property leases. One of the Committee's responsibilities in the area of financial reporting is that we consider and report on the significant risks and issues in relation to the financial statements, and consider how these should be addressed. The adoption of IFRS 16 has been identified as a significant matter, and our formal position on this issue is set out on page 63 of the Audit Committee Report.

Another focus area was the tender of the 2019 audit, which was considered appropriate to undertake at this time given the increased size and complexity of the Group following the acquisition of Regal in 2018 and therefore in the best interests of the Company. The process was led by the Committee and resulted in the appointment in June 2019 of PricewaterhouseCoopers LLP, taking over from KPMG LLP. More details of the audit tender process can be found on page 63.

During the year, a significant part of the Committee's time was dedicated to the area of risk management. Supported by the Risk and Assurance team, we have reviewed our principal risks and uncertainties, including emerging risks, and considered the potential impact of these risks on our business model, future performance, solvency and liquidity. Details of our principal risks and uncertainties can be found on pages 24 to 29, including how we consider these risks in the context of our strategic objectives.

The Committee also reviewed the effectiveness of the Group system of risk management and its internal controls, and more details of our work and the assurance activities in these areas can be found on pages 54 to 56. In addition, the Committee received reports in relation to cyber security as part of ensuring that the Group is well placed to counter the risks in this area.

As a Committee we are mindful of the changing landscape of the UK audit sector, and have received a number of updates in relation to this, including in respect of the CMA market study, the Kingman Review, the BEIS consultation on the Kingman recommendations, and the Brydon Review. We will continue to monitor all relevant developments in this area.

Lastly, I would I would like to thank Julie Southern, who stepped down from the Board at the 2019 AGM, for her considerable contribution to the Committee's work, and also to welcome Helen Weir who joined the Committee as a member on 15 November 2019.

Dean Moore
Chair of the Audit Committee

Composition

For the duration of the year, the Committee comprised three Independent Non-Executive Directors. At the start of the year, the Committee comprised Julie Southern (Chair), Dean Moore, and Alicja Kornasiewicz. Following the stepping down of Julie Southern on 15 May 2019, Dean Moore became Chair of the Committee, and Rick Senat joined the Committee at the same time. On 15 November 2019 it was announced that Helen Weir would also join the Committee, at which time Rick Senat stepped down.

Therefore, at the year end, the Committee comprised Dean Moore (Chair), Alicja Kornasiewicz, and Helen Weir. Both Dean and Helen are qualified accountants, and are considered by the Board to have recent and relevant financial experience. The Committee as a whole is considered to have competence relevant to the sector in which the Company operates.

The Chairman, the Chief Executive Officer, the Deputy Chief Executive Officer, the Chief Financial Officer, other Directors and Senior Executives, the Head of Risk and Assurance, the Internal Auditor and the External Auditor may be invited to attend meetings, but are not members.

The Role, Responsibilities and Activities of the Audit Committee

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/en/about-us/corporate-governance). The Committee assists the Board in discharging its responsibilities with regard to financial reporting, the integrity of financial statements, the control environment, the work of the External and Internal Auditors, and the Risk and Assurance team, including:

- monitoring the financial reporting process;
- reviewing the integrity of the Annual and Interim 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 the Internal and External Auditors' activities, and the work of the Risk and Assurance team, 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 2019

The 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;
- received and discussed (in the absence of Management, where appropriate) reports from the External Auditor in respect of its review of the interim results, the internal 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, its assessment of materiality, the terms of engagement and raising awareness of the likely impact of future changes to regulation and accounting standards;
- monitored the performance of the Risk and Assurance team (including input from BDO), and reviewed the effectiveness of the Group's internal financial controls together with its broader internal control and Risk Management Framework, to ensure consistent and appropriate financial controls across the Group;
- reviewed the accounting papers provided by Management on the changes to IFRS accounting standards and their impact on the Group's financial statements and other key accounting topics;
- monitored the implementation of the Group's internal audit plan for 2019, including further embedding the Risk Management Framework, the risk-based assurance plan for the financial control environment, and the 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 the appointment and remuneration of the External Auditor and the tender process that was instigated in April 2019 and which resulted in the appointment of PwC as External Auditor in June 2019;
- oversaw the Group's relations with the External Auditor, determined its independence and monitored the effectiveness of the audit process;
- engaged with the Financial Reporting Council ("FRC") with regard to its review of the Group's 2018 Annual Report and Accounts;
- discussed the requirements for a longer-term viability statement and the related assessment work to enable the Board to make such a statement; and
- reviewed the Committee's terms of reference and carried out a performance evaluation as required by the Code. The results of the evaluation confirmed that the Committee is performing satisfactorily and providing strong support to the Board.

Fair, Balanced and Understandable

During the year, the Committee 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 papers prepared by Management with regard to this principle. This included reviewing the documents to ensure that the description of the business agrees with the Committee's own understanding, the risks reflect the issues that concern the Group, the discussion of performance properly reflects the relevant period, and there is a clear link between all the areas of disclosure.

Going Concern

At 31 December 2019, the Group's financing arrangements consisted of USD and Euro term loans totalling $3.6bn and a revolving credit facility of $462.5m ('secured bank loans') which had been drawn down by $95.0m. The revolving credit facility is subject to certain covenants, which are triggered above 35% utilisation, and the term loans also have cross default provisions in respect of this covenant. The Group is not currently at this revolving credit facility utilisation level and it is not expected to increase above this threshold in the period under assessment.

Subject to certain regulatory conditions, the Group expects to complete the acquisition of Cineplex and therefore the Group's forward looking funding requirements and forecast cash flows are considered more likely than not to include Cineplex in the wider Group. Therefore, the going concern assessment has been made based on the proposed new banking facility structure and the enlarged Group's forecasts. The additional financing for the Cineplex acquisition will include a secured incremental term loan for c. $1.9bn and a c. $0.3bn unsecured bridge loan. The bridge loan facility includes financial covenant ratios set at the same level as the secured bank loans of the Group, being a limit of 5.5x of Net Debt to Consolidated Adjusted EBITDA until December 2020, which limit then reduces to 5.0x from 30 June 2021 onwards. The covenant applies at all times, irrespective of the bridge facility drawing levels.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the enlarged Group will be able to operate within the level of its facilities for at least 12 months from the approval date of these Consolidated Financial Statements. Accordingly, the Group continues to adopt the going concern basis in preparing its Consolidated Financial Statements.

The uncertainty as to the future impact on the Group of the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. Thus far, we have not observed any material impact on our movie theatre admissions due to COVID-19. Following an increase in admissions in the first two months of the year against the same period in the previous year, we continue to see good levels of admissions in all our territories, despite the reported spread of COVID-19. Although the release of the new Bond movie has been postponed to November 2020 largely due to closure of cinemas in the Asian markets, the studios have advised us that in the countries in which we operate, they currently remain committed to their release schedule for the coming months and remainder of the year.

In the downside scenario analysis performed, the Board has considered the potential impact of the COVID-19 outbreak on the Group's results. In preparing this analysis the following key assumptions were used: the impact of a total loss of revenue across the enlarged estate for between one and three months, no fixed costs reductions should sites be closed, run-rate combination benefits of c.$133m expected to be achieved as part of the Cineplex acquisition, forecast capital expenditure reduced in 2020 by 90%, and cessation of dividend payments from 1 July 2020. This analysis does not take account of the fact that in the case of widespread site closures the films scheduled to be released during this period of closure could be moved to later in 2020. These downside scenarios are currently considered unlikely, however it is difficult to predict the overall outcome and impact of COVID-19 at this stage. Under the specific downside scenario, however, of the Group losing the equivalent of between two and three months' total revenue across the entire estate there is a risk of breaching the Group's financial covenants, unless a waiver agreement is reached with the required majority of lenders within the going concern period.

Only the specific downside scenario detailed above would indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Consolidated Financial Statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Viability

Part of the Committee's work in the year has been to discuss and consider the 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. The Directors' Viability Statement, together with details of the assessment work, is set out on pages 30 and 31 (with a summary on page 43, "Board Statements").

Significant Issues Considered in Relation to the Financial Statements

During the year the Committee, Management and the External Auditor considered and concluded what the significant risks and issues were in relation to the financial statements and how these would be addressed. In relation to the 2019 Group financial statements, significant risks have been identified which are outlined as follows:

Valuation of Property, Plant and Equipment

As detailed in Note 12 to the financial statements, there is a inherent risk that elements of the value of Group's PPE assets may prove to be irrecoverable, due to fluctuations in the performance of cinemas or one-off events.
Given the number of factors involved in forecasting the performance of cinema sites operated by the Group, in multiple countries, this results in an element of judgement being applied to the valuation of an individual cash generating unit ("CGU"), predominantly at cinema site level. At each Balance Sheet date, Management prepares an assessment which estimates the value in use of the CGUs to which the tangible fixed assets (which also now includes right-of-use assets following the adoption of IFRS 16 from 1 January 2019) are allocated. Where individual sites' cash flows are not considered independent from one another, mainly due to strategic or managerial decisions being made across more than one site, they may be combined into a single CGU. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. 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. When considering the appropriateness of the discount rate, Management assess the territory specific discount rates, and ensure that they are updated for current market information and the Group's current leverage. At the year end Management prepared their valuation models for the Committee's consideration, together with their proposed site impairments, and drew the Committee's attention to any specific judgements taken within the models. Management confirmed to the Committee that they have applied a consistent group-wide methodology in the preparation of the valuation models. The Committee satisfied itself that the approach was appropriate, the assumptions reasonable and 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 models and that appropriate disclosures, including in relation to sensitivities, had been included in the financial statements.

Adoption of IFRS 16 "Leases"

On 1 January 2019 the Group adopted the new accounting standard, IFRS 16 "Leases" applying the modified retrospective approach and has not restated comparatives for the 2018 reporting period. The Group has recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right-of-use asset and the lease liability at the date of initial application. The measurement principles of IFRS 16 are only applied after 1 January 2019. The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. The adoption of IFRS 16 had a significant impact on the Group's Balance Sheet – at 1 January 2019 the lease liability recognised was $3,396.3m and the right-of-use assets $2,845.7m.

One of the key judgements in the calculation of the lease liability is the lease term. IFRS 16, "Leases" defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the Group to extend the lease term, the Group makes a judgement as to whether it is reasonably certain that the option will be taken. This will take into account the length of time remaining before the option is exercisable; current trading; future trading forecast as to the ongoing profitability of the site; and the level and type of planned future capital investment. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Therefore potential future cash outflows have not been included in the lease liability where it is not reasonably certain the extension periods will be taken or that the leases will be extended on similar terms (or not terminated).

Based on the Committee's enquiries of Management and review of accounting papers, the Committee has satisfied itself that:

- From the analysis of potential adoption approaches provided by Management, the modified retrospective approach applied on adoption was the most suitable for the Group;
- The practical expedients taken on adoption were appropriate for the Groups lease portfolio, consistent with the requirements of the accounting standard and acceptable under the Group's chosen adoption approach;
- A detailed impairment analysis of newly created right-of-use assets was undertaken on transition with any impairments recognised taken to equity. Where an onerous lease provision existed for a given CGU, the expedient to net the provision from the right-of-use asset and not to prepare an impairment analysis was taken;
- The judgement applied by Management in assessing whether a lease option period should be included in the lease liability has been carefully considered, taking into account the facts and circumstances around the lease and the historic decisions taken over lease options and the decision making process prior to executing a lease option; and
- The discount rates used to discount the lease payments have been provided by an independent professional services firm and the rates have been calculated for portfolios of leases with similar characteristics, as permitted under IFRS 16, with lease term and asset-specific adjustments.

Accounting for Joint Arrangements

As part of the Regal acquisition the Group acquired a significant share in Digital Cinema Implementation Partners ("DCIP"), a joint arrangement with other US exhibitors set up to collect and administrate Virtual Print Fee ("VPF") income received from studios to compensate exhibitors for their investment in digital projection equipment. Through a long term leasing arrangement with DCIP, the exhibitors retain control over the projection equipment it has acquired. In addition, the Group determined that under the terms of the leasing arrangements and the associated minimum rental charges expected to be made, it has a joint obligation for the debt taken out by DCIP to finance the acquisition of the projection equipment. Under the requirements of IFRS 11 "Joint Arrangements", Management had to assess whether the joint arrangement agreement in relation to DCIP should be accounted for as a joint venture or as a joint operation. Management prepared an analysis of the DCIP arrangement against IFRS 11 which was presented to the Committee in 2018 as part of the Regal acquisition accounting. Based on the Committee's review and discussions with Management and the External Auditors we concurred that, with joint control over the material assets and liabilities of DCIP, it should classified as a joint operation. Further details of this arrangement can be found in Note 15 to the Financial Statements.

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 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, together with details of the Audit Tender carried out in 2019.

Audit Tender

Following the completion of the Regal acquisition in 2018, given the increased size and complexity of the Group, it was considered appropriate to undertake an audit tender process. This process was led by the Committee, and a tender document was distributed to three firms. The assessment criteria included capability in particular with regard to international audits, understanding of key issues pertinent to the business and industry, experience, independence, cultural fit and an assessment of the overall audit approach and quality. After careful consideration and discussion, the Committee decided to recommend to the Board that PwC should be appointed.

The Company will continue to comply with the relevant tendering and auditor rotation requirements applicable under UK and EU regulations, which require the next external audit tender to occur by 2029. In addition, the External Auditor will be required to rotate the audit partner responsible for the Group audit every five years and, as a result, the current lead audit partner, Christopher Richmond, will be required to change in 2024. The Committee continues to review the auditor appointment and the need to tender the audit.

The Company considers it has complied with the Competition and Markets Authority's Statutory Audit Services Order.

FRC Review

During the year the Financial Reporting Council ("FRC") undertook a review with regard to the Group's 2018 Annual Report and Accounts. The scope of the review performed by the FRC was to consider the Group's compliance with the UK reporting requirements, it did not verify all the information provided. Following the review, no material financial reporting changes were required to the Group's Income Statement or Statement of Financial Position or underlying accounting treatments. However, certain line items within the Statement of Cash Flows have been restated. These changes also impacted the movements in the Net Debt table, but not the overall closing positions and these movements have been restated accordingly. In addition, the 2018 adjusted earnings per share calculation has been restated to reflect the Group's change in policy of including one-off tax items in the Adjusted Earnings Per Share calculation.

Independence and Effectiveness

During the year, the Committee evaluated the performance and objectivity of KPMG, the Company's previous auditors, and reviewed its independence and effectiveness as External Auditor in relation to the prior year accounts. The effectiveness of the 2018 audit, which was carried out by KPMG, was assessed by reference to the following:

- the effectiveness of the lead audit, engagement partner, including the support provided to the Committee;
- the planning and scope of the audit including identification of areas of audit risk and communication of any changes to the plan, and changes in perceived audit risks;
- the quality of communication with the Committee, including the regular reports on accounting matters, governance and control;
- the competence with which the External Auditor handled key accounting and audit judgements and communication of those to Management and the Committee;
- KPMG's reputation and standing, including its independence and objectivity and its 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 the audit team, business understanding, audit approach and management. Where appropriate, actions are agreed against 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 KPMG, as External Auditor, had been effective. In addition, the Committee is satisfied that it has sufficient oversight of the External Auditor and its independence and objectivity is not compromised due to the safeguards in place.

Independence of the Auditors

The External Auditor is required to periodically assess whether, in its professional opinion, it is independent and confirm this to the Committee. PwC has provided this confirmation.

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, all non-audit work and the associated fees need to be approved by the Committee.

The only non-audit service subject to Audit Committee approval provided by PwC to the Group during 2019 related to its review of the Group's interim statement and fees relating to the Cineplex transaction resulting in total fees of £707,000.

The Committee is satisfied that the above work was best undertaken by the External Auditor and that its objectivity and independence as auditor has not been impaired by reason of this further work. An analysis of audit and non-audit fees may be found in Note 7 to the financial statements.

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 the Company's insurance broker to ensure that the policies are appropriate to the Group's activities and exposures taking into account 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 independent Non-Executive Directors, which increased to four by the end of the year.

At the start of the year, the Committee comprised Dean Moore (Chair), Rick Senat, and Julie Southern. As announced on 12 March 2019, Alicja Kornasiewicz would become Chair of the Remuneration Committee at the conclusion of the AGM on 15 May 2019. In addition, Rick Senat stepped down from the Committee, and Camela Galano joined the Committee on 15 May 2019. On 15 November 2019 it was announced that Helen Weir would also join the Committee.

Therefore, at the year end, the Committee comprised Alicja Kornasiewicz (Chair), Dean Moore, Camela Galano and Helen Weir.

The Committee met for four scheduled meetings during the year and, in addition, held a number of ad hoc meetings to deal with specific issues.

Roles and Responsibilities

The activities of the Committee are covered in the Directors' Remuneration Report on pages 66 to 79, and are incorporated into this Corporate Governance Statement by reference.

The 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 Committee appointed EY as external advisers in September 2019 and took advice from them during the year. EY has no other connections with Cineworld except the provision of transactional advisory services and tax advice to the Group.

The Committee is comfortable that the EY engagement partner and team that provide remuneration advice to the Committee do not have connections with the Company or Directors of the Company that may impair their independence. On appointment as advisers, the Committee reviewed the potential for conflicts of interest and judged that there were no conflicts or potential conflicts arising. The Company receives advice in relation to the Remuneration Policy and its implementation in respect of the Chairman, Executive Directors, Company Secretary and Senior Management.

The terms of engagement with EY are available on request from the Company Secretary.

Between January and June 2019, the Committee received remuneration advice from PwC. PwC stepped down from their role as remuneration advisers to the Committee following the appointment of PwC as External Auditor in June 2019.

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 of the Board 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 66 to 79.

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

By order of the Board

Anthony Bloom
Chairman
12 March 2020

Alicja Kornasiewicz
Chair of the Remuneration Committee

Chair	Alicja Kornasiewicz
Committee members	Dean Moore Camela Galano Helen Weir
Number of scheduled meetings held in 2019	4
The Company Secretary acts as Secretary to the Committee	

Annual Statement

Dear shareholders

As Chair of Cineworld's Remuneration Committee (the "Committee"), I am pleased to present our Remuneration Report for the year to 31 December 2019.

2019 Performance and Remuneration

Total revenue for the Group for 2019 was $4,369.7m (2018: $4,119.1m on a statutory basis) and Adjusted EBITDA (under IAS 17) was $1,032.6m (2018: $925.4m).

Annual bonuses for the Executive Directors in 2019, which were based on a matrix of Group Adjusted EBITDA performance against budget, the achievement of stretching individual objectives, and the delivery of synergy benefits associated with the Regal acquisition in 2018, paid out at the level of 54% of the maximum opportunity for the CEO and Deputy CEO, and 55% of the maximum opportunity for the CFO and CCO.

In respect of the Performance Share Plan ("PSP") which is due to vest in April 2020, the compound annual growth in Earnings Per Share ("EPS") over the three year period 2017-2019 was in excess of the maximum of the target range resulting in 100% vesting of the award.

The Remuneration Committee believes that incentive payouts made to Executive Directors, as described in the Directors' Remuneration Report, are aligned to the overall performance of the Group. In considering the outcome for the 2019 bonus, the Committee considered it appropriate to exercise its discretion, details of which are outlined in the Annual Bonus section on pages 71 to 73.

UK Corporate Governance Code

During 2019, the Committee considered the relevant requirements of the new UK Corporate Governance Code (the "Code"). The Committee welcomes the Code and has responded as follows:

- Pension provision for new Executive Directors (or Executive Directors new in role) has been reduced. The Company contribution in the event of such an appointment will be set at no higher than the "workforce rate", being the level broadly made available to the wider workforce globally. This is currently set at 4% of base salary across the Group but will change from time to time as the profile of pension arrangements across the Group changes. For example, the Committee will review the workforce rate in light of any acquisition activity to ensure it remains relevant and fit for purpose. In its determination of the workforce rate, the Committee took into account both actual and offered contribution levels across its UK and US population (which represents the majority of its workforce). It did not take into account employer social security contributions paid in jurisdictions where employer funded pension arrangements are not commonplace (which are often material), but will keep this aspect under review to ensure that the workforce rate is genuinely reflective of employer cost. Finally, the Committee intends to review the pension arrangements for the incumbent Executive Directors as part of its policy review which will commence in 2020. It will therefore put its policy proposals for pension arrangements for existing Executive Directors to shareholders for approval in 2021.
- The Committee recognises the importance of ensuring that Executive Directors are aligned with long-term shareholder interests and have approved the adoption of post-cessation shareholding guidelines for new Executive Directors (and Executive Directors new in role), set at the level of 100% of the current shareholding requirement of 150% of salary and to apply for 2 years. The Committee will review emerging practice on shareholding guidelines as part of its policy review which will commence in 2020.

- The Committee reviewed the LTIP rules to ensure there exists sufficient discretion to override formulaic outcomes in the determination of vesting levels which are not (for example) reflective of the overall shareholder experience and the plan rules have been amended accordingly to allow for this discretion. The ability to exercise discretion applies to all awards granted in 2019 onwards.
- The Committee applied a two-year post-vesting holding period to LTIP awards, applicable to all awards granted from 2019 onwards.
- The Committee intends to update the Remuneration Policy to reflect the amendments described above at its next renewal.

Consideration of wider workforce remuneration

During 2019 the Committee continued to review remuneration practices across the Group. This was to inform decision making on Executive Director and Senior Management Team ("SMT") remuneration, as well as to ensure remuneration practices across the Group are aligned to the long-term strategy of the organisation, fair, and free from discrimination. As part of this, the Committee reviewed and approved base pay increases awarded to the wider workforce; reviewed pension contribution levels in each jurisdiction; reviewed annual bonus and LTIP awards; and analysed the gender pay gap results.

Overall the Committee observed a well-balanced and structured approach to remuneration that contributed to an engaged and productive environment.

Engagement with the wider workforce

Engagement with employees is an ongoing focus with a range of formal and informal channels available for employees to share ideas and concerns with members of the Cineworld Board.

For the 2019 year, the requirements in the Code in respect of workforce engagement were addressed using a number of existing and enhanced tools, and a detailed report on such engagement activities and their outcomes was commissioned by the Board from the Group Senior Vice President of HR. As part of the Board's development in this area, Dean Moore has been appointed as the Non-Executive Director to represent employees in the Boardroom, taking up this position formally in 2020.

The Board will continually review the engagement mechanisms in place to ensure they remain fit for purpose.

This report

This report has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013, the UKLA Listing Rules and the 2018 Code.

It is split into three parts:

- My Annual Statement as Chair of the Remuneration Committee;
- An "At a Glance" section which provides an overview of remuneration outcomes in 2019, a summary of our approved policy, and its link to our strategy; and
- The Annual Report on Remuneration, which sets out payments made to the Directors and details the link between Company performance and remuneration for the 2019 financial year, and how it is intended the Remuneration Policy will be applied in 2020. The Annual Report on Remuneration, together with this Annual Statement, is subject to an advisory shareholder vote at the AGM on 13 May 2020.

The Committee has always aimed to be clear and transparent in matters of remuneration, and we hope that this report continues this approach. Should you have any queries or comments on this report, or more generally in relation to the Company's remuneration, then please do not hesitate to contact me via the Company Secretary.

I hope that you find this report informative, and I look forward to your continued support at the Company's AGM.

Alicja Kornasiewicz
Chair of the Remuneration Committee
12 March 2020

At a Glance

Summary of Remuneration Policy

The Directors' Remuneration Policy (the "Policy") was approved by shareholders at the AGM on 16 May 2018 and became effective from that date.

The table below summarises the current Policy, and how this was implemented in 2019. The full Policy is detailed in the 2017 Annual Report, which can be found in the "Investors" section under "Reports and Presentations" on the Company's website.

Our strategy

- Provide the best cinema experience – to give our customers a choice of how to watch a movie, with a variety of retail offerings, all underpinned by the best customer service
- Expand and enhance our estate – to provide consistent, high quality, modern cinemas
- Be technological leaders in the industry – to offer the latest audio and visual technology
- Drive value for shareholders – by delivering our growth plans in an efficient and effective way

	Element of reward			
	Base salary, pension, benefits	Annual bonus	LTIP	Shareholding requirement
Purpose	To provide a core level of remuneration and market competitive benefits to enable the Group to attract and retain skilled, high-calibre executives to deliver its strategy.	To incentivise the annual delivery of financial and operational targets.	To encourage sustainable profitability over a period of time aligned to the overall objective of achieving sustainable growth.	To provide alignment between Executive Directors and shareholders.

	2019	2020	2021	2022	2023	2024	Key features of Policy	Implementation of Policy in 2019	Link to strategy
Base salary, pension and other benefits	→						Salaries may be adjusted and any increase will ordinarily be in line with those across the Group. Employer pension contribution up to 20% of base salary. Executives may opt out of the Group pension scheme and instead receive a cash pension allowance. Market competitive benefits including provision of a company car or car allowance, private mileage, life insurance, permanent health insurance and private medical insurance.	Salaries for Executive Directors were increased to the following amounts with effect from 1 July 2019: CEO – £645,750 Deputy CEO – £517,625 CFO – £404,875 CCO – £404,875 Pension contributions were paid at the levels of 16% and 13% to the CEO and the Deputy CEO respectively, and 14.8% to the CFO and CCO.	
Annual bonus	→						Maximum opportunity of 150% of salary. Two thirds of the bonus is based on Adjusted EBITDA and personal performance. One third of the bonus is based on performance against strategic targets. Any bonus earned up to 100% of salary will be paid in cash; any bonus earned above 100% of salary will be deferred into shares for a period of two years. Discretion to apply malus provisions.	Maximum opportunity of 150% of salary for the CEO and Deputy CEO and 100% of salary for the CFO and CCO. Two thirds of the bonus is based on a matrix of Adjusted EBITDA targets and individual strategic objectives, with none of this element payable if a minimum of 90% of budgeted Adjusted EBITDA is not achieved. All of this element is payable if 110% of budgeted Adjusted EBITDA and exceptional performance is achieved. For FY19 the strategic targets were based on the delivery of synergy benefits as a result of the Regal acquisition.	
LTIP	→	→	→				Normal maximum opportunity equal to 200% of base salary. Vesting subject to EPS growth performance over a three year performance period and reviewed annually to ensure the targets are sufficiently stretching in light of both internal and external performance expectations. Clawback provisions apply.	Vesting linked to EPS growth performance. 25% of the award will vest at threshold performance. 100% of the award will vest at stretch performance. On vesting, participants will receive dividend equivalents in the form of additional shares or a cash sum.	
Shareholding requirements	→	→	→	→	→	→	Each Executive Director is expected to build up a shareholding equal to 150% of their base salary.	Executive Directors are expected to retain 50% of any shares they acquire under the PSP or LTIP or on exercise of options until such a holding has been built up.	

Malus and clawback

The Remuneration Committee reserves the discretion to apply malus and clawback provisions in circumstances of misconduct or misstatement of financial results. The malus provision applies to annual bonus awards, while clawback applies to both annual bonus and LTIP awards.

The Remuneration Committee and its Role

At the beginning of the year, the Company's Remuneration Committee comprised three independent Non-Executive Directors, namely Dean Moore (Chair), Rick Senat, and Julie Southern.

On 15 May 2019, Alicja Kornasiewicz took over from Dean Moore as Chair of the Committee and, at the same time, Rick Senat and Julie Southern both stepped down from the Committee (Julie Southern having stepped down from the Board).

Camela Galano joined the Remuneration Committee on 15 May 2019 so that the Committee was made up of Alicja Kornasiewicz (Chair), Dean Moore and Camela Galano.

On 15 November 2019, Helen Weir also became a member of the Committee and therefore, at the end of the year, the Committee comprised four independent Non-Executive Directors, namely Alicja Kornasiewicz (Chair), Dean Moore, Camela Galano and Helen Weir.

All of Alicja Kornasiewicz, Dean Moore, Camela Galano, and Helen Weir are considered to be independent.

The 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 Senior Management;
- determine the specific remuneration packages of the Chairman, the Executive Directors, the Company Secretary and Senior Management;
- approve the terms of the service agreements of the Executive Directors, the Company Secretary and Senior Management; and
- approve the design of, and determine the targets for, any performance related pay schemes and LTIPs.

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

The Committee met for four scheduled meetings during the period and details of the members' attendance record is set out on page 49. In addition to the four scheduled meetings, the Committee met for a number of ad hoc meetings.

Activities over the year

The Remuneration Committee met for four scheduled meetings during 2019 and its key activities were as follows:

	March 2019	May 2019	August 2019	November 2019
Overall remuneration				
Considering the remuneration arrangements across the Group	✓		✓	✓
Determining the salary increases to be awarded to Executive Directors and Senior Management Team	✓	✓		
Annual bonus				
Deciding the targets for the annual bonus scheme	✓			
Determining bonus payments to be awarded, including for the wider workforce	✓			✓
LTIP				
Making awards under the 2017 Long Term Incentive Plan	✓			
Approving vesting of awards under the 2007 Performance Share Plan and the 2010 Company Share Option Plan	✓			
Governance				
Reviewing the 2019 AGM voting figures and considering the views of shareholders		✓		
Review and Update of Committee Terms of Reference				✓
Committee Evaluation				✓
Review of Directors' Remuneration Report	✓			
Agreeing Forward Looking Agenda				✓
Review of Gender Pay reporting outcomes	✓			
Consideration of proposed revisions to the UK Corporate Governance Code	✓			✓
Remuneration Adviser Review			✓	

Annual Report on Remuneration

Remuneration for 2019

This section covers the reporting period from 1 January 2019 to 31 December 2019 and provides details of the implementation of the Company's Remuneration Policy during the period.

Single Total Figure Table (audited information)

The table below gives a single figure for the total remuneration and breakdown for each Executive and Non-Executive Director in respect of the 2019 financial year. Comparative figures for the 2018 financial year have also been provided.

	Financial year	Base salary and fees £000	Benefits(1) £000	Annual Bonus £000	PSP (2)(3)(4) £000	Pension £000	Total £000
Executive Directors							
Moshe Greidinger	2019	638	58	519	795	99	2,109
	2018	621	58	861	1,218	124	2,882
Israel Greidinger	2019	511	84	416	542	66	1,619
	2018	486	78	690	831	97	2,182
Nisan Cohen	2019	400	–	220	164	60	844
	2018	378	5	360	61	56	860
Renana Teperberg(5)	2019	400	3	220	164	60	847
	2018	179	2	163	64	26	434
Non-Executive Directors							
Anthony Bloom	2019	215	–	–	–	–	215
	2018	182	–	–	–	–	182
Dean Moore	2019	78	–	–	–	–	78
	2018	72	–	–	–	–	72
Alicja Kornasiewicz(6)	2019	129	–	–	–	–	129
	2018	52	–	–	–	–	52
Scott Rosenblum	2019	58	–	–	–	–	58
	2018	52	–	–	–	–	52
Arni Samuelsson	2019	58	–	–	–	–	58
	2018	52	–	–	–	–	52
Rick Senat	2019	78	–	–	–	–	78
	2018	67	–	–	–	–	67
Julie Southern(7)	2019	29	–	–	–	–	29
	2018	72	–	–	–	–	72
Camela Galano(8)	2019	58	–	–	–	–	58
	2018	26	–	–	–	–	26
Helen Weir(9)	2019	10	–	–	–	–	10
	2018	–	–	–	–	–	–

(1) See page 71 for details of the benefits provided to the Executive Directors.

(2) As the PSP will not vest until 12 April 2020, the value of shares vesting has been calculated using a share price of £2.159 being the average mid-market share price between 1 October 2019 to 31 December 2019. The figure includes 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. Currently, the dividend equivalent payment to Moshe Greidinger would amount to £151,426, the dividend equivalent payment to Israel Greidinger would amount to £103,244, the dividend equivalent payment to Nisan Cohen would amount to £31,158, and the dividend equivalent payment to Renana Teperberg would amount to £31,158. Further details of these awards are set out on page 77.

(3) Share price appreciation does not currently account for any of the value of the 2019 PSP vest. The Committee has determined that the level of vesting is currently appropriate in the context of overall business performance and does not intend to apply any discretion at this time.

(4) Details of the actual gains made are set out on page 77. The actual figures set out the table above differ from those included in the 2018 Annual Report as last year an estimated value of £2.824 per share was used to calculate the theoretical gain, as the awards had not yet vested. The figures above reflect the share price of £3.196 on the date of vesting, 18 April 2019.

(5) Renana Teperberg was appointed to the Board on 19 July 2018. Figures in respect of Renana's 2018 remuneration reflect the portion of the year Renana was a Director.

(6) Alicja Kornasiewicz, was appointed Deputy Chair on 17 January 2019. The increase in remuneration since 2018 reflects her appointment to this position.

(7) Julie Southern left the Board on 15 May 2019. Figures in respect of Julie's 2019 remuneration reflect the portion of the year for which Julie was a Director.

(8) Camela Galano was appointed to the Board on 19 July 2018. Figures in respect of Camela's 2018 remuneration reflect the portion of the year for which Camela was a Director.

(9) Helen Weir was appointed to the Board on 1 November 2019. Figures in respect of Helen's 2019 remuneration reflect the portion of the year for which Helen was a Director.

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 those of the Group. It also takes into account the progress made by the Group, contractual considerations, and salary increases across the rest of the Group.

Average salaries across the UK and US businesses were increased by 2.5%.

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

Moshe Greidinger	£645,750
Israel Greidinger	£517,625
Nisan Cohen	£404,875
Renana Teperberg	£404,875

Part of Moshe Greidinger's, Israel Greidinger's, and Nisan Cohen's salaries are paid in Israel to enable social security and government healthcare deductions to be made.

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 Executive Directors have elected not to participate in this scheme and instead receive a cash pension allowance. For 2019 the cash pension allowance entitlement was up to 20% of salary for the CEO and Deputy CEO, and up to 14.8% of salary for the CFO and CCO.

Company pension contributions/allowances for the period were:

	£000
Moshe Greidinger	£99
Israel Greidinger	£66
Nisan Cohen	£60
Renana Teperberg	£60

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	Moshe Greidinger	Israel Greidinger	Nisan Cohen	Renana Teperberg
Car/car allowance	£14,000	£14,000	–	–
Permanent health insurance/private medical cover	£2,602	£3,738	–	3,045
Life assurance	£1,164	£26,432	–	–
Disturbance allowance	£40,000	£40,000	–	–

Israel Greidinger and Moshe 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 different locations across the Group.

Annual Bonus (audited information)

Annual bonus opportunity for the Executive Directors in the year was a maximum of 150% of base salary for the CEO and Deputy CEO and 100% of base salary for the CFO and CCO. As described in the Policy, two thirds of the annual bonus for the year was determined by a matrix of Adjusted EBITDA compared to budget, and the achievement of specified individual objectives. None of this element is payable if a minimum of 90% of budgeted Adjusted EBITDA is achieved. All this element is payable if 110% of budgeted Adjusted EBITDA and exceptional personal performance against objectives is achieved.

The choice of these measures reflects the Committee's belief that incentive compensation should be tied both to the overall performance of the Group and to those areas that the relevant individual has clear accountability for. The weighting between the Group's financial performance and personal performance for this element of the annual bonus was circa 80% : 20%.

The remaining third of the annual bonus for the year was determined based on the delivery of synergy benefits as a result of the Regal acquisition, measured through the Adjusted EBITDA synergies delivered during 2019.

The Committee retains the absolute discretion to apply "malus" and "clawback" by reducing or withholding annual bonus payments from the formulaic outcome based on Adjusted EBITDA performance (for example, in the event of misconduct or misstatement of financial results).

Personal Objectives

The individual performance element for the CEO focused on the achievement of the Group budget, and implementing Group strategy. In addition, importance was placed on the efficient implementation of the Group’s construction programme, by the opening of new cinemas and ensuring the successful refurbishment of agreed Group-wide renovations. Further objectives included identifying potential new sites for cinemas, maintaining good supplier relationships, implementing technological advancements, and developing the customer experience. The CEO was also tasked with maintaining staff morale and commitment.

For the Deputy CEO, objectives focused on supporting the CEO, and ensuring the efficient functioning of the Group’s financial function by overseeing the CFO. In addition, importance was placed on the Deputy CEO’s work in relation to the Group’s IT and cybersecurity systems and, together with the CFO, the reduction of Group debt. Other objectives related to the oversight of customer service operations, the introduction of the ERP system throughout the Group, and the development of the investor relations function.

Objectives for the CFO centred on the management of the investor market, leading the Group wide finance function to ensure that robust, efficient and appropriate financial controls and systems are maintained, work on the ERP system implementation, and financial reporting to key stakeholders. Further objectives related to the monitoring of financial KPIs based on the Group-wide strategy, and preparation for the implementation of IFRS16.

Focus areas for the CCO included leading commercial activity, and overseeing the film departments across the Group. Additional objectives were the setting of strategy for key marketing activities, sales and pricing. The CCO was also tasked with overseeing key communication initiatives, both internally and externally, to drive and embed the Group’s vision to be ‘The Best Place to Watch a Movie’.

The Committee judged the individual objectives to have been achieved at the “Exceeding Expectations” level for the CEO and Deputy CEO, and the “Above and Beyond” level for the CFO and CCO. In making this assessment, the Committee considered a number of factors, including the completion of two sale and leaseback transactions for a total of $556.3m relating to 35 US-based sites in line with the Group’s operating model, the reduction of net debt to $3.5bn (excluding leases) from $3.7bn at 31 December 2018, the successful launch of “Unlimited” in the US, and the development of the relationship with NCM.

The Committee also considered the opening of a further 23 4DX screens, the opening of 31 ScreenX and 30 4DX screens globally so that, at the end of 2019, there were 135 IMAX screens, 83 4DX screens, 50 ScreenX and 118 Premium Large Format screens across the circuit. The opening of 14 new cinemas: seven in the US, five in the UK and two in ROW, making a total of 160 screens, was also taken into account, together with the acquisition of 2,000 next-generation projectors (improving the quality of the customer experience), and the investment in IT systems and customer interface solutions (resulting in the number of tickets booked online and through the app reaching a record high).

As part of the assessment process, the Committee, in conjunction with the Chairman, determined the performance ratings for the CEO and Deputy CEO and the Committee took recommendations from the CEO and Deputy CEO in respect of the CCO and CFO respectively.

Adjusted EBITDA Performance

In considering the outcome for this element of the 2019 bonus, the Remuneration Committee, taking into account all relevant circumstances, decided to exercise its discretion to modify the budget to take into account the impact of exceptional business items (which included the impact of the sale and leaseback transaction, the impact of foreign exchange rate movement, and material changes to the release schedule) which were not foreseen when the original targets were set, while adjusting for one-off trading gains which were eliminated as detailed in the CFO Review on pages 36 to 41. The Committee believes this provides a fairer measure and reflection of business performance.

Adjusted EBITDA synergies

The Adjusted EBITDA synergy benefit target for FY19 of $100m was achieved in full. As a result, the maximum bonus was payable under this element.

2019 Annual Bonus Outcome

The table below shows the 2019 annual bonus targets and performance achieved against them.

	Adjusted EBITDA performance	EBITDA synergies delivered	Individual performance	Threshold bonus opportunity (£000)	Maximum bonus opportunity (£000)	Bonus paid % of maximum	% of salary	£000
Moshe Greidinger	90% of budgeted Adjusted EBITDA achieved	100% of maximum Adjusted EBITDA synergies target achieved	Exceeding Expectations	194	957	54.2%	81.3%	519
Israel Greidinger			Exceeding Expectations	155	767	54.2%	81.3%	416
Nisan Cohen			Above and Beyond	81	400	55.1%	55.1%	220
Renana Teperberg			Above and Beyond	81	400	55.1%	55.1%	220

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

Awards Vesting Following the End of the Performance Period Ending 31 December 2019

Awards under the PSP made in April 2017 are due to vest on 12 April 2020. The performance condition applicable to these awards is summarised below:

EPS growth performance	Vesting level
Less than 5% p.a.	Nil
5% p.a.	25%
11% p.a.	100%
Between 5% and 11% p.a.	Straight-line basis

The Adjusted diluted EPS figure for the year represented compound average annual growth of 11.4% on a pro forma basis, compared to the base year, with the result that the level of vesting for this award was 100%.

Awards Made in the Year

Awards were made to the Executive Directors under the LTIP on 21 May 2019. The vesting of these awards will be based on Cineworld's three year EPS growth performance, as summarised in the table below:

EPS growth performance	Vesting level
Less than 8% p.a.	Nil
8% p.a.	25%
15% p.a.	100%
Between 8% and 15% p.a.	Straight-line basis

The number and value of share options under the PSP which were awarded to the Executive Directors and vested during the period are set out on page 77 of this report.

Non-Executive Directors' Fees (audited information)

The table below sets out the fees payable to Non-Executive Directors:

Position held	Fees as at 1 January 2019	Fees as at 31 December 2019
Chair	£215,000 p.a.	£215,000 p.a.
Deputy Chair[(1)]	–	£118,000 p.a.
Senior Independent Director	£10,000 p.a.	£10,000 p.a.
Non-Executive Director (base fee)	£57,500 p.a.	£57,500 p.a.
Audit Committee Chair	£20,000 p.a.	£20,000 p.a.
Remuneration Committee Chair	£20,000 p.a.	£20,000 p.a.
Nomination Committee Chair	£10,000 p.a	£10,000 p.a.
Committee member	£Nil	£Nil

(1) The role of Deputy Chair was created on 17 January 2019.

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.

Loss of Office Payments (audited information)
There were no loss of office payments during the financial year.

Payments to Past Directors
There were no payments made to past Directors in 2019.

External Appointments
Moshe and Israel Greidinger are both directors of Israel Theatres Limited. In relation to these roles, they did not receive any fees. None of the Executive Directors receive any fees in relation to external non-executive roles (as set out in their biographies on pages 44 to 46).

Directors' Shareholdings at 31 December 2019 (audited information)
The interests of Directors and their connected persons in ordinary shares as at 31 December 2019, including any interests in shares and share options provisionally granted under the PSP or LTIP are presented below.

	Ordinary shares at 31 December 2019	Ordinary shares at 11 March 2020	Share options subject to performance conditions at 31 December 2019[1]	Share options subject to performance conditions at 11 March 2020
Executive Directors				
Moshe Greidinger	385,146,888[2]	385,146,888[4]	1,206,929	1,206,929
Israel Greidinger	384,828,474[2]	384,828,474[4]	931,766	931,766
Nisan Cohen	38,230	38,230	488,730	488,730
Renana Teperberg	82,495	82,495	488,730	488,730
Non-Executive Directors			–	–
Anthony Bloom	5,208,006[3]	5,208,006	–	–
Camela Galano	–	10,000	–	–
Alicja Kornasiewicz	135,000	135,000	–	–
Dean Moore	15,000	15,000	–	–
Scott Rosenblum	100,000	100,000	–	–
Arni Samuelsson	9,500	9,500	–	–
Rick Senat	274,447	276,452	–	–
Helen Weir	4,127	4,127	–	–

(1) Relates to unvested awards under the PSP. This figure includes awards made in 2017, 2018 and 2019 as the vesting of the 2017 awards described above will not happen until 12 April 2020 and has been adjusted to take account of the February 2018 rights issue.

(2) Includes ordinary shares held by Global City Theatres B.V ("Major Shareholder"). Shares in the Major Shareholder are held in trust for the benefit of the children of Moshe Greidinger and Israel Greidinger.

(3) Shares are held by a nominee for trusts of which Anthony Bloom is one of the potential discretionary beneficiaries.

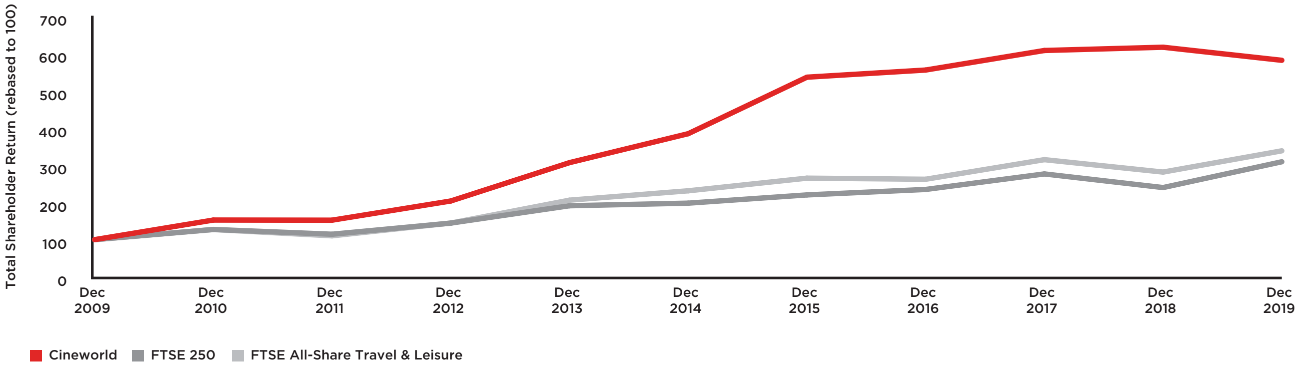
(4) At 31 December 2019, Global City Holdings B.V. ("GCH") held 383,131,720 shares with a further 1,000,000 shares held by Global City Theatres B.V., a wholly owned subsidiary of GCH. Shares in GCH are held in trust for the benefit of the children of Moshe Greidinger and Israel Greidinger. On 9 March 2020 the Company announced that it had been informed by Global City Theatres B.V. ("GCT") that GCT had agreed to sell c. 108 million ordinary shares in Cineworld. However, due to the timing of this Report, as at the latest practicable date, the Company had not yet received the formal notifications of changes of shareholding from GCT.

As described in the Policy, each Executive Director is expected to build up, over a period of time, a holding in shares equal to 150% of their base salary.

Executive Directors	Shareholding guidelines (% of 2019 salary)	Shares owned outright (at 31 December 2019)	Current shareholding (% of salary as at 31 December 2019)	Guidelines met
Moshe Greidinger	150%	1,015,168	346%	Yes
Israel Greidinger	150%	696,754	296%	Yes
Nisan Cohen	150%	38,230	21%	Building
Renana Teperberg	150%	82,495	45%	Building

Ten-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 & Leisure indices over the past ten 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
2019	£2,109	54%	100%
2018	£2,756	91%	100%
2017	£2,346	79%	100%
2016	£2,973[2]	79%	100%
2015	£1,213	87%	–[3]
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%

(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 Moshe Greidinger who both held the office of CEO during 2014.

(2) The increase in the CEO single figure between 2015 and 2016 primarily relates to the first vesting of a PSP award to the CEO since appointment. The value of this award vesting increased due to the significant increase in the Company's share price over the vesting period.

(3) Moshe Greidinger, CEO, did not have an LTIP which vested in this 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 2018 and 2019 for the CEO and employees generally are set out in the table below:

	CEO	Employees[1]
Salary	2.5%	2.5%
Non-pension benefits	0%	0.6%
Annual bonus	(39.7%)	(14.1%)

(1) The figures reflect increases for UK and US based salaried employees excluding the Senior Management group and employees employed on an hourly rate basis. This group has been selected as being reflective of the jurisdictions in which the CEO spends a significant amount of his time.

Relative Importance of Spend on Pay

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:

	2019	2018	% change
Directors' remuneration costs[1]	**£6.1m**	£6.9m	(11.6%)
Staff and employee costs	**$555.0m**	$507.6m	9.3%
Corporation tax paid	**$108.1m**	$55.5m	94.8%
Dividends paid	**$520.2m**	$122.8m	323.6%
Retained earnings	**$2,645.2m**	$3,157.3m	(16.2%)

(1) The 2018 Directors' remuneration costs are restated to reflect the restated Single Total Figure table on page 70. The 2018 Annual Report and Accounts reported 2018 Directors' remuneration costs of £6.7m.

Figures in the table above are set out in USD to align with the figures as stated in the Financial Statements, except for the Directors' Remuneration figures, which are set out in Sterling to align with the figures contained in the Single Total Figure table on page 70.

Shareholder Voting Results from 2019 AGM

The Directors' Annual Report on Remuneration was subject to a shareholder vote at the AGM on 15 May 2019, the results of which were as follows:

Remuneration Report	Number of votes	% of votes cast
For	1,048,310,308	92.60
Discretionary	184,407	0.02
Against	83,593,233	7.38
Total votes cast	1,132,087,948	100%
Votes withheld[1]	28,036,003	–

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

Shareholder Voting Results in respect of Remuneration Policy

The Remuneration Policy was subject to a shareholder vote at the AGM on 16 May 2018, the results of which were as follows:

Remuneration Policy	Number of votes	% of votes cast
For	732,830,243	65.55
Discretionary	161,539	0.01
Against	385,117,781	34.44
Total votes cast	1,118,109,563	100
Votes withheld[1]	9,479,366	–

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

CEO to UK employee pay ratio

The table below presents the Company's CEO to UK worker pay ratio. The ratios compare the unadjusted single total figure of remuneration of the CEO with the equivalent figures for the lower quartile (P 25), median quartile (P 50) and upper quartile (P 75) of all UK employees of the Group. The reporting will build up over time to show a rolling 10-year period.

The calculation methodology used reflects Option B as defined under the regulations using data in respect of the 5 April 2019 snapshot date. This option utilises data analysed within our Gender Pay Gap report, with employees at the three quartiles identified from this analysis and their respective single figure values calculated. This option was chosen as it represents the most efficient method to determine the respective pay ratios. To ensure the identified employees were representative, the total remuneration for a group of individuals above and below the identified employee at each quartile within the Gender Pay Gap analysis were also reviewed.

Year	Method	P 25 pay ratio	P 50 pay ratio	P 75 pay ratio
2019	Option B	119: 1	114: 1	100: 1

In order to calculate the base salary component for the representative employees, the hourly rate of pay was multiplied to arrive at a full-time equivalent rate. Note that the pension rate available to the majority of the UK workforce (4%) was applied to the full-time equivalent base salary rate for each representative employee. The base salary and total pay and benefits for each of the representative employees are presented in the table below. No element of pay was omitted from the calculation.

Component	P 25	P 50	P 75
Base salary	£16,848	£17,722	£19,968
Total pay and benefits	£17,777	£18,467	£21,074

The Committee has reviewed the ratios and pay data for the individuals identified at each of the relevant quartiles and believes they are a fair reflection of the Company's wider pay, reward and progression policies of the UK workforce. The pay ratio results reflect the impact of the vesting of annual and long-term incentives which make up a higher proportion of the Chief Executive Officer's total remuneration. It should be noted that the calculation is based solely on the UK workforce and hence the ratios will not be representative of the Group as a whole. The UK workforce accounts for approximately 20% of the Group's total headcount and a proportion of the SMT are based outside the UK.

Cineworld has a range of policies and practices to ensure that employees are fairly rewarded for the work they undertake. These include offering a valued total reward package that includes an all-employee bonus scheme that allows employees to share in the success of the Group. We also operate a robust approach to salary management that is underpinned by market benchmarking to ensure we offer competitive and fair rates of pay across all the different markets in which we operate.

Share and Share Option Awards Granted and Vesting During the Year (audited information)
Awards or grants were made under the Company's Share and Share Option Schemes as follows:

PSP: Awards consisting of nil cost options over shares were granted to the CEO, Deputy CEO, CFO and CCO equivalent in value to 200%, 200%, 150% and 150% of their base salaries (as at 1 March 2019) respectively on 21 May 2019 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 as set out on page 73.

Awards granted or vesting during the year:

Cineworld Group Performance Share Plan

Details of awards made and vesting during the period are set out below. All figures have been adjusted for the February 2018 rights issue:

Name of Director	At 1 January 2019	Awarded during year(4),(5)	Vested during year	Exercised during year	Lapsed during year	At 31 December 2019	Exercise price	Market value at date of exercise(1)	Exercise period(2)	Gain(3)
Moshe Greidinger	1,141,237	421,686	355,994	355,994	–	1,206,929	£Nil	£3.022	6 months	£1,156,320
Israel Greidinger	836,470	338,018	242,722	242,722	–	931,766	£Nil	£3.022	6 months	£788,396
Nisan Cohen	308,172	198,293	17,735	17,735	–	488,730	£Nil	£3.022	6 months	£57,606
Renana Teperberg	309,078	198,293	18,641	18,641	–	488,730	£Nil	£3.022	6 months	£60,549

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

(2) Subject to satisfaction of the relevant performance conditions (details of which, for the awards made in 2019, are set out on page 73).

(3) 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 £80,663 for Moshe Greidinger, £54,997 for Israel Greidinger, £4,018 for Nisan Cohen, and £4,224 for Renana Teperberg.

(4) Mid-market closing price of a Cineworld Group plc share on 20 May 2019 was £2.988. The face value of the awards to Israel Greidinger, Moshe Greidinger, Nisan Cohen and Renana Teperberg were £1,259,998, £1,009,998, £592,499 and £592,499 respectively. All awards were granted as nil cost options.

(5) The minimum value of the 2019 LTIP awards to Israel Greidinger, Moshe Greidinger, Nisan Cohen and Renana Teperberg amount to £252,499, £314,999, £148,125 and £148,125 respectively. This assumes threshold vesting of 25% and is calculated on the share price at the date of grant and excludes any dividend equivalent payments.

Details of the awards vesting in April 2020:

Name of Director	Date awarded	Number awarded[1]	Vesting date	Number vesting	Number lapsing	Exercise price	Exercise period
Moshe Greidinger	12 April 2017	298,005	12 April 2020	298,005	0	£Nil	6 months from vesting
Israel Greidinger	12 April 2017	203,184	12 April 2020	203,184	0	£Nil	6 months from vesting
Nisan Cohen	12 April 2017	61,319	12 April 2020	61,319	0	£Nil	6 months from vesting
Renana Teperberg	12 April 2017	61,319	12 April 2020	61,319	0	£Nil	6 months from vesting

(1) Number awarded has been adjusted for February 2018 rights issue.

Cineworld Group Company Share Option Plan
No Director was granted an option during the period and no options vested during the period.

No Director, past or present, holds a CSOP option which will vest in the 2019 financial year.

Cineworld Group Sharesave Scheme
No Directors currently participate in any Company Sharesave Scheme.

Implementation of Policy in 2020
The Remuneration Committee intends to implement the Policy for 2020 as set out below.

For the 2020 financial year the salaries and other benefits of the Executive Directors will be reviewed in the usual manner, with any salary increases being effective from 1 July 2020.

Going forward, any new Executive Director (or Executive Director new in role) will have their Company pension contribution set at the time of his or her appointment to be no higher than the provision available to that of the wider workforce. This "workforce rate" is currently set at 4% of base salary. As a business with a global talent pool, the Group reserves the right to maintain different pension arrangements outside of this limit at Executive Director level where they represent real long-term savings arrangements, are registered or otherwise qualifying, and are sufficiently prevalent in the local market. No such arrangements are utilised currently.

The wider workforce pension rate of 4% has been calculated with reference to the typical rate offered to employees across the Group's two major markets, the UK and US. Across the Group's other markets, statutory deductions are typically higher than this rate and are allocated to a general Government social security fund. The Group will continually review the workforce rate in light of any changes to the global footprint of the business.

The maximum annual bonus opportunity will be 150% of salary for the CEO and Deputy CEO and 100% of salary for the CFO and CCO.

In line with the Policy, two-thirds of the bonus will be based on performance against Adjusted EBITDA targets and individual strategic objectives, with the remaining third being based on strategic targets, which for the 2020 financial year will be based on synergy benefits in connection with the proposed Cineplex acquisition.

Bonus payments will be subject to Committee discretion to apply "malus" and, following payment, the Committee will retain the discretion to "claw back" bonuses in the case of misconduct or misstatement of financial results.

The face value of awards under the LTIP in 2020 will be 200% of salary for the CEO and Deputy CEO and 150% of salary for the CFO and COO. These awards will vest three years after grant based on the following EPS performance targets. As was the case for the 2019 grant, these awards will be subject to a two-year post vesting holding period.

EPS growth performance	Vesting level
Less than 8% p.a.	Nil
8% p.a.	25%
15% p.a.	100%
Between 8% and 15% p.a.	Straight-line basis

The EPS target range has been set by the Remuneration Committee incorporating the Cineplex transaction, however, given the transaction is yet to complete the Committee will revisit the target range once the impact of the deal on EPS growth is clearer. If the target range has to be amended in any way the Committee intend that any adjusted target range will be at least as stretching as the original targets were intended to be. The Committee will continue to review both the internal business plan projections and the latest available external forecasts when determining whether the target range remains sufficiently stretching and appropriate in the context of the profile of the Group.

The Committee believes that, based on the information available at this time, the current growth targets are stretching and, if they are achieved, create significant value for shareholders. Given the international nature of the Group, the Committee continues to believe that UK RPI is a less directly relevant factor and will therefore continue to express the targets on an absolute growth basis at this time. EPS targets are expressed and will be calculated ignoring the impact of IFRS 16.

As for the 2019 awards, 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 the date of grant in order for the awards to vest. The Committee therefore will retain the absolute discretion to apply 'malus' on unvested awards, by reducing or withholding vesting. Following vesting, the Committee will also retain the discretion to claw back the shares in the case of misconduct or misstatement of financial result.

Remuneration Committee advisers

Until June 2019, the Company continued to receive advice from PwC whom attended two scheduled meetings during the year at the request of the Committee. Following the appointment of PwC as the Company's External Auditors, the Company initiated a competitive tender process which resulted in the appointment of Ernst & Young LLP ("EY") as advisers in September 2019. Aside from the Remuneration Committee advisory services EY also provided transaction and tax advice to the Group during the financial year. As members of the Remuneration Consultants Group, both PwC and EY operate under the Voluntary Code of Conduct in relation to executive remuneration consulting in the UK. The Committee is satisfied that the advice received from both firms was objective and independent. Fees payable to PwC and EY for advice to the Remuneration Committee for the period of their appointment were £34,500 and £13,350 respectively.

Other than as provided above, neither EY nor PwC have any other connection with the Company or any of its individual Directors.

The Committee also received assistance from the Chairman of the Company (Anthony Bloom), the Chief Executive Officer (Moshe Greidinger), the Deputy Chief Executive Officer (Israel Greidinger), the Chief Financial Officer (Nisan Cohen), the Senior Vice President of Human Resources (Tara Rooney) and the Company Secretary (Fiona Smith), 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 Senior Management.

Directors' service contracts

All Directors' service contracts and letters of appointment are available for inspection at the Company's registered office. All Executive Directors have a notice period of 12 months. The Non-Executive Directors of the Company do not have service contracts but are appointed by letters of appointment, with each independent Non-Executive Director's term of office running for a maximum three year period.

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.

By order of the Board

Alicja Kornasiewicz
Chair of the Remuneration Committee
12 March 2020

The Directors present their Annual Report and the audited Consolidated Financial Statements for the year ended 31 December 2019. The comparative period is the year ended 31 December 2018.

Management Report

This Directors' Report, together with the Strategic Report on pages 1 to 41, form the Management Report for the purposes of rule 4.1.8R of the Disclosure Guidance 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	Pages 63 and 64
Corporate Governance Statement	Pages 42 to 65
Diversity, Human Rights and Our People	Page 33 (Resources and Relationships)
Directors' Biographies	Pages 44 to 46
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 27, Page 147
Going Concern Statement	Pages 43, 62 and 101
Key Performance Indicators	Pages 14 to 17
An indication of likely future developments in the business affecting the Company	Pages 1 to 41 (Strategic Report)
Statement of Directors' Responsibilities in respect of the Annual Report and Financial Statements	Page 86
Viability Statement	Pages 30 and 31

Forward-Looking Statements

Certain statements in this Annual Report are forward-looking and so involve risk and uncertainty because they relate to events, and depend on 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 Group 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 year ended 31 December 2019 are presented under International Financial Reporting Standards ("IFRSs") 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 FRS 101 "Reduced Disclosure Framework". The Group results for the year are set out in the Consolidated Statement of Profit or Loss on page 95.

The Q3 interim dividend of 3.75 cents per share was paid on 10 January 2020. The Board has proposed a Q4 interim dividend of 4.25 cents per share, to be paid on 1 May 2020 to shareholders on the register on 14 April 2020. Interim dividends are paid four times a year. Payments in relation to each of the first three quarters of the financial year are equal to 25% of the full year dividend of the prior year, with the final interim payment reflective of the Group's full year earnings performance and resulting in a full year dividend payment aligned with the Group's pay-out ratio.

Events Affecting the Company Since the Year End

On 16 December 2019, the Group announced the proposed Cineplex transaction by means of an acquisition of the entire issued, and to be issued share capital of Cineplex. The acquisition was based on an implied enterprise value of $2.1bn.

Due to its size, the acquisition was classed as a Class 1 transaction under the Listing Rules, and therefore required shareholder approval. The Group and Cineplex shareholders approved the acquisition on 11 February 2020. Prior to the acquisition completing the Investment Canada Act Approval must be obtained.

The consideration for the acquisition of $2.3bn will be fully settled in cash which will be raised through a $2.0bn extension to the Group's existing term loans and a $0.3bn unsecured bridge loan.

Given the acquisition has not yet completed at the approval date of the 2019 Financial Statements, no accounting for the acquisition in accordance with IFRS 3 "Business Combinations" has been included in these Financial Statements.

Financial Risk Management

The Board regularly reviews the financial requirements of the Group and the risks associated therewith. Full details are set out in Note 27 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 36 to 41. In addition, Note 27 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 and Branches

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

Substantial Shareholdings

At 31 December 2019, the Group had been notified, pursuant to the Disclosure Guidance 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 B.V.(2)	384,131,720	27.99	Direct and Indirect
Norges Bank	57,398,577	4.18	Direct
Aviva plc and its subsidiaries	89,292,753	6.50	Direct and Indirect
Polaris Capital Management LLC	54,923,544	4.01	Indirect
Aggregate of Standard Life Aberdeen Plc (affiliated investment management entities)	77,922,792	5.69	Indirect

(1) Percentages are stated as at the time of notification. The total number of voting rights at 31 December 2019 was 1,371,950,293.

(2) At 31 December 2019, Global City Holdings B.V. ("GCH") held 383,131,720 shares with a further 1,000,000 shares held by Global City Theatres B.V., a wholly owned subsidiary of GCH. Shares in GCH are held in trust for the benefit of the children of Moshe Greidinger and Israel Greidinger. On 9 March 2020 the Company announced that it had been informed by Global City Theatres B.V. ("GCT") that GCT had agreed to sell c. 108 million ordinary shares in Cineworld. However, due to the timing of this Report, as at the latest practicable date, the Company had not yet received the formal notifications of changes of shareholding from GCT.

The following notifications were received in the period from 1 January 2020 up to the latest practicable date:

Shareholder	Voting rights	% of total voting rights(1)	Nature of holding
Nortust Nominees Limited	61,682,243	4.496%	Indirect
Norges Bank	62,035,885	4.52%	Direct
Polaris Capital Management LLC	51,418,438	3.75%	Indirect

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

Major Shareholder Voting Arrangements

Global City Theatres B.V. ("GCT") is interested in aggregate in 27.99% of the rights to vote at general meetings of the Company. The Company and GCT entered into a relationship agreement dated 5 December 2017 to regulate the relationship between them. This agreement replaced the agreement between Global City Holdings and the Company of 10 January 2014 and is on the same terms as the previous relationship agreement. 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 GCT will be on arm's length terms. The relationship agreement contains 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 year, are shown in Note 26 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 (i) those which may be applicable from time to time under existing laws or regulations or, (ii) 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 stated in the paragraph directly above and 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"), 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. The last changes were approved by shareholders at the AGM held on 16 May 2018.

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 15 May 2019, shareholders gave authority for the allotment of shares up to an aggregate nominal value of £4,570,544.88 subject to certain conditions. This authority will expire at the 2020 AGM of the Company or on 14 August 2020, whichever is earlier.

Between 1 January 2019 and 31 December 2019, a total of 787,272 shares were issued. Further details of the 787,272 shares issued in this period are set out in Note 26 to the financial statements.

At the AGM held on 15 May 2019, shareholders gave authority for the purchase of up to 137,116,346 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 or made available to shareholders with the Annual Report and Accounts (or on notification of its availability).

Directors' Interests at Year End

	Ordinary shares held directly		Ordinary shares held by companies in which a Director has a beneficial interest or is connected	
Director	31 December 2018	**31 December 2019**	31 December 2018	**31 December 2019**
Anthony Bloom	–	**–**	5,208,006[1]	**5,208,006**
Nisan Cohen	23,703	**38,230**	–	**–**
Camela Galano	–	**–**	–	**–**
Israel Greidinger	544,960	**696,754**	383,131,720[2]	**384,131,720**[2]
Moshe Greidinger	799,272	**1,015,168**	383,131,720[2]	**384,131,720**[2]
Alicja Kornasiewicz	75,000	**135,000**	–	**–**
Dean Moore	15,000	**15,000**	–	**–**
Scott Rosenblum	84,385	**100,000**	–	**–**
Arni Samuelsson	–	**9,500**	–	**–**
Rick Senat	269,370	**274,447**	–	**–**
Renana Teperberg	63,854	**82,495**	–	**–**
Helen Weir	–	**4,127**	–	**–**

(1) Shares are held by a nominee for trusts of which Anthony Bloom is one of the potential discretionary beneficiaries.

(2) Shares are held by Global City Holdings B.V. ("GCH") and its wholly owned subsidiary Global CIty Theatres B.V. Shares in GCH are held in trust for the benefit of the children of Moshe Greidinger and Israel Greidinger. On 9 March 2020 the Company announced that it had been informed by Global City Theatres B.V. ("GCT") that GCT had agreed to sell c. 108 million ordinary shares in Cineworld. However, due to the timing of this Report, as at the latest practicable date, the Company had not yet received the formal notifications of changes of shareholding from GCT.

Directors' Interests at the Latest Practicable Date

Director	Ordinary shares held directly	Ordinary shares held by companies in which a Director has a beneficial interest or is connected
Anthony Bloom	–	5,208,006
Nisan Cohen	38,230	–
Camela Galano	10,000	–
Israel Greidinger	696,754	384,131,720
Moshe Greidinger	1,015,168	384,131,720
Alicja Kornasiewicz	135,000	–
Dean Moore	15,000	–
Scott Rosenblum	100,000	–
Arni Samuelsson	9,500	–
Rick Senat	276,452	–
Renana Teperberg	82,495	–
Helen Weir	4,127	–

(1) Shares are held by a nominee for trusts of which Anthony Bloom is one of the potential discretionary beneficiaries.

(2) Shares are held by Global City Theatres B.V., a wholly owned subsidiary of Global City Holdings B.V. ("GCH"). GCH is owned by trusts for the benefit of the children of Moshe Greidinger and Israel Greidinger. On 9 March 2020 the Company announced that it had been informed by Global City Theatres B.V. ("GCT") that GCT had agreed to sell c. 108 million ordinary shares in Cineworld. However, due to the timing of this Report, as at the latest practicable date, the Company had not yet received the formal notifications of changes of shareholding from GCT.

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

Details of the interests in the ordinary shares of the Company arising under the Group's share option schemes are set out in the Remuneration Report on page 74. 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 year. None of the Directors had any discloseable interest in the shares of Group companies other than the Company.

Appointment and Replacement Of Directors

The appointment and replacement of directors is governed by the Company's Articles, the UK Corporate Governance Code (the "Code"), the Companies Act 2006 and related legislation. All directors intending to continue in office seek election or re-election by shareholders at each AGM. The Articles may be amended by a special resolution of the shareholders.

Following the Board evaluation process undertaken in 2019, the Board is satisfied that each Director standing for re-election or 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 GCT (described further in the Major Shareholder Voting Arrangements section above), GCT has the right to appoint one Non-Executive Director (but only if none of Moshe 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, are set out in the Directors' Remuneration Report on pages 66 to 79 and information on their service contracts are set out in the Remuneration Policy contained in the 2017 Annual Report and Accounts.

Conflicts of Interest

The Articles permit the Board to consider and, if it sees fit, 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 B.V. ("GCH") (and/or its subsidiary undertakings). Further details of the amounts paid under these agreements can be found in Note 30 to the Financial Statements. Shares in GCH are held in trust for the benefit of the children of Moshe Greidinger and Israel Greidinger.

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 in the Directors' Remuneration Report, in Note 30 to the Financial Statements and in the Remuneration Policy contained in the 2017 Annual Report and Accounts.

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 while acting as Directors and Officers.

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

Political Donations

In line with the Group's policy, no donations to political parties were made during the year.

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 Group 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 are available to all employees across the Group. Continuing education, training and development are important to 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 or 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 the opportunity for questions and feedback. The Group encourages the involvement of employees in its performance through the operation of bonus schemes throughout the Group.

Employee and Stakeholder Engagement

The Company is aware of its workforce engagement obligations and details of how the Directors have engaged with employees, had regard to employee interests and the impact of such regard on decisions taken by the Company during the period can be found throughout this Annual Report. Section B of the s.172 statement on page 51 sets out the relevant report sections.

Enhanced engagement with stakeholders (including suppliers, customers and others) has been an area of focus during the year and details of the ways in which the Directors have sought to foster the Company's commercial relationships and relationships with the communities in which the Group operates its businesses can be found within the Resources and Relationships section of the report on pages 32 to 35 and on pages 52 and 53.

Environmental Matters and Greenhouse Gas Emissions

Information on the Group's environmental policies is summarised in the Resources and Relationships section on pages 32 to 35. 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, scope 3 well-to-tank (for all fuels), well-to-tank, 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
A2	Fuel combustion (mobile)	Owned transport
B	Facility operation: process emissions	N/A
B	Facility operation: fugitive emissions	F-gases: refrigeration and air conditioning
C	Purchased electricity, heat, steam, cooling	Electricity only

GHG Emissions Data
The GHG emissions for the Group for the 12 month period to 30 September 2019 are shown in Table 2 below in tonnes of carbon dioxide equivalent (tCO_2e).

Table 2: 2019 GhG Emissions

Ref	Category	tCO_2e 2019	tCO_2e 2018[1]
A1	Fuel combustion (stationary)	**60,821**	39,241
A2	Fuel combustion (mobile)	**2,201**	1,830
B	Facility operation	**7,031**	5,334
C	Purchased electricity	**479,999**	390,352
Total		**550,053**	436,757[2]

(1) The 2018 figures stated above have been revised since last years' publication. This is due to changes in scope three GHG calculation methodology regarding electricity use.

(2) Figures include only seven months of Regal emissions data, as the Regal business was acquired part way through the 2018 emissions reporting period.

Estimates and Exclusions
This report sets out GHG emissions from Cineworld Group plc's global operations for the reporting period 1 October 2018 to 30 September 2019.

Polish gas data was captured in local currency and converted into kWh based on an assumed gas price. This affects 1% of total emissions.

Some estimates were used to fill gaps in transport fuel use data. This amounts to less than 0.5% of total emissions.
Also, transport fuel may be slightly inflated, as it is based on total vehicle mileage and may include some non-business trips.

Emissions Intensity
The chosen carbon intensity measure is financial turnover due to ready availability of the data. The value for the year was 125.9 tonnes CO_2e per $1m turnover.

For comparison, 2018's emissions were 436,757 tonnes CO_2e at an intensity of 106.04 tonnes CO_2e per $1m turnover (using restated figures).

The increase in total emissions in 2019 relative to 2018 reflects the change in calculation methodology for 2019 and the fact that emissions generated by the Regal business are included for only seven months of 2018, but for 12 months of 2019.

Annual General Meeting
The Notice convening the AGM, to be held at Vantage London, Great West Road, Brentford TW8 9AG at 10.30am on 13 May 2020, is contained in the AGM circular. Details of all the resolutions to be proposed are set out in the AGM circular.

Auditor and Tender
In accordance with good corporate governance policy on auditor rotation, during the year the Company conducted a tender process for the statutory auditor contract. Following the tender, the Board appointed PricewaterhouseCoopers LLP, with a commencement date of 17 June 2019. The Company's previous auditor, KPMG LLP, submitted its letter of resignation to the Company on 17 June 2019, along with a "statement of reasons" for its resignation. PricewaterhouseCoopers LLP will seek formal election for the appointment of external auditor at the Annual General Meeting being held on 13 May 2020.

The Company will continue to comply with the relevant tendering and auditor rotation requirements applicable under UK and EU regulations.

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
12 March 2020

Registered Office:
8th Floor
Vantage London
Great West Road
Brentford
TW8 9AG

Registered: England No: 5212407

Statement Of Directors' Responsibilities

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 International Financial Reporting Standards as adopted by the European Union ("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, relevant, reliable 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;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error, and 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 comply 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 Finance 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 Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

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.

Moshe Greidinger
Chief Executive Officer
12 March 2020

Report on the Audit of the Financial Statements

Opinion

In our opinion:

- Cineworld Group plc's Group financial statements and Company financial statements (the "financial statements") give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2019 and of the Group's profit and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); 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.

We have audited the financial statements, included within the Annual Report and Accounts (the "Annual Report"), which comprise: Consolidated Statement of Financial Position and Company Statement of Financial Position as at 31 December 2019; Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Company Statement of Changes in Equity and Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in Note 7 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 January 2019 to 31 December 2019.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 1 to the financial statements concerning the Group's and Company's ability to continue as a going concern. The Group's forecasts and projections assume that the Cineplex deal will complete which will result in increased borrowings of $2.3 billion, of which the $0.3 million bridge facility has an associated covenant, equivalent to that of the existing revolving credit facility. Unlike the revolving credit facility, the covenant applies at all times, irrespective of the bridge facility drawing levels. There are also cross default clauses in respect of the existing term loans and the additional term loan required to complete the Cineplex transaction.
In the event that admissions were to be restricted or cinemas were to be closed, resulting in a loss of revenue equivalent to a period of between two and three months, as a result of COVID-19, then the Group would be in breach of its covenants and would need to negotiate a waiver with the majority of the lenders in order to avoid its borrowings becoming repayable immediately. These conditions, along with other matters explained in Note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and Company were unable to continue as a going concern.

Audit procedures performed

In concluding there is a material uncertainty, our audit procedures evaluated the Directors' assessment of the impact of cinemas having restricted attendance or being closed for period of between one and three months, and the impact this would have on revenue and the ability of the Group to manage costs. We also considered the covenant calculations and the adjustments that are permitted under loan facility agreements.

In assessing the impact of the above scenarios, which are referred to in Note 1 of the financial statements, we performed the following procedures on the Directors' assessment that the Group and Company will continue as a going concern:

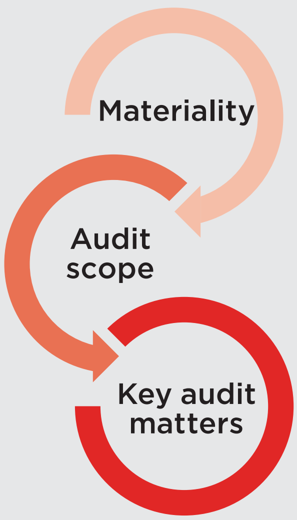
- agreed the underlying cash flow projections to management approved forecasts, assessed how these forecasts are compiled, and assessed the accuracy of management's forecasts by reviewing third-party industry reports and applying appropriate sensitivities to the growth projections where required;
- evaluated the assumptions regarding the lost revenue and associated EBITDA impact that would result from reduced attendance and/or cinema closure over a one to three month period;
- evaluated the assumptions in respect of the costs that could be avoided in a period of reduced attendance and/or closure of the cinemas;
- assessed the impact of the mitigating factors available to management in respect of the ability to restrict capital expenditure and the cash impact associated with non-payment of dividends;
- reviewed the terms of the covenant agreement and assessed whether the adjustments made to the underlying financial numbers within the covenant calculation were in line with the agreement. In addition, we reviewed the forecast synergies in respect of the Regal and Cineplex acquisitions to determine whether these were supportable and are expected to be realised within 24 months; and
- checked the mathematical accuracy of the spreadsheet used to model future financial performance and determined in what circumstances there was a risk that the covenant may be breached.

Report on the Audit of the Financial Statements continued

Our audit approach

Context

In this first year of audit tenure, our planning procedures involved meetings with Group and local country management, and the Board, to understand the business, its challenges, opportunities and associated risks.



Overview

- Overall Group materiality: $14.1 million, based on 5% of Group profit before tax excluding exceptional items.
- Overall Company materiality: $43.6 million, based on 1% of total assets.

- The Group operates in ten countries, across 16 reporting units.
- The eight reporting units, where we performed an audit of their complete financial information, accounted for 90% of Group revenue and 83% of Group profit before tax, adjusted for exceptional items.
- The Group engagement team performed the audit work on one reporting unit and visited, in person, two component teams responsible for the audit of six reporting units across two countries. The Group team attended clearance meetings and held discussions on the audit approach and findings with those local teams.
- Specified procedures have been performed in one country in respect of distribution revenue.
- We attended certain components clearance meetings via conference calls.
- We maintained regular communication with the component teams throughout the audit and assessed the outcome of their audit work.

- Impairment of property, plant and equipment and right-of-use assets.
- Impairment of goodwill.
- Adoption of IFRS 16.
- Impairment of investments (Company only).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements.

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to, but were not limited to, the Listing rules, UK and US tax legislation and employment legislation and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue and management bias in accounting estimates. The Group engagement team shared this risk assessment with the component auditors so that they could include appropriate audit procedures in response to such risks in their work. Audit procedures performed by the Group engagement team and/or component auditors included:

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We designed audit procedures at Group and significant component level to respond to the risk, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Company financial statements, including, but not limited to, the Companies Act 2006, the Listing Rules, UK and US tax legislation and employment legislation.
- Our tests included, but were not limited to, review of the financial statement disclosures to underlying supporting documentation, review of correspondence with the Financial Reporting Council, review of correspondence with legal advisers, enquiries of management, review of significant component auditors' work and review of internal audit reports in so far as they related to the financial statements.
- We did not identify any key audit matters relating to irregularities, including fraud. As in all of our audits we also addressed the risk of management override of internal controls, including testing journals, in particular those posted with unexpected revenue account combinations, challenging key assumptions used by management with significant estimates and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to going concern, described in the material uncertainty related to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment of property, plant and equipment and right of use assets Refer to the Audit Committee Report, Note 1 – Accounting Policies and Note 12 – Property, Plant and Equipment and Note 21 – Leases. The Group has Property, Plant and Equipment ("PPE") of $2,039.5 million and Right of Use ("ROU") assets of $3,441.2 million as at 31 December 2019. During the period $46.9 million of impairment has been recorded. We have identified the risk of impairment in PPE and ROU assets as a significant risk for the Group due to the inherent level of management estimation involved in calculating the value in use of the assets. As part of its year-end reporting process, management conducted an impairment trigger assessment of PPE and ROU at the Cash Generating Unit ("CGU") level as required by IAS 36. For sites with an identified trigger for impairment, management performed further detailed analysis at the CGU level. Impairment valuations and assessment are based on a number of key estimates and assumptions, which include forecasting admissions growth, average ticket pricing and spend per person. A total impairment charge of $46.9 million was recorded. Admissions growth is highly correlated to the strength of the film slate in any one year, which management is not able to control.	Our procedures included understanding and evaluating the controls related to the PPE and ROU asset impairment process, together with performing substantive audit procedures. The procedures performed included the following: – Corroborated the impairment trigger analysis by assessing the historic financial performance and operational trends within the cinema industry and discussing performance with local and Group management. – Tested the mathematical accuracy of the impairment models including assessing that revenue and costs have been appropriately allocated to each of the CGUs – Challenged management on the appropriateness of key assumptions such as admissions, ticket prices and concession growth rates by comparing against industry forecasts and historical trends. – Involved our internal experts to assess the appropriateness of the discount rates used. – Performed look back assessments to consider the historic growth trends and management forecasting reliability. – Performed independent sensitivity analysis to identify if we considered there to be further impairments. – For owned properties, where required, we have also assessed third party valuations. As the Group engagement team, we were specifically involved in assessing the appropriateness of the audit approach of each component team, where relevant. This satisfied us that the area was well understood and that sufficient focus was placed on the risk area with no significant errors identified. Based on our procedures we consider the impairment booked in the period to be appropriate and we also consider the disclosures around the sites which are sensitive to impairment to be reasonable.

Report on the Audit of the Financial Statements continued

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill Refer to Note 1 – Accounting Policies and Note 13 – Intangible Assets. The Group has goodwill of $5,492.1 million and other intangibles of $515.6 million as at 31 December 2019. The recoverable amounts of these CGUs are dependent on certain key assumptions, including the forecast cash flows, short and long term growth rates and the discount rate, all of which are dependent upon management judgement and estimates. Our work principally focussed on the US and UK CGUs due to their size.	The procedures, performed by the Group engagement team, included: – Understanding the controls and procedures in place in respect of the goodwill impairment model. – Testing the mechanics and mathematical integrity of management's impairment model. – Evaluating the process by which management prepared its cash flow forecasts and comparing them to the Board approved forecast. – Performing look back assessments to consider the historic growth trends and management forecasting reliability. – Involving our internal experts to assess the appropriateness of the discount rates used. – We benchmarked against the industry and peers, external sources including industry outlook reports and country inflation rates. – Performing our own sensitivity analysis to understand the impact of reasonably possible changes to key assumptions. Based on these procedures we have assessed that no impairment risk has arisen in the period and we also consider the disclosures provided to be appropriate.
Adoption of IFRS 16 Refer to the Audit Committee Report, Note 2 – Changes in Accounting Policy and Note 21 – Leases. On 1 January 2019 the Group adopted IFRS 16 and recognised a right of use ("ROU") asset and an additional lease liability of $2,941.1 million and $3,396.3 respectively. We have focused on the adoption of IFRS 16, including the completeness of the lease population, due to the significance of the balances, given the nature of the environment that the Group operates in, the judgement applied by management in the application of the standard and the estimates associated with the valuation of ROU assets. The key judgement made by management relates to the length of the lease terms, in particular assessing whether the lease is reasonably certain to be extended beyond the first option. The assumption used by management is that for the majority of leases it is not reasonably certain that leases with will be extended rather they will be substantially renegotiated on different terms, or exited if the site is no longer viable. The adoption of IFRS 16 has also involved estimation in respect of determining the appropriate discount rate and the performance of an impairment test on adoption which involves management estimation and resulted in an impairment of $17.7 million.	The audit procedures in respect of the adoption of IFRS 16 have been performed by the Group engagement team and included: – Evaluating the controls and processes in place over the adoption process. – Testing the accuracy of the underlying lease data input with management's lease system back to the lease agreements. – Recalculating for a sample of leases the lease liability and ROU asset. – Obtained evidence of managements historic renegotiation of lease option extensions to support the lease length assumptions. – Using our internal experts, we assessed the appropriateness of the discount rates applied in determining the lease liabilities by analysing the credit rating used, country in which the lease is held and also the length of the lease period. – Corroborating and challenging management's key assumptions in the impairment model, for example by comparing to industry benchmarks and forecasts and historic growth trends. – Performing procedures to check the completeness of the lease population. Based on the procedures performed, we consider management's judgements to be reasonable and did not identify any material misstatements. We have also assessed management's disclosure of the impact to enable comparability to the prior period and also the sensitivity on the key judgements disclosure which notes the impact had lease extension options been accounted for.

Key audit matter	How our audit addressed the key audit matter
Impairment of investments (Company only) Refer to Note 32 – Accounting Policies and Note 34 – Fixed Asset Investments. The parent Company has investments in subsidiaries and net intercompany receivables of $3,446.0 million and $314.3 million respectively as at 31 December 2019. Due to the magnitude of these balances, the market capitalisation at 31 December 2019, and the level of estimation and judgement inherent within management's impairment model, this has been a focus area for our Company audit. The valuation of these investments is dependent on certain key assumptions including the forecast cash flows, short and longer term growth rates and the discount rate. There is a risk that significant changes to assumptions or under performance of trading could give rise to impairment.	The substantive audit procedures we performed included: – Confirming the mathematical integrity of the impairment model. – Evaluating the appropriateness of key assumptions by benchmarking against industry trends and forecasts and comparisons to historical growth trends. – Assessing the historical accuracy of management's forecasting. – Performing sensitivity analysis to evaluate the impact of reasonably possible changes to key assumptions. Our sensitivities did not identify any indication of impairment.

How we tailored the audit scope
We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group and the Company, the accounting processes and controls, and the industry in which they operate.

The Group operates cinema sites within ten countries, and there are 16 reporting components in total. We identified eight reporting components across three countries for which we determined that a full scope audit is required. Additionally, we performed the audit of specific balances and transactions in Israel. The reporting components, excluding those audited by the Group engagement team, were audited by the US and Poland component teams and reporting over the Digital Cinema Implementation Partners joint operation was obtained from its auditor. The Group team performed the audit of the UK component. During the year, the Group engagement team visited both the US and Poland component teams. The Group engagement team met with local management and discussed the audit approach and findings with the component teams and attended their clearance meetings.

Our audit scope was determined by considering the significance of each component's contribution to profit before tax, excluding exceptionals, and individual financial statement line items, with specific consideration to obtaining sufficient coverage over significant risks.

Our attendance at the clearance meetings, review of component team reporting results and workpapers, together with the additional procedures performed at Group level, gave us the evidence required for our opinion on the financial statements as a whole. Our audit procedures at the Group level included the audit of the consolidations, goodwill impairment review and IFRS 16 opening balances audit. The Group engagement team also performed the audit of the parent Company.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	$14.1 million.	$43.6 million.
How we determined it	5% of Group profit before tax (excluding exceptional items).	1% of total assets.
Rationale for benchmark applied	Profit on ordinary activities before tax, adjusted for the impact of all non-recurring exceptional items, provides us with a consistent year-on-year basis for determining materiality. It is, we believe, a metric used commonly used by the Shareholders as a body in assessing the Group's performance and is a generally accepted auditing benchmark.	We believe that total assets is the primary measure used by shareholders in assessing the performance of the Company and is a generally accepted auditing benchmark. For the purposes of the Group audit, we applied a lower materiality of $14.1 million to Company balances and transactions, other than those which were eliminated on consolidation in the Group financial statements.

For each component in the scope of our Group audit, we allocated a materiality that is less than our overall Group materiality. The range of materiality allocated across components was between $2 million and $13.3 million. Certain components were audited to a local statutory audit materiality that was also less than our overall Group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $700 thousand (Group audit) and $2.2 million (Company audit) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Going concern
In accordance with ISAs (UK) we report as follows:

Reporting obligation	Outcome
We are required to report if we have anything material to add or draw attention to in respect of the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the Group's and the Company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.	We have nothing material to add or to draw attention to other than the material uncertainty relating to going concern as described in the section above. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's and Company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the Group's trade, customers, suppliers and the wider economy.
We are required to report if the directors' statement relating to Going Concern in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit.	We have nothing to report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, the Companies Act 2006 (CA06), ISAs (UK) and the Listing Rules of the Financial Conduct Authority (FCA) require us also to report certain opinions and matters as described below (required by ISAs (UK) unless otherwise stated).

Strategic Report and Directors' Report
In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. *(CA06)*

In light of the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report. *(CA06)*

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

We have nothing material to add or draw attention to regarding:

- The directors' confirmation on page 24 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
- The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
- The directors' explanation on page 30 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether 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 of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the "Code"); and considering whether the statements are consistent with the knowledge and understanding of the Group and Company and their environment obtained in the course of the audit. *(Listing Rules)*

Other Code Provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors, on page 61, that they consider the Annual Report taken as a whole to be fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on pages 60 to 64 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code specified, under the Listing Rules, for review by the auditors.

Directors' Remuneration

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006. *(CA06)*

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 86, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditors responsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 17 June 2019 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

Christopher Richmond (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
12 March 2020

Consolidated Statement of Profit or Loss for the Year Ended 31 December 2019

	Note	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Revenue	5	**4,369.7**	4,119.1
Cost of sales		**(2,749.1)**	(3,125.4)
Gross profit		**1,620.6**	993.7
Other operating income	6	**5.7**	5.3
Administrative expenses		**(901.6)**	(506.1)
Operating profit	7	**724.7**	492.9
Adjusted EBITDA as defined in Note 3		**1,580.3**	925.4
Finance income	10	**26.3**	53.9
Finance expenses	10	**(568.0)**	(225.2)
Net finance costs		**(541.7)**	(171.3)
Share of profit from jointly controlled entities using equity accounting method net of tax		**29.3**	27.4
Profit before tax		**212.3**	349.0
Tax charge on profit	11	**(32.0)**	(64.7)
Profit for the year attributable to equity holders of the Group		**180.3**	284.3
Basic Earnings Per Share	8	**13.1**	22.5
Diluted Earnings Per Share	8	**13.1**	22.4

The primary statements presented have been prepared in accordance with IFRS 16 for 2019 and IAS 17 for 2018. Note 2 provides a reconciliation of the two accounting standards.

The Notes on pages 100 to 153 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2019

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Profit for the year attributable to equity holders of the Group	**180.3**	284.3
Items that will not subsequently be reclassified to profit or loss		
Net change in fair value of equity investments	**(7.5)**	(6.9)
Items that will subsequently be reclassified to profit or loss		
Retranslation gain/(loss) of foreign currency denominated operations	**12.6**	(126.1)
Movement in fair value of cash flow hedges	**–**	(0.7)
Movement of net investment hedge	**22.2**	–
Income tax (charge)/credit recognised within other Comprehensive income	**(0.7)**	0.3
Comprehensive income/(loss) for the year, net of income tax	**26.6**	(133.4)
Total comprehensive income for the year attributable to equity holders of the Group	**206.9**	150.9

Consolidated Statement of Financial Position
at 31 December 2019

	Note	31 December 2019 $m	Represented[1] 31 December 2018 $m
Non-current assets			
Property, plant and equipment	12	**2,039.5**	2,446.3
Right-of-use assets	21	**3,441.2**	–
Goodwill	13	**5,492.1**	5,482.4
Other intangible assets	13	**515.6**	542.3
Investment in equity-accounted investees	14	**300.2**	308.5
Financial assets at FVOCI	16	**10.0**	7.5
Deferred tax assets	17	**138.8**	31.6
Other receivables	19	**64.6**	206.7
Total non-current assets		**12,002.0**	9,025.3
Current assets			
Assets classified as held for sale	12	**0.9**	2.5
Inventories	18	**33.2**	35.1
Trade and other receivables	19	**263.4**	324.5
Fair value of financial derivatives	27	**10.4**	–
Cash and cash equivalents		**140.6**	316.3
Total current assets		**448.5**	678.4
Total assets		**12,450.5**	9,703.7
Current liabilities			
Loans and borrowings	20	**(133.9)**	(63.9)
Fair value of financial derivatives	27	**(4.5)**	–
Lease liabilities	21	**(321.6)**	(17.5)
Trade and other payables	22	**(712.1)**	(702.4)
Deferred revenue	23	**(263.1)**	(283.8)
Current taxes payable		**(48.8)**	(51.0)
Provisions	25	**(6.4)**	(90.6)
Total current liabilities		**(1,490.4)**	(1,209.2)
Non-current liabilities			
Loans and borrowings	20	**(3,485.4)**	(3,885.3)
Fair value of financial derivatives	27	**(9.7)**	–
Lease liabilities	21	**(3,875.9)**	(83.0)
Other payables	22	**(12.4)**	(156.5)
Deferred revenue	23	**(635.0)**	(659.3)
Provisions	25	**(0.5)**	(277.2)
Employee benefits	24	**(3.5)**	(3.2)
Deferred tax liabilities	17	**-**	(9.7)
Total non-current liabilities		**(8,022.4)**	(5,074.2)
Total liabilities		**(9,512.8)**	(6,283.4)
Net Assets		**2,937.7**	3,420.3
Equity attributable to equity holders of the Group			
Share Capital	26	**20.1**	20.1
Share Premium	26	**516.0**	513.8
Foreign currency translation reserve	26	**(250.8)**	(263.4)
Hedging reserve	26	**21.6**	(0.6)
Fair value reserve	26	**(14.4)**	(6.9)
Retained earnings		**2,645.2**	3,157.3
Total Equity		**2,937.7**	3,420.3

(1) Refer to Note 1 for further details on the 2018 representation.

These Financial Statements were approved by the Board of Directors on 12 March 2020 and were signed on its behalf by:

Nisan Cohen
Director

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2019

	Share capital $m	Share premium $m	Merger reserve $m	Foreign currency translation reserve $m	Hedging reserve $m	Fair value reserve $m	Retained earnings $m	Total $m
1 January 2018	5.0	548.1	407.4	(137.3)	(3.4)	–	224.9	1,044.7
Profit for the year	–	–	–	–	–	–	284.3	284.3
Comprehensive income								
Items that will not subsequently be reclassified to profit or loss								
Equity investments at FVOCI – net change in fair value	–	–	–	–	–	(6.9)	–	(6.9)
Items that will subsequently be reclassified to profit or loss								
Movement in fair value of cash flow hedge	–	–	–	–	(0.7)	–	–	(0.7)
Settlement of net investment hedge	–	–	–	–	3.5	–	–	3.5
Retranslation of foreign currency denominated subsidiaries	–	–	–	(126.1)	–	–	–	(126.1)
Income tax charge recognised within other comprehensive income	–	–	–	–	–	–	0.3	0.3
Contributions by and distributions to owners								
Dividends	–	–	–	–	–	–	(122.8)	(122.8)
Movements due to share-based compensation	–	–	–	–	–	–	1.9	1.9
Capital transfer (Note 26)	–	(2,361.3)	(407.4)	–	–	–	2,768.7	–
Issue of shares	15.1	2,327.0	–	–	–	–	–	2,342.1
31 December 2018	**20.1**	**513.8**	**–**	**(263.4)**	**(0.6)**	**(6.9)**	**3,157.3**	**3,420.3**
Impact of change in accounting policy	–	–	–	–	–	–	(173.3)	(173.3)
1 January 2019	20.1	513.8	–	(263.4)	(0.6)	(6.9)	2,984.0	3,247.0
Profit for the year	–	–	–	–	–	–	180.3	180.3
Comprehensive income								
Items that will not subsequently be reclassified to profit or loss								
Net change in fair value of equity investments	–	–	–	–	–	(7.5)	–	(7.5)
Items that will subsequently be reclassified to profit or loss								
Movement on net investment hedge	–	–	–	–	22.2	–	–	22.2
Tax that will subsequently reclassified to profit or loss	–	–	–	–	–	–	(0.7)	(0.7)
Retranslation of foreign currency denominated operations	–	–	–	12.6	–	–	–	12.6
Contributions by and distributions to owners								
Dividends	–	–	–	–	–	–	(520.2)	(520.2)
Movements due to share-based compensation	–	–	–	–	–	–	1.8	1.8
Issue of shares	–	2.2	–	–	–	–	–	2.2
31 December 2019	**20.1**	**516.0**	**–**	**(250.8)**	**21.6**	**(14.4)**	**2,645.2**	**2,937.7**

Refer to Note 2 for further details on the impact of change in accounting policy from 1 January 2019.

Consolidated Statement of Cash Flows for the Year Ended 31 December 2019

	Note	Year ended 31 December 2019 $m	Restated Year ended 31 December 2018 $m
Cash flow from operating activities			
Profit for the year		**180.3**	284.3
Adjustments for:			
Finance income	10	**(26.3)**	(53.9)
Finance expense	10	**568.0**	225.2
Taxation	11	**32.0**	64.7
Share of profit of equity accounted investee		**(29.3)**	(27.4)
Operating profit		**724.7**	492.9
Depreciation and amortisation	7	**729.8**	320.5
Share-based payments charge	3	**4.9**	3.2
Non-cash property charges		**–**	(38.9)
Impairment of property, plant and equipment and right-of-use assets	7	**46.9**	18.3
Movement in trade and other receivables		**37.9**	(53.2)
Movements in inventories		**2.3**	1.8
Movement in trade, other payables and deferred income		**(97.5)**	(143.1)
Movement in provisions and employee benefit obligations		**(35.0)**	(4.6)
(Gain)/loss on sale of assets		**(12.2)**	1.0
Cash generated from operations		**1,401.8**	597.9
Tax paid		**(108.1)**	(55.5)
Net cash flows from operating activities		**1,293.7**	542.4
Cash flows from investing activities			
Interest received		**3.6**	0.9
Income from net investment in sublease		**1.2**	–
Acquisition of subsidiaries net of acquired cash		**–**	(3,103.4)
Movement on fair value of financial derivatives		**–**	(88.4)
Acquisition of property, plant and equipment		**(455.6)**	(205.6)
Investment in joint ventures		**–**	(78.4)
Investment in financial asset at FVOCI		**(10.0)**	–
Acquisition of distribution rights and other intangibles		**(5.2)**	(4.5)
Distributions received from equity accounted investees		**42.6**	23.8
Proceeds from sale and leaseback		**542.4**	–
Proceeds from sale of property, plant and equipment		**22.0**	3.3
Net cash flows from investing activities		**141.0**	(3,452.3)
Cash flows from financing activities			
Proceeds from issue of shares		**–**	2,341.0
Dividends paid to shareholders		**(520.2)**	(122.8)
Interest paid		**(165.5)**	(146.7)
Repayment of bank loans		**(1,458.5)**	(2,949.2)
Repayment of loans from equity accounted investees		**(3.0)**	–
Draw down of bank loans		**1,130.3**	3,982.6
Landlord contributions		**28.4**	49.5
Payment of lease liabilities*		**(613.3)**	(13.4)
Net cash flows from financing activities		**(1,601.8)**	3,141.0
Cash and cash equivalents at start of the period		**316.3**	231.1
Net movements in cash and cash equivalents		**(167.1)**	91.0
Exchange loss on cash and cash equivalents		**(8.6)**	(5.8)
Cash and cash equivalents at the end of year		**140.6**	**316.3**

* Payment of lease liabilities includes $304.2m of interest payment and $309.1m of principal lease payments.

Refer to Note 1 for further information on the restatement of the 2018 Consolidated Statement of Cash Flows. In addition, cash flows in respect of landlord contributions received have been reclassified from investing to financing activities.

1. Accounting Policies

Basis of preparation

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

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 FRS 101 Reduced Disclosure Framework and the Companies Act 2006; these are presented on pages 154 to 164.

The accounting policies set out below have been applied consistently to all years presented in these Group Financial Statements, with the exception of leases which have changed as a result of adoption of IFRS 16 "Leases" on 1 January 2019. Refer to Note 2 for further details on the impact in change in accounting policy.

Information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Chief Executive Officer's Review on pages 6 to 9 and the Principal Risks and Uncertainties section on pages 25 to 29. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Chief Financial Officer's Review on pages 36 to 41. In addition Note 26 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.

Presentational currency

The financial results of the Group are presented in US dollar.

2018 Restatements

During the year the Financial Reporting Council ('FRC') undertook a review with regard to the Group's 2018 Annual Report and Accounts. The scope of the review performed by the FRC was to consider the Group's compliance with the UK reporting requirements, it did not verify all the information provided. Following the review, no material financial reporting changes were required to the Group's Income Statement or Statement of Financial Position or underlying accounting treatments.

However, certain line items within the Statement of Cash Flows have been restated. These changes also impacted the movements in the Net Debt table, but not the overall closing positions or Net Debt to Adjusted EBITDA ratios and these movements have been restated accordingly. The adjustments within the Statement of Cash Flows are primarily connected with the Regal acquisition cash flows. The adjustments have arisen following further investigation into the timing of payments and the reclassification of items based on IAS 7 "Statement of Cash Flows" guidance. The main adjustments were in respect of the incorrect inclusions of the $202.0m payment to the Regal dissenting shareholders which was partly offset by the foreign exchange loss on the derivative taken out to hedge the Regal transaction and non-cash movements in respect of the take–on assets and liabilities which were not correctly reflected through the working capital movements in the Statement of Financial Position.

A reconciliation of the line items which have been restated within the Statement of Cash Flows is as follows:

	Previously reported $m	Reclassification $m	Restated $m
Non-cash property charges	(30.2)	(8.7)	(38.9)
Movement in trade and other receivables	(54.9)	1.7	(53.2)
Movement in trade, other payables and deferred income	(113.8)	(29.3)	(143.1)
Movement in provisions and employee benefit obligations	(2.0)	(2.6)	(4.6)
Acquisition costs	50.6	(50.6)	–
Cash generated from operations	**687.4**	**(89.5)**	**597.9**
Acquisition of subsidiaries net of acquired cash	(3,356.6)	253.2	(3,103.4)
Movement on fair value of financial derivatives	–	(88.4)	(88.4)
Distributions received from equity accounted investees	32.2	(8.4)	23.8
Repayment of bank loans	(2,895.0)	(54.2)	(2,949.2)
Net increase in cash and cash equivalents	218.4	12.7	231.1
Exchange gains / (losses) on cash and cash equivalents	6.9	(12.7)	(5.8)
Cash and cash equivalents at end of year	**316.3**	**–**	**316.3**

In addition, the 2018 Adjusted Earnings Per Share calculation has been restated to reflect the Group's change in policy of including one-off tax items in the Adjusted Earnings Per Share calculation. In 2018 there was a one-off tax credit which arose from a movement on a financial derivative entered into in connection with the Regal acquisition. This has changed the adjusted basic Earnings Per Share by 1.5c to 25.8c and the Adjusted diluted earnings per share by 1.5c to 25.7c.

1. Accounting Policies continued

2018 Statement of Financial Position re-presentation

To ensure consistency of presentation, a reclassification of $149.8m from non-current to current deferred income has been made within the 2018 comparatives in respect of pre-paid gift cards which can be redeemed at any point in the future.

Going concern

At 31 December 2019, the Group's financing arrangements consisted of USD and Euro term loans totalling $3.6bn and a revolving credit facility of $462.5m ('secured bank loans') which had been drawn down by $95.0m. The revolving credit facility is subject to certain covenants, which are triggered above 35% utilisation, and the term loans also have cross default provisions in respect of this covenant. The Group is not currently at this revolving credit facility utilisation level and it is not expected to increase above this threshold in the period under assessment.

Subject to certain regulatory conditions, the Group expects to complete the acquisition of Cineplex and therefore the Group's forward looking funding requirements and forecast cash flows are considered more likely than not to include Cineplex in the wider Group. Therefore, the Going Concern assessment has been made based on the proposed new banking facility structure and the enlarged Group's forecasts. The additional financing for the Cineplex acquisition will include a secured incremental term loan for c. $1.9bn and a c. $0.3bn unsecured bridge loan. The bridge loan facility includes financial covenant ratios set at the same level as the secured bank loans of the Group, being a limit of 5.5x of Net Debt to Consolidated Adjusted EBITDA until December 2020, which limit then reduces to 5.0x from 30 June 2021 onwards. The covenant applies at all times, irrespective of the bridge facility drawing levels.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the enlarged Group will be able to operate within the level of its facilities for at least 12 months from the approval date of these Consolidated Financial Statements. Accordingly, the Group continues to adopt the going concern basis in preparing its Consolidated Financial Statements.

The uncertainty as to the future impact on the Group of the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. Thus far, we have not observed any material impact on our movie theatre admissions due to COVID-19. Following an increase in admissions in the first two months of the year against the same period in the previous year, we continue to see good levels of admissions in all our territories, despite the reported spread of COVID-19. Although the release of the new Bond movie has been postponed to November 2020 largely due to closure of cinemas in the Asian markets, the studios have advised us that in the countries in which we operate, they currently remain committed to their release schedule for the coming months and remainder of the year.

In the downside scenario analysis performed, the Board has considered the potential impact of the COVID-19 outbreak on the Group's results. In preparing this analysis the following key assumptions were used: the impact of a total loss of revenue across the enlarged estate for between one and three months, no fixed costs reductions should sites be closed, run-rate combination benefits of c.$133m expected to be achieved as part of the Cineplex acquisition, forecast capital expenditure reduced in 2020 by 90%, and cessation of dividend payments from 1 July 2020. This analysis does not take account of the fact that in the case of widespread site closures the films scheduled to be released during this period of closure could be moved to later in 2020. These downside scenarios are currently considered unlikely, however it is difficult to predict the overall outcome and impact of COVID-19 at this stage. Under the specific downside scenario, however, of the Group losing the equivalent of between two and three months' total revenue across the entire estate there is a risk of breaching the Group's financial covenants, unless a waiver agreement is reached with the required majority of lenders within the going concern period.

Only the specific downside scenario detailed above would indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The Consolidated Financial Statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Measurement Convention

The Financial Statements are prepared on the historic cost basis except for the following assets and liabilities stated at their fair value: derivative financial instruments and financial instruments classified as fair value through the Statement of Comprehensive Income.

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.

Joint arrangements

Under IFRS 11 '"Joint Arrangements" investments in Joint Arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group holds both joint operations and joint ventures.

1. Accounting Policies continued

Joint operations

The Group recognises its share of any jointly held or incurred assets, liabilities, revenues and expenses of the joint operation. These have been incorporated in the Consolidated Financial Statements under the appropriate headings. Details of the joint operation are set out in Note 15.

Joint ventures

Joint Ventures 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. Joint Ventures are accounted for using the equity method and are initially recognised at cost. 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.

Equity investments

Equity investments are held in entities which have not been classified as a subsidiary, associate or joint arrangement are accounted for at fair value. These equity investments are not held for trading purposes and represent strategic investments.

The Group has elected at initial recognition to present value changes through the Statement of Comprehensive Income within the revaluation reserve. Any dividends received from these equity investments will be recognised within the Consolidated Statement of Profit or Loss.

On disposal of these equity investments, any related balance previously recognized within the fair value through other comprehensive income "FVOCI" reserve is reclassified to retained earnings.

Business combinations

For acquisitions on or after 1 January 2010, the Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously held equity interest in the acquiree) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in the Consolidated Statement of Profit or Loss. 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.

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate relevant at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Consolidated Statement of Financial Position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Consolidated Statement of Profit or Loss. 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 Consolidated Statement of Financial Position date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Translation movements are recognised within the Statement of Comprehensive Income and in the foreign currency translation reserve. As share capital, share premium are denominated in Sterling, these are translated into presentational currency at the historic rate prevailing on the date of each transaction.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when the contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

1. Accounting Policies continued

Financial instruments continued

IFRS 9 contains three classification categories for financial assets and liabilities: measured at amortised cost, fair value through profit or loss ("FVPL") and fair value through other comprehensive income ('FVOCI').

At initial recognition, the Group classifies its financial instruments in the following categories depending on the purpose for which the financial instruments were acquired:

i. Financial assets and financial liabilities at FVPL:

Financial instruments in this category are recognised initially and subsequently at fair value. Transaction costs are expensed in the Consolidated Statement of Profit or Loss. Gains and losses arising from changes in fair value are presented in the Consolidated Statement of Profit or Loss. Financial assets and financial liabilities at fair value through profit or loss are classified as current, except for the portion expected to be realised or paid beyond 12 months of the Consolidated Statement of Financial Position date, which is classified as non-current.

Financial assets and liabilities at FVPL are presented within changes in operating assets and liabilities in the consolidated statements of cash flows.

ii. Financial assets and liabilities at amortised cost:

The Group's loans and receivables comprise trade receivables and cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognised at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method, less an loss allowance.

Financial liabilities at amortised cost include trade payables, bank indebtedness and long-term debt. Trade payables are initially recognised at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank indebtedness and long term debt, are recognised initially at fair value, net of any transaction costs incurred and, subsequently, at amortised cost using the effective interest method.

Financial liabilities are classified as current liabilities if payment is due within 12 months. Otherwise, they are presented as non-current liabilities.

iii. Financial instruments at FVOCI:

At initial recognition, the Group can make an irrevocable election to classify equity instruments at FVOCI, with all subsequent changes in fair value being recognised in OCI. The Group has classified certain equity instruments as FVOCI as outlined in Note 16.

In addition, the Group uses the following derivatives:

Net investment hedge

The Group uses net investment hedges to mitigate foreign currency translation exposure on certain net investments in subsidiary companies. Changes in the fair values of hedging instruments are taken directly to the Statement of Comprehensive Income together with gains or losses on the foreign currency translation of the hedged investments. Until the investment is disposed of, all gains and losses are recognised in equity, within the hedging reserve.

Any ineffective portion of the hedging relationship is recognised immediately in the Consolidated Statement of Profit or Loss, within other income/(expenses).

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Profit or Loss, within other income/(expenses). Amounts accumulated in equity are reclassified to finance costs within the Statement of Profit or Loss at the same time as the relating interest expense on hedged borrowings.

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.

Impairment of financial assets

The Group measures expected credit losses using a lifetime expected loss allowance for all current trade and other receivables.

Loss allowances will be measured on either of the following bases:

i. 12-month expected credit losses ('ECLs') are the ECLs that result from possible default events within 12 months after the reporting date; and

ii. lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments.

1. Accounting Policies continued

Impairment of financial assets continued

The expected loss rates are based on the historical payment profiles of sales during the financial year and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The Group has identified historical losses measured against receivables to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and cash amounts in transit due from credit cards which are settled within 7 days from the date of the reporting period. 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.

Leases

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

In 2018, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the Consolidated Statement of Profit or Loss on a straight-line basis over the period of the lease.

From 1 January 2019, on adoption of IFRS 16 "Leases" leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group in the Consolidated Statement of Financials Position. In adopting IFRS 16 "Leases", the Group applied the modified retrospective approach and has not restated comparatives for 2018. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit or Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Both principal and finance cost elements of lease payments are recognised within financing cash flows within the Consolidated Statement of Cash Flows. The depreciation charge recognised on the right-of-use assets is being charged to administration expenses in the Group's Statement of Profit and Loss, in-line with where depreciation has previously been recorded.

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

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

The lease payments are discounted using the lessee's incremental borrowing rate being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group:

- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease conditions.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the Consolidated Statement of Profit or Loss. Short-term leases are leases with a lease term of 12 months or less or leases on adoption date which has a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office and cinema equipment.

1. Accounting Policies continued

Leases continued

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Landlord contributions

Where the Group receives contributions and incentives from landlords at the start of the lease, these are recorded against the right-of-use asset.

Prior to the adoption of IFRS 16 on 1 January 2019 the Group recorded contributions and incentives received from landlords as liabilities and amortised the balance against the rent expense recorded in the Consolidated Statement of Profit or Loss over the initial term of the lease.

Sub-leases

The Group applies IFRS 16 to all leases of right of use assets in sub-leases. The Group classifies the sub-lease as a finance lease or an operating lease with reference to the right of use asset arising from the head lease. The Group treats the right of use asset as the underlying asset in the sub-lease, not the item of property, plant and equipment that it leases from the head lessor.

For sub leases classified as operating leases, rental income will continue to be recognised in the Consolidated Statement of Profit or Loss in the period to which it relates.

For sub leases classified as finance leases, the Group will recognise an asset classified as net investment in a sub-lease. The Group uses the discount rate it uses for the head lease, adjusted for any initial direct costs associated with the sub-lease to account for the sub-lease.

During the term of the sub-lease, the Group recognises both interest income on the sub-lease and interest expense on the head lease.

Prior to adoption of IFRS 16 on 1 January 2019 the Group recognised all income generated from sub leases within rental income.

Variable lease payments

Some property leases contain variable payment terms that are linked to sales generated from a particular cinema site. For individual sites, up to 4% of lease payments are on the basis of variable payment terms with percentages ranging from 4% to 18% of sales. Variable payment terms are used for a variety of reasons, including minimising the fixed costs base for newly established sites. Variable lease payments that depend on sales are recognised in cost of sales within the Consolidated Statement of Profit or Loss in the period in which the condition that triggers those payments occurs.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor. We have identified the inclusion of extensions and termination options within the lease term as a significant judgement. Refer to significant accounting estimates and uncertainties section of the accounting policies for further details.

Sale and leaseback

In a sale-and-leaseback transaction the Group transfers an underlying asset to another entity and leases that asset back from the buyer-lessor. If a sale is deemed to have taken place, the Group derecognises the underlying asset and applies the lessee accounting model to the leaseback arrangement. A right-of-use asset is recognised based on the retained portion of the previous carrying amount of the asset and only the gain or loss is recognised related to the rights which are transferred to the lessor. If a sale has not been deemed to have taken place, the Group continues to recognise the underlying asset and recognise a financial liability.

Property, plant and equipment

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

Depreciation is charged to the Consolidated Statement of Profit or Loss to write assets down to their residual values on a straight-line basis within operating expenses 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	20 to 50 years
– Land and buildings: long leasehold properties including leasehold improvements	Life of lease
– Land and buildings: short leasehold properties including leasehold improvements	30 years or life of lease if shorter
– Plant and machinery	3 to 20 years
– Fixtures and fittings	3 to 20 years

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

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

1. Accounting Policies continued

Goodwill and other intangible assets

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 CGUs 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.

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

Amortisation is charged to the Consolidated Statement of Profit or Loss 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 Statement of Financial Position 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 years to indefinite life
- Distribution rights 3 years
- Other intangibles 4 to 10 years

Assets held for sale

Non-current assets, or disposal groups are 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, 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 the Consolidated Statement of 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 is first allocated to goodwill, and then to remaining assets and liabilities on a 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 are reviewed at each Statement of Financial Position 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 Statement of Financial Position date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating-unit ('CGU') exceeds its recoverable amount. Impairment losses are recognised in the Consolidated Statement of Profit or Loss.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGUs and then to reduce the carrying amount of the other intangible assets in the unit on a pro-rata basis. A CGU 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.

Where individual sites' cash inflows are determined not to operate independently from one another, mainly due to strategic or managerial decisions being made across more than one site, they may be combined into a single CGU.

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 CGU to which the asset belongs.

1. Accounting Policies continued

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment is reversed when there is an indication that the impairment loss may no longer exist as a result of a change in the estimates used to determine the recoverable amount, including a change in fair value less costs to sell. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the Consolidated Statement of Profit or Loss in the periods which services are rendered by employees.

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 years, 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.

Remeasurement 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. The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the year by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual year to the then-net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the year as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the Consolidated Statement of 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 the Consolidated Statement of 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 Group 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 Statement of Financial Position date and at settlement date and any changes in fair value are recognised in the Consolidated Statement of Profit or Loss.

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 the Consolidated Statement of 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 Consolidated Statement of Financial Position 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, and the amount can be reliably estimated. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money. The increase in the provision due to the passage of time is recognised as an interest expense.

Revenue

Revenue represents the total amount receivable for goods sold and services provided, excluding sales-related taxes and intra-group transactions. All the Group's revenue is received from the sale of goods and services. The Group disaggregates revenue into three material revenue streams which are made up of the following:

1. Accounting Policies continued

Revenue continued

Box office revenue

- Box office revenue is recognised on the date of the showing of the film the ticket sold 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 initially recognised within deferred revenue and subsequently recognised on a straight-line basis over the year. Monthly Unlimited card revenue is recognised in the period to which it relates.

Retail revenue

- Concessions revenue includes the sale of food and drink in the cinemas, in our VIP offerings, Starbucks sites and bars and restaurants. All concession revenue is recognised at the point of sale. The Group operates a licence arrangement with Starbucks in the UK&I operating segment. As part of the licence arrangement, the Group is required to pay to the licensor a licence and royalty fee which is recognised in cost of sales.
- The Group records proceeds from the sale of gift cards and other advanced bulk tickets in deferred revenue and recognises admissions or retail revenue when redeemed. Dependent on the revenue stream the gift card is redeemed against, revenue will either be recorded within box office revenue or retail revenue. Additionally, the Group recognises unredeemed gift cards and bulk tickets as other revenues based on a proportion of redemptions, which is estimated primarily based on the Group's historical experience.
- The Group operates loyalty schemes which allow members to earn rewards. The most significant of these is the Regal Crown Club. Members earn credits for each dollar spent at the Regal theatres and can redeem such credits for tickets, concession items and other rewards. To determine the amount of revenue to defer upon issuance of credits to customers, an estimate is made of the value expected to be redeemed by customers for those credits. The estimates are based on rewards that have historically been offered under the loyalty programme which are considered to be representative of rewards offered in future. Upon redemption, deferred rewards are recognised as revenues in line with the revenue stream they are redeemed under. Dependent on the revenue stream the loyalty scheme credits are redeemed against, revenue will either be recorded within box office or retail.

Other revenue

Other revenue includes the following:

- Fees are charged for advanced bookings of tickets classified as booking fee revenue. This revenue is recognised at the point when the tickets are purchased.
- Advertising revenue is recognised at the point the advertisement is shown in cinemas or the related impressions are delivered.
- An element of advertising revenue relates to the Exhibitor Services Agreement "ESA" with National CineMedia "NCM". This advanced payment was recognised within deferred revenue and is being released over the life of the agreement.
- Distribution revenue is recognised on the date of the showing of the film it relates to for cinema distribution, for other media the revenue is recognised over the life of the distribution contract.
- Rebates – the Group receives rebates primarily from concession vendors. The rebates are either a fixed amount or a specified percentage based on the total purchases made from the vendor. The rebates are subject to some estimation uncertainty but the arrangements are not complex. Rebates are calculated and accrued monthly based on the volume of purchases. These rebates are either recognised as other revenues, a reduction of cost of goods sold, or a combination of the two, dependent on the nature of the services provided. For arrangements where the Group is providing various forms of in-theatre, lobby or website advertising in exchange for the rebate, such rebates are accounted for as a component of other revenues. For arrangements under which the Group provides no material form of advertising such rebates are accounted for as a reduction of cost of goods sold. Total rebates recognised in the Consolidated Statement of Profit and Loss during 2019 were $47.8m (2018: $44.5m).

Deferred revenue

Deferred revenue primarily consists of the following:

- NCM Exhibitor Services Agreement ('ESA'): Revenue generated from the NCM ESA in the US is recognised over time as rights to advertising services are provided. The original agreement was due to end in 2037, but was extended until 2041 as part of the amendments made to the ESA in 2019. As part of the business combination accounting for Regal, a fair value assessment of the ESA assumed contract liability was undertaken, being the Group's obligation to perform under the acquired NCM advertising arrangement. This valuation was recognized within deferred revenue and the revenue is recognized on a straight-line basis over the remaining term of the ESA. The valuation of the ESA includes a significant financing component due to the significant length of time between receiving the non-cash consideration and fulfilling the performance obligation. The interest expense is calculated using discount rates implicit within the acquisition of the Regal business. Annually, pursuant to the Common Unit Adjustment Agreement ('the CUA') the Group receives the non-cash consideration in the form of newly issued common units in NCM, in exchange for rights to exclusive access to the Group's theatre screens and attendees through to February 2041. Any adjustments to the number of common units held goes to deferred revenue and this is recognised as advertising revenue on a straight-line basis over the remaining term of the ESA. Refer to revenue accounting policy for details on how this revenue is recognised.
- Revenue received from the Unlimited scheme. Refer to revenue accounting policy for details on how this revenue is recognised.
- Unredeemed gift cards and bulk tickets: Revenue is initially recognised in deferred revenue and subsequently recognised in revenue in proportion to the pattern exercised by the customer.

1. Accounting Policies continued

Deferred revenue continued

- Revenue received in advance for advertising contracts.
- Unredeemed credits on customer loyalty schemes. The deferred revenue for credits earned through the loyalty scheme is calculated based on the fair value of the credits earned multiplied by an expected redemption rate. The deferred revenue is recognised as box office or concession revenue when the credits are redeemed.

Government grants

Government grants relating to costs are deferred and recognised in the Consolidated Statement of Profit or Loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred revenue and they are credited to the Consolidated Statement of Profit or Loss on a straight-line basis over the expected lives of the related assets.

Other operating income

Other income represents rent receivable from sub leases classified as operating leases (as described in the leases accounting policy). Rental income is recognised on a straight-line basis over the life of the lease.

Net financing costs

Net financing costs comprise interest payable and receivable, amortisation of financing costs, interest expense on lease liabilities, unwind of discount on long-term deferred income, unwind of discount on long-term receivables, net gain/loss on remeasurement of financial instruments, foreign exchange gains and losses.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Profit or Loss and 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 year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the Statement of Financial Position 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 Consolidated Statement of Financial Position 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.

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.

Reporting Segments

Reportable segments are the Group's operating segments or aggregations of operating segments.

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.

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

Judgements

The key judgements are:

Lease term

IFRS 16, "Leases" defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option. Where a lease includes the option for the Group to extend the lease term, beyond the non-cancellable period, the Group makes a judgement as to whether it is reasonably certain that the option will be taken. This will take into account the length of time remaining before the option is exercisable; current and future trading forecast as to the ongoing profitability of the site; and the level and type of planned future capital investment.

1. Accounting Policies continued

Judgements continued

Lease term continued

Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Therefore potential future cash outflows have not been included in the lease liability where it is not reasonably certain the extension periods will be taken or that the leases will be extended on similar terms (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee. Refer to Note 21 which quantifies the impact on lease liability should the lease term include extension or termination options.

Classification of Joint Arrangements

When the Group acquires an interest in a joint arrangement it is required to assess the type of joint arrangement (that is, joint operation or joint venture) where the arrangement is structured through a separate vehicle, in accordance with IFRS 11. This assessment includes whether or not, together with the other parties involved, the Group has joint rights to the assets, and obligations for the liabilities of the arrangement.

As part of its acquisition of Regal the Group acquired a significant share in Digital Cinema Implementation Partners ('DCIP'), a joint arrangement with other US exhibitors set up to collect and administrate Virtual Print Fee ('VPF') income received from studios to compensate exhibitors for their investment in digital projection equipment. Through long term leasing arrangements with DCIP, the exhibitors retain control over the projection equipment it has acquired. In addition, the Group determined that under the terms of the leasing arrangements and the associated minimum rental charges expected to be made, it has a joint obligation for the debt taken out by DCIP to finance the acquisition of the projection equipment. The Group concluded that, with joint control over these, the material assets and liabilities of DCIP, it should classified as a joint operation. Details of the DCIPs financial performance and position can be found in Note 15.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In applying the Group's accounting policies described above the Directors have identified that the following areas are the key estimates that could have a significant impact on the amounts recognised in the Consolidated Financial Statements in the next financial year.

Impairment of goodwill

The Group determines whether goodwill is impaired on at least an annual basis. This requires an estimate of the value in use of the cash generating unit "CGU's" to which the goodwill is allocated. To estimate the value in use, the Group estimates the expected future cash flows from the CGU and discounts them to their present value at a determined discount rate, which is appropriate for the country where the goodwill is allocated to.

Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. A sensitivity analysis has been performed over the estimates (see Note 13). The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs, and that the discount rate used is appropriate given the risks associated with the specific cash flows. Although based on the sensitivity analysis performed there is no impairment charge to goodwill, it is considered appropriate to disclose this as an area of significant estimation due to the size of the balance and the fact that it could change as a result of future events.

Impairment of property, plant and equipment and right-of-use-assets

The Group determines whether property, plant and equipment and right-of-use-assets are impaired when indicators of impairments exist or based on the annual impairment assessment. The annual assessment requires an estimate of the value in use of the CGUs to which the tangible fixed assets are allocated, which is predominantly at the individual cinema site level. Where individual site's cash flows are not determined to be independent from one another, mainly due to strategic or managerial decisions being made across more than one site, they may be combined into a single CGU.

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each cinema and discount these to their net present value at a discount rate which is appropriate for the territory where the assets are held. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs and that the discount rates used are appropriate given the risks associated with the specific cash flows. A sensitivity analysis has been performed over the estimates (see Note 12).

1. Accounting Policies continued

Estimates continued

Forecasting expected cash flows and selecting an appropriate discount rate inherently requires estimation. A sensitivity analysis has been performed over the estimates (see Note 12). The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied. The Directors consider that the key assumptions made within the cash flow forecasts include admissions levels, average ticket price, concession spend per person,and discount rates. The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the CGUs, and that the discount rate used is appropriate given the risks associated with the specific cash flows. Based on the sensitivity analysis performed, there would be additional impairment, refer to Note 12 for full details. Therefore it is considered appropriate to disclose this as an area of significant estimation due to the size of the balance and the fact that it could change as a result of future events.

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

- IFRIC 23 "Uncertainty over Income Tax Treatments"
- IFRS 16 "Leases"
- Amendment to IFRS 9: "Prepayment features with negative compensation"

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

Forthcoming requirements

The following new accounting standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group:

Title	Key requirements	Effective date
Definition of Material – Amendments to IAS 1 and IAS 8	The IASB has made amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information. In particular, the amendments clarify: – that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and – the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.	1 January 2020
Definition of a Business – Amendments to IFRS 3	The amended definition of a business requires an acquisition to include an input and a substantive process that together significantly contribute to the ability to create outputs. The definition of the term 'outputs' is amended to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower costs and other economic benefits.	1 January 2020

These standards and others not yet effective are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. Changes in accounting policies

This note explains the impact of the adoption of IFRS 16 "Leases" on the Group's Financial Statements. Refer to Note 1 for disclosures on the new accounting policies that have been applied from 1 January 2019. The Group has adopted "IFRS 16", applying the modified retrospective approach, and has not restated comparatives for 2018, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening Consolidated Statement of Financial Position on 1 January 2019.

Adjustments recognised on adoption of IFRS 16

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

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

	$m
Operating lease commitments disclosed as at 31 December 2018	5,373.4
Less discounting using the lessee's incremental borrowing rate of at the date of initial application(1)	(1,805.4)
Less short-term leases recognised on a straight-line basis as expense	(13.2)
Less adjustments as a result of a different treatment of extension and termination options(2)	(160.7)
Plus other lease commitments	2.2
Plus existing finance lease liability at 31 December 2018(3)	100.5
Lease liability recognised as at 1 January 2019	**3,496.8**
Of which are:	
Current lease liabilities	527.9
Non-current lease liabilities	2,968.9

(1) The disclosed lease commitments were undiscounted, whilst the IFRS 16 obligations have been discounted based on incremental borrowing rates applied to property leases.

(2) Under IFRS 16 the Group's policy is to only include periods covered by options to extend or terminate the lease where the Group is reasonably certain that such options will be exercised.

(3) Under the transitional rules in IFRS 16, leases classified as finance lease under IAS 17 have not been reassessed. This reconciling item represents those leases classified as finance leases under IAS 17 on transition.

The associated right-of-use assets for property leases were measured as:

- their carrying amount as if IFRS 16 had been applied since the lease commencement date, discounted by the incremental borrowing rate applied to property leases as at 1 January 2019; and
- previous onerous lease contracts have been offset on a lease by lease basis, for certain leases, against the right-of-use assets at the date of initial application as an alternative to performing an impairment review.

The associated right-of-use assets for vehicle leases were measured as an amount equal to the lease liability.

The asset and liability are sensitive to the discount rate applied on adoption. The incremental borrowing rates applied to property leases ranged between 2.6% and 11.7%. The asset specific incremental borrowing rate applied to each lease was determined by taking into account the risk-free rate, adjusted for factors such as the credit rating linked to the life of the underlying lease agreement. These rates are intended to be long term in nature and calculated on inception of each lease.

2. Changes in accounting policies continued

Adjustments recognised on adoption of IFRS 16 continued

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

	31 December 2019 $m	1 January 2019 $m
Properties	**3,439.1**	2,937.4
Other	**2.1**	3.7
Total right-of-use assets	**3,441.2**	2,941.1

The change in accounting policy affected the following items in the Consolidated Statement of Financial Position on 1 January 2019:

– property, plant and equipment – decrease by $96.5m

– right-of-use assets – increase by $2,941.1m

– deferred tax assets – increase by $40.9m

– prepayments – decrease by $20.2m

– other receivables (including land lease premiums) – decrease by $141.5m

– lease liabilities – increase by $3,396.3m

– provisions – decrease by $325.4m

– other liabilities – decrease by $173.8m

The impact on total assets was $2,723.8m and total liabilities $2,897.1m. The net impact on retained earnings on 1 January 2019 was a net decrease of $173.3m, which includes $17.7m of impairments.

The net impact on retained earnings as reported in the Group's Interim Consolidated Financial Statements at 30 June 2019 was $73.1m. The impact on total assets previously reported was $2,776.8m and total liabilities was $2,849.9m. This has been amended following the identification of the further information regarding specific property leases and the revision of the associated tax rate to be in-line with the expected recovery.

The adoption of IFRS 16 for the year ended 31 December 2019 resulted in an increase in depreciation of $381.5m and finance costs of $298.5m.

Practical expedients applied

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

– the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

– reliance on previous assessments on whether leases are onerous, on a lease by lease basis;

– the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases. The Group has also applied the recognition exemption for short-term leases;

– the accounting for operating leases with a value of $5,000 of less when new as low value leases;

– on a lease by lease basis for certain leases adjust the right-of-use asset on transition by the amount of any previously recognised onerous lease provision, as an alternative to performing an impairment review;

– the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and

– the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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

3. Alternative performance measures

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

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

3. Alternative performance measures continued

Other commentary within the Annual Report and Accounts (CFO report page 36 to 41, should be referred to in order to fully appreciate all the factors that affect our business.

The methodology applied to calculating the APMs has been impacted by the transition to IFRS 16. Adjusted EBITDAR is defined as EBITDAR excluding rental charges. Following the Group's transition to IFRS 16, Adjusted EBITDAR is no longer used as an APM, having previously been used in CGU cash flow forecasts.

The Group's APMs including changes from prior years are detailed as follows:

Constant Currency

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

Pro-forma results

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

	2018					
	Statutory Results $m	Pro-forma Adjustments $m	Adjustments for Acquisition Accounting $m	Pro-forma results $m	Constant Currency Adjustments $m	Pro-forma Constant Currency Results $m
Box office revenue	2,496.6	368.4	–	2,865.0	(34.3)	2,830.7
Concession revenue	1,145.2	167.8	–	1,313.0	(13.9)	1,299.1
Other income	477.3	51.1	5.0	533.4	(6.2)	527.2
Total Revenue	**4,119.1**	**587.3**	**5.0**	**4,711.4**	**(54.4)**	**4,657.0**
Adjusted EBITDA	**925.4**	**141.0**	**6.0**	**1,072.4**	**–**	**–**

Adjusted EBITDA

Adjusted EBITDA is defined as operating profit adjusted for profits of jointly controlled entities using the equity accounting method net of tax and excess cash distributions, depreciation and amortisation, impairments of property, plant and equipment and right-of-use assets, property related charges and releases, business interruption costs, share based payment charges and exceptional items.

Business interruption costs have not previously been included as an adjusting item. With the US refurbishment programme commencing in full during 2019 it is deemed appropriate to exclude a proportion of specific fixed costs incurred while the site is undergoing refurbishment.

The following items are adjusted for within the Group's Adjusted EBITDA APM as they are non-cash items: depreciation and amortisation, impairment of property, plant and equipment and right-of-use assets, property related charges and releases and share based payment charges.

The share of profit of jointly controlled entities and the excess cash distributions from joint controlled entities are included within Adjusted EBITDA as these items are cash items outside of operating profit.

Adjusted Profit

Adjusted profit before tax is defined as profit before tax adjusted for amortisation of intangible asset created on acquisition, excess cash distributions from jointly controlled entities, impairments of property, plant and equipment and right-of-use assets, property related charges and releases, business interruption costs, share based payment charges, exceptional operating items, exceptional financing items and exceptional tax items.

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

During the year the Group has changed its policy regarding the Adjusted Earnings Per Share calculation. One-off tax items are now considered and adjusted from the calculation and the 2018 calculation has been restated accordingly.

3. Alternative performance measures continued

Adjusted Profit continued

The Adjusted EBITDA and Adjusted Profit reconciliation to statutory Operating Profit are presented as follows:

	Year ended 31 December 2019 $m	Restated Year ended 31 December 2018 $m
Operating Profit	**724.7**	492.9
Depreciation and amortisation	**729.8**	320.5
Share of profit of jointly controlled entity using equity accounting method net of tax	**29.3**	27.4
Excess cash distributions from jointly controlled entities	**20.3**	4.8
Impairment of property, plant and equipment and right-of-use assets	**46.9**	18.3
Business interruption	**6.3**	–
Property related charges and releases	**5.3**	(0.5)
Share-based payment charges	**4.9**	3.2
Operating Exceptional items:		
– Transaction and reorganisation costs	**10.7**	56.0
– One-time write off of other current assets	**13.2**	–
– Gain on sale and leaseback transaction	**(17.5)**	–
– Legal costs in respect of acquisition	**6.4**	2.8
Adjusted EBITDA	**1,580.3**	925.4
Depreciation and amortization	**(729.8)**	(320.5)
Amortisation of intangibles created on acquisition	**27.8**	25.0
Net Finance Costs	**(541.7)**	(171.3)
Movement on financial derivatives	**(2.2)**	–
Foreign exchange translation gains and losses	**5.9**	(45.1)
Recycle of net investment hedge	**-**	3.5
Financing exceptional items:		
Accelerated amortisation of capitalised finance fees	**15.1**	–
Adjusted Profit before Tax	**355.4**	417.0
Tax charge	**(32.0)**	(64.7)
Tax impact of adjustments	**(30.4)**	(7.0)
Exceptional tax items	**-**	(19.4)
Adjusted Profit after Tax	**293.0**	325.9

Excess cash distributions from jointly controlled entities

The Group receives cash distributions over and above the level of profit recognised in equity accounting for it's joint ventures, this is a recurring cash amount. Joint venture earnings recognised and distributions received are disclosed in Note 14.

Impairment of property, plant and equipment and right-of-use assets

Disclosure in respect of these impairment charges can be found in Note 12.

Business interruption

The Group incurred expenses of $6.3m (2018: $nil) during the period in relation to sites which were closed or partially closed during the year for refurbishment or were under construction.

Property related charges and releases

The loss of $5.3m related to the closure of 16 theatres in the US and one in ROW. In 2018, there was a $1.0m loss on disposals and an onerous release of $1.5m . Of the loss on disposal recognised in 2018 $0.6m is from the disposal of assets within the US and $0.4m from the ROW.

3. Alternative performance measures continued

Operating exceptional items

The following operating exceptional items were recognised during the year:

- A gain of $17.5m in relation to the two sale and leaseback transaction outlined within Note 21.
- A one off charge of $13.2m in respect of plastic cards acquired for resale as gift cards, that were no longer considered recoverable and should have been adjusted at the time of the purchase price allocation but was not material to restate the prior period.
- Legal costs of $6.4m (2018: $2.8m) were incurred in relation to the Regal dissenting shareholder legal case.
- Transaction and reorganisation costs of $10.7m were incurred in 2019 of which $4.3m relates to the proposed Cineplex acquisition and $6.4m reorganisation costs. Transaction costs of $52.1m were recognised in 2018 in relation to the acquisition of Regal.

Accelerated amortisation of capitalised finance fees

These costs represent the accelerated amortisation of capitalised finance fees following the partial settlement of the Group's term loans during the year and the minor refinancing undertaken as detailed in Note 1.

Movement on financial derivatives

The Group has recognised gains or losses on three financial derivatives during the year. A gain of $10.4m and a loss of $4.5m have been recognised respectively on a contingent forward contract and contingent cross currency swap entered into to hedge certain expected transaction flows linked to the proposed acquisition of Cineplex. A further loss $3.7m was incurred on a short term forward contract entered into as part of the minor financing restructure.

Foreign exchange translation gains and losses

Gains and losses arise due to movements on foreign exchange in respect of the Group's unhedged Euro denominated term loan. These gains and losses are excluded from Adjusted Profit Before Tax.

Recycle of the net investment hedge

In 2018 the Group terminated a hedge relationship on a net investment hedge held between the Euro denominated term loan and the assets of a Euro trading subsidiary.

Net debt

Net Debt is defined as total liabilities from financing net of cash at bank and in hand. A reconciliation of movements in Net Debt is provided in Note 20.

Adjusted net debt

Adjusted Net Debt is defined as Net Debt excluding lease liabilities and including the $202.0m in respect of consideration payable to dissenting shareholders of Regal Entertainment Group. The $202.0m represents the price of $23.0 per share, the transaction price for Regal. Management's view is that the petitioners' claim is without merit and that the fair value for the transaction is no higher than the transaction price.

4. Operating Segments

The Group has determined that it has two reporting operating segments: the US and the UK&I. The Group also reports a third segment, the ROW, which includes the cinema chain brands Cinema City in Central and Eastern Europe territories and Yes Planet and Rav-Chen in Israel. The ROW reporting segment include Poland, Romania, Hungary, Czech Republic, Bulgaria, Slovakia and Israel. The results for the US include the three cinema chain brands; Regal, United Artists and Edwards theatres. UK&I includes two cinema chain brands, Cineworld and Picturehouse, which operate in the same territory with the same external regulatory environment and ultimately provide the same services and products. On this basis it is deemed appropriate that these two segments can be aggregated and reported as one reporting segment for the UK&I.

	US $m	UK&I $m	ROW $m	Total $m
Year ended 31 December 2019				
Total revenues	3,209.6	648.4	511.7	4,369.7
Adjusted EBITDA as defined in Note 3	1,197.1	192.2	191.0	1,580.3
Operating profit	535.5	65.0	124.2	724.7
Net finance expense	442.7	85.0	14.0	541.7
Depreciation and amortisation	558.2	92.5	79.1	729.8
Impairment of property, plant and equipment and right-of-use assets	40.5	5.3	1.1	46.9
Share of profit from jointly controlled entities using equity accounting method net of tax	29.6	–	(0.3)	29.3
Profit / (loss) before tax	**122.6**	**(5.0)**	**94.7**	**212.3**
Non-current asset additions – property, plant and equipment (Note 12)	328.8	120.4	34.4	483.6
Non-current asset additions – intangible assets (Note 13)	–	1.7	3.6	5.3
Investment in equity accounted investee (Note 14)	298.8	0.9	0.5	300.2
Total assets	**9,801.0**	**1,381.0**	**1,268.5**	**12,450.5**
Total liabilities	**7,999.4**	**1,134.1**	**379.3**	**9,512.8**
Year ended 31 December 2018				
Total revenues	2,933.1	697.7	488.3	4,119.1
Adjusted EBITDA as defined in Note 3	670.4	125.9	129.1	925.4
Operating profit	415.4	10.8	66.7	492.9
Net finance expense	165.3	5.4	0.6	171.3
Depreciation and amortisation	223.8	47.9	48.8	320.5
Onerous leases and other charges	(5.5)	4.0	–	(1.5)
Impairments and reversals of impairments	–	7.1	11.2	18.3
Share of profit from jointly controlled entities using equity accounting method net of tax	27.6	(0.1)	(0.1)	27.4
Profit / (loss) before tax	**288.5**	**(5.3)**	**65.8**	**349.0**
Non-current asset additions – property, plant and equipment[(1)] (Note 12)	2,009.7	66.5	25.7	2,101.9
Non-current asset additions – intangible assets[(1)] (Note 13)	506.0	1.3	3.2	510.5
Non-current asset additions – Goodwill (Note 13)	4,302.8	323.0	–	4,625.8
Investment in equity accounted investee (Note 14)	307.1	0.8	0.6	308.5
Total assets	**7,599.4**	**1,114.6**	**989.7**	**9,703.7**
Total liabilities	**5,969.8**	**186.1**	**127.5**	**6,283.4**

(1) Includes additions through acquisition.

5. Revenue

The Group derives revenue from the transfer of goods at a point in time and services over time in the following territories:

Revenue by country	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
United States	**3,209.6**	2,933.1
United Kingdom & Ireland	**648.4**	697.7
Poland	**153.8**	157.3
Israel	**113.2**	94.3
Hungary	**77.3**	80.9
Romania	**73.4**	71.9
Czech Republic	**58.4**	53.9
Bulgaria	**21.5**	16.9
Slovakia	**14.1**	13.1
Total revenue	**4,369.7**	4,119.1

Revenue per operating segment can be broken down by product and service provided as follows:

United States

Revenue by product and service provided	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Box office	**1,859.6**	1,762.8
Retail	**953.9**	851.3
Other	**396.1**	319.0
Total revenue	**3,209.6**	2,933.1
Timing of revenue recognition		
At a point in time	3,016.0	2,761.5
Over time	193.6	171.6

UK and Ireland

Revenue by product and service provided	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Box office	**405.7**	453.5
Retail	**156.7**	167.5
Other	**86.0**	76.7
Total revenue	**648.4**	697.7
Timing of revenue recognition		
At a point in time	646.0	695.8
Over time	2.4	1.9

ROW

Revenue by product and service provided	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Box office	**270.8**	280.3
Retail	**129.7**	126.4
Other	**111.2**	81.6
Total revenue	**511.7**	488.3
Timing of revenue recognition		
At a point in time	463.7	459.2
Over time	48.0	29.1

Refer to Note 23 for a breakdown of contract liabilities recognised during the year.

6. Other Operating Income

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Rental income	**5.7**	5.3
Total other operating income	**5.7**	5.3

7. Operating Profit

Included in operating profit for the year are the following:

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Depreciation	**697.2**	289.7
Amortisation of intangibles	**32.6**	30.8
Impairment of property, plant and equipment and right-of-use assets	**46.9**	18.3
Property related charges and releases	**5.3**	(0.5)
Operating exceptional items	**12.8**	58.5
Short term and turnover rent leases (2018 included operating leases under IAS 17)	**30.9**	527.5

The total remuneration of the Group Auditor, PricewaterhouseCoopers LLP for 2019, and its affiliates for the services to the Group is analysed below. Prior year comparatives relate to total remuneration of the Group Auditor KPMG LLP, and its affiliates who resigned as the Group Auditors during 2019:

Auditor's remuneration:	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Group – audit	**2.0**	2.2
Amounts received by auditors and their associates in respect of:		
– Audit of financial statements pursuant to legislation	**0.5**	2.2
– Audit related assurance services	**0.1**	0.1
– All other services	**0.4**	–

8. Earnings Per Share

Basic Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, after excluding the weighted average number of non-vested ordinary shares.

Diluted Earnings Per Share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares plus any non-vested/non-exercised ordinary shares.

Adjusted Earnings Per Share is calculated dividing the adjusted profit after tax for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, after excluding the weighted average number of non-vested ordinary shares.

	Year ended 31 December 2019 $m	Restated Year ended 31 December 2018 $m
Earnings attributable to ordinary shareholders	**180.3**	284.3
Adjustments:		
Amortisation of intangible assets(1)	**27.8**	25.0
Excess cash distributions from jointly controlled entities	**20.3**	4.8
Impairment of property, plant and equipment and right-of-use assets	**46.9**	18.3
Business interruption	**6.3**	–
Property related charges and releases	**5.3**	(0.5)
Share-based payment charges	**4.9**	3.2
Operating Exceptional items:		
– Transaction and reorganisation costs	**10.7**	56.0
– One time write off of other current assets	**13.2**	–
– Gain on sale and leaseback transaction	**(17.5)**	–
– Legal costs	**6.4**	2.8
Financing exceptional items:		
– Accelerated amortisation of capitalised finance fees	**15.1**	–
Movement on financial derivatives	**(2.2)**	–
Foreign exchange translation gains and losses(2)	**5.9**	(45.1)
Recycle of net investment hedge	**-**	3.5
Adjusted earnings	**323.4**	352.3
Tax effect of above items	**(30.4)**	(7.0)
Tax credit arising on capitalised foreign exchange loss(3)	**-**	(19.4)
Adjusted profit after tax	**293.0**	325.9

	Year ended 31 December 2019 Total	Restated Year ended 31 December 2018 Total
Weighted average number of shares in issue	**1,371.6**	1,265.5
Basic Earnings Per Share denominator	**1,371.6**	1,265.5
Dilutive options	**3.6**	2.8
Diluted Earnings Per Share denominator	**1,375.2**	1,268.3
Shares in issue at year end	**1,372.0**	1,371.0

	Cents	Cents
Basic earnings per share	**13.1**	22.5
Diluted earnings per share	**13.1**	22.4
Adjusted basic Earnings Per Share(3)	**21.4**	25.8
Adjusted diluted Earnings Per Share(3)	**21.3**	25.7

(1) Amortisation of intangible assets includes amortisation of the fair value placed on brands, customer lists, distribution relationships, and advertising relationships as a result of the Cinema City and Regal business combination (which totalled $27.8m (2018: $25.0m)). It does not include amortisation of purchased distribution rights.

(2) Net foreign exchange gains and losses included within earnings comprises $5.9m foreign exchange loss recognised on translation of the Euro term loan at 31 December 2019 (2018: $45.1m gain).

(3) The 2018 Adjusted Basic Earnings Per Share and Adjusted Diluted Earnings Per Share have been restated as set out in Note 2.

9. Staff Numbers and Costs

The average number of persons employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Number of staff	
	2019	2018
Head office	**1,255**	1,239
Cinemas	**36,227**	36,402
	37,482	37,641

Included in the average number of persons employed by the Group are part-time employees. No distinction is made between full-time and part-time employees in the analysis above.

The aggregate payroll costs of these persons were as follows:

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Wages and salaries	**490.1**	447.1
Social security costs	**56.9**	54.5
Other pension costs – defined contribution	**3.1**	2.8
Share-based payments	**4.9**	3.2
	555.0	507.6

See pages 66 to 79 for details of Directors' remuneration.

10. Finance Income and Expense

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Interest income	**4.5**	2.3
Foreign exchange gain	**7.3**	47.0
Unwind of discount on sub-lease assets	**0.7**	–
Gain on movement in the fair value of financial derivatives	**10.4**	–
Unwind of discount on non-current receivables	**3.4**	4.6
Finance income	**26.3**	53.9
Interest expense on bank loans and overdrafts	**167.3**	146.7
Amortisation of financing costs	**27.2**	11.0
Unwind of discount on onerous lease provision	**–**	0.8
Lease liability interest	**304.2**	6.9
Unwind of discount on market rent provision	**–**	10.2
Unwind of discount of deferred revenue	**51.3**	44.2
Amounts reclassified from equity to profit or loss in respect of settled net investment hedge	**–**	3.5
Loss on movement in the fair value of financial derivatives	**8.1**	–
Foreign exchange loss	**9.9**	1.9
Finance expense	**568.0**	225.2
Net finance costs	**541.7**	171.3

Recognised within comprehensive income

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Movement on net investment hedge	**22.2**	(0.7)
Foreign exchange translation gain/(loss)	**12.6**	(126.1)

11. Taxation

Recognised in the Consolidated Statement of Profit or Loss

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Current tax expense		
Current year	**102.1**	77.3
Adjustments in respect of prior years	**2.5**	(4.6)
Total current tax expense	**104.6**	72.7
Deferred tax expense		
Current year	**(66.7)**	(11.1)
Adjustments in respect of prior years	**(6.8)**	5.8
Adjustments from change in tax rates	**0.9**	(2.7)
Total tax charge in the Statement of Profit or Loss	**32.0**	64.7

Reconciliation of effective tax rate

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Profit before tax	**212.3**	349.0
Tax using the UK corporation tax rate of 19.0% (2018: 19.0%)	**40.3**	66.4
Differences in overseas tax rates	**(10.6)**	5.3
Permanently disallowed depreciation	**2.0**	1.9
Foreign exchange on derivatives	**–**	(19.4)
Permanently disallowed exceptional costs	**2.4**	7.7
Other permanent differences	**1.3**	3.8
Adjustment in respect of prior years	**(4.3)**	1.2
Effect of change in statutory rate of deferred tax	**0.9**	(2.2)
Total tax charge in the Statement of Profit or Loss	**32.0**	64.7

In the prior year the rate impact from foreign exchange investments represented the one-off impact of a tax deductible foreign exchange loss capitalised on derivatives of $88.4m.

During the year there was a tax credit of $1.3m, recognised directly in the Statement of Comprehensive Income (2018: $0.3m). This related to share remuneration schemes.

Factors that may affect future tax charges

The Group expects that the tax rate in the future will be affected by the geographical split of profits and the different tax rates that will apply to those profits.

No deferred tax liability has been recognised on $227.8m of taxable temporary differences related to investments, as the Group can control the timing of the reversal and it is probable that no reversal will happen in the foreseeable future.

At 31 December 2019 the Group had unrecognised deferred tax assets relating to the following temporary differences:

- UK capital losses of $9.5m with no expiry date.
- US tax losses of $44.6m with expiry dates between 2020 and 2032.

On 25 April 2019 the European Commission released its decision which concluded that for years to 31 December 2018 the UK Controlled Foreign Company legislation represent recoverable State Aid in some circumstances. There remains uncertainty surrounding the quantum of any additional tax exposure which is subject to ongoing discussion with HM Revenue & Customs. Following a review of the potential application of the decision to Controlled Foreign Company claims to 31 December 2018 the Group has recognised a provision of $2.3m against potential exposures. The maximum potential exposure is $10.8m.

12. 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 1 January 2018	373.8	260.0	391.6	15.9	1,041.3
Additions due to acquisition	726.8	905.7	229.2	22.1	1,883.8
Additions	55.3	84.0	47.0	31.9	218.2
Disposals	(16.4)	(33.5)	(6.9)	(2.8)	(59.6)
Transfer of assets held for sale	(2.4)	–	–	–	(2.4)
Transfers	4.0	17.1	10.8	(31.9)	–
Effects of movement in foreign exchange	(22.8)	(19.2)	(27.2)	(0.2)	(69.4)
Balance at 31 December 2018	**1,118.3**	**1,214.1**	**644.5**	**35.0**	**3,011.9**
Adjustment for change in accounting policy (Note 2)	(115.9)	(11.0)	–	–	(126.9)
Additions	49.3	168.7	62.4	203.2	483.6
Disposals	(474.0)	(58.4)	(11.0)	(2.0)	(545.4)
Transfers	52.0	50.2	13.8	(116.0)	–
Effects of movement in foreign exchange	14.0	2.2	8.8	0.2	25.2
Balance at 31 December 2019	**643.7**	**1,365.8**	**718.5**	**120.4**	**2,848.4**
Accumulated depreciation and impairment					
Balance at 1 January 2018	75.3	129.5	135.2	–	340.0
Charge for the year	42.6	179.3	67.8	–	289.7
Disposals	(15.8)	(32.8)	(6.4)	–	(55.0)
Effects of movement in foreign exchange	(6.6)	(10.4)	(10.4)	–	(27.4)
Impairments	12.1	2.5	3.7	–	18.3
Balance at 31 December 2018	**107.6**	**268.1**	**189.9**	**–**	**565.6**
Adjustments for change in accounting policy (Note 2)	(22.1)	(9.4)	–	–	(31.5)
Charge for the year	20.1	201.1	77.8	–	299.0
Disposals	(13.7)	(33.3)	(13.7)	–	(60.7)
Effects of movement in foreign exchange	2.9	0.9	4.6	–	8.4
Impairments	24.3	3.4	0.4	–	28.1
Balance at 31 December 2019	**119.1**	**430.8**	**259.0**	**–**	**808.9**
Net book value					
At 31 December 2018	1,010.7	946.0	454.6	35.0	2,446.3
At 31 December 2019	**524.6**	**935.0**	**459.5**	**120.4**	**2,039.5**

Interest of $1.2m (2018: $2.1m) has been capitalised during the year which relates to the construction of new sites.

Assets previously held under finance leases with a net book value of $95.4m at 31 December 2018 have been reclassified as right-of-use asset on adoption of IFRS 16. Refer to Note 2 for details about the changes in accounting policy.

Impairment

For the year ended 31 December 2019 for the purpose of impairment the Group includes both property, plant and equipment and right-of-use-assets.

The Group determines whether these assets are impaired when indicators of impairment exist or based on the annual impairment assessment. The annual assessment requires an estimate of the value in use of the CGUs to which the property, plant and equipment and right-of-use-assets are allocated, which is predominantly at the individual cinema site level. Where individual sites' cash inflows are determined not to operate independently from one another, mainly due to strategic or managerial decisions being made across more than one site, they may be combined into a single CGU. Where the recoverable amount is less than the carrying amount, an impairment charge to reduce the assets down to recoverable amount is recognised.

Total impairments recognised, across property, plant and equipment and right-of-use-assets during 2019 were $40.5m within the US reporting segment (2018: $nil), $5.3m within the UK reporting segment (2018: $7.1m) and $1.1m within the ROW reporting segment (2018: $11.2m).

Impairments recognised during 2019 were in relation to 49 sites in the US, five sites in the UK (2018: six) and one site in the ROW (2018: two), whose recoverable amount (calculated by reference to its value in use) was less than carrying amount. These sites were impaired due to a combination of localised performance issues. The recoverable amount of these CGUs subsequent to impairment was $198.6m (2018: $33.6m).

12. Property, Plant and Equipment continued

Impairment continued

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each CGU and discount these to their net present value at a pre-tax discount rate which is appropriate for the territory where the assets are held. A table summarising the rates used, which are derived from externally benchmarked data, is set out below:

	Year ended 31 December 2019 %	Year ended 31 December 2018 %
United States	**9.0**	12.3
United Kingdom	**8.1**	10.2
Poland	**9.8**	12.4
Israel(1)	**9.4**	11.7
Hungary	**9.3**	10.8
Romania	**10.1**	11.7
Czech Republic	**8.9**	10.9
Bulgaria	**9.3**	10.2
Slovakia	**9.3**	11.6

(1) For sites which generate significant rental cash flows in addition to cinema cash flows a separate discount rate of 8.0% (2018: 8.0%) was applied to rental cash flows to reflect the specific risks related to them.

The adoption of IFRS 16 has changed the Group's financing and capital structure to include a significant proportion of lease financing. The discount rates applied in impairment testing in 2019 have reduced as a result of the applying the cost of lease debt within the market comparable weighted average cost of capital ('WACC'). This has had the effect of reducing the impact of the cost of equity on the overall WACC.

In order to determine whether indicators of impairment exist within each CGU, the value in use is calculated using expected future cash flows (CGU Adjusted EBITDA), which are based on actual results for the year ended 2019. These are extrapolated based on key performance assumptions over the remaining lease term of the CGU.

Where indicators of impairment are identified a CGU is considered at-risk of impairment. For at-risk CGUs, a more detailed cash flow forecast is used, based on management's anticipated performance of the CGU over its remaining lease term. Cash flows beyond the first period are extrapolated using assumptions specific to the individual CGU over the projected life of the lease, including any expected lease renewals or extensions.

An impairment trigger is only identified for newly established sites in their first two years of operation if it is performing significantly below its investment case assumptions and despite any remedial actions management no longer consider such plans to be achievable.

Impairment reversals

A review of future cash flows for previously impaired cinema sites did not identify improvements in trading performance and therefore no impairments previously recognised were reversed in the current or prior years.

Sensitivity to changes in assumptions

Impairment reviews are sensitive to changes in key assumptions. Sensitivity analysis has been performed on the at-risk CGUs calculated recoverable amounts giving consideration to incremental changes in the key assumptions of admissions levels, average ticket price, concession spend per person and discount rates. At one specific freehold site the levels of rental income earned is also a key assumption. The total net book value of the at-risk CGUs was $255.6m (2018: $36.6m).

The sensitivities applied reflect realistic scenarios which management believe would have the most significant impact on the cash flows described above.

Discount rates are largely derived from market data, and these rates are intended to be long term in nature so therefore should be reasonably stable in the short term. However, the models are sensitive to changes in these rates. An increase by a factor of 1% has been applied in the sensitised scenarios.

For detailed cash flow forecasts for at-risk sites, management have applied specific growth rates in admissions, average ticket price, concession spend per person over the life of the lease.

The growth rate of admissions, average ticket price and concession spend per person specific to each sites forecast has been reduced by 1% per annum over the forecast period. Given the inflationary growth rates applied to admissions trends and ticket price inflation, sensitivities applied are believed to reflect a potential downside scenario.

12. Property, Plant and Equipment continued

Sensitivity to changes in assumptions continued

The impact on the total impairment charge of applying different assumptions to the growth rates used in the first five years and the discount rates would be as follows:

	Additional impairment $m
Growth in admissions reduced by 1%	27.3
Growth in average ticket price reduced by 1%	7.9
Growth in concession spend per person reduced by 1%	6.8
1 percentage point increase to the discount rates	6.5

Assets held for sale

The values in the table below represent the net book value of the property, plant and equipment held for sale. As the fair value less costs to sell is expected to be in excess of the net book value no impairment is considered necessary.

	31 December 2019 $m	31 December 2018 $m
Property, plant and equipment	**0.9**	2.5

Assets held for sale of $2.5m at 31 December 2018 related to old head office facilities in the US. The majority of these office facilities were sold in 2019, with the balance of $0.9m at 31 December 2019 representing two remaining buildings.

13. Intangible Assets

	Goodwill $m	Brand $m	Distribution Rights $m	Other Intangibles $m	Total $m
Cost					
Balance at 1 January 2018	922.3	58.5	49.4	21.6	1,051.8
Additions due to acquisition	4,625.8	365.0	–	143.6	5,134.4
Additions	–	–	2.5	2.0	4.5
Disposals	–	–	–	(0.2)	(0.2)
Effects of movement in foreign exchange	(55.0)	(3.5)	(3.6)	(1.5)	(63.6)
Balance at 31 December 2018	**5,493.1**	**420.0**	**48.3**	**165.5**	**6,126.9**
Additions	–	–	3.9	1.4	5.3
Disposals	–	–	–	–	–
Effects of movement in foreign exchange	10.1	1.2	0.9	–	12.2
Balance at 31 December 2019	**5,503.2**	**421.2**	**53.1**	**166.9**	**6,144.4**
Accumulated amortisation and impairment					
Balance at 1 January 2018	11.3	18.5	35.6	11.6	77.0
Amortisation	–	3.9	6.6	20.3	30.8
Disposals	–	–	–	(0.2)	(0.2)
Effects of movement in foreign exchange	(0.6)	(1.1)	(2.8)	(0.9)	(5.4)
Balance at 31 December 2018	**10.7**	**21.3**	**39.4**	**30.8**	**102.2**
Amortisation	–	3.7	5.7	23.2	32.6
Disposals	–	–	–	–	–
Effects of movement in foreign exchange	0.4	0.8	0.6	0.1	1.9
Balance at 31 December 2019	**11.1**	**25.8**	**45.7**	**54.1**	**136.7**
Net book value					
At 31 December 2018	5,482.4	398.7	8.9	134.7	6,024.7
At 31 December 2019	**5,492.1**	**395.4**	**7.4**	**112.8**	**6,007.7**

Included within the brand intangible asset is $365.0m in relation to Regal, $24.7m in relation to Cinema City B.V and $5.7m in relation to Picturehouse. The Regal brand has been determined as having a indefinite useful life. The remaining amortisation period of the Cinema City B.V and Picturehouse brands is 5 years and 7 years respectively.

Included within other intangible assets is customer relationships and distribution rights. The remaining amortisation period of these intangible are between 3 and 9 years.

13. Intangible Assets continued

Impairment testing

Each individual cinema, or collection of cinemas which are strategically or operationally co-dependent, is considered to be one 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 goodwill is monitored by management.

The Group has the following CGUs for the purpose of testing goodwill for impairment:

Goodwill for the US operating segment was acquired as a part of the acquisition of Regal in 2018 and is assessed as one CGU.

The ex-Cine-UK, ex-UGC (including Dublin) businesses are now fully integrated, meaning that goodwill is now monitored on a Cineworld level. The Picturehouse business is monitored as a separate UK CGU. Cinema City CGUs are considered as separate groups in each territory and have been tested for goodwill impairment on this basis, the territories being Poland, Israel, Hungary, Romania, Bulgaria, Czech and Slovakia.

The value of goodwill allocated to each CGU is as follows:

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
United States	**4,302.8**	4,302.8
United Kingdom	**725.4**	712.2
Poland	**130.7**	131.9
Israel	**88.0**	81.0
Hungary	**59.0**	61.9
Romania	**124.1**	129.7
Czech Republic	**37.2**	37.4
Bulgaria	**20.1**	20.5
Slovakia	**4.8**	5.0
Total	**5,492.1**	5,482.4

In testing goodwill for impairment, the value of each CGU's other intangible assets, investments and other long term assets, right-of-use assets and property, plant and equipment is included within the carrying value of the CGU.

The recoverable amounts of US, UK and Cinema City CGU Groups have been determined based on a value-in-use calculation. That calculation uses cash flow projections based on financial forecasts approved by management covering a five year period. The five year forecast annual Adjusted EBITDA, as defined in Note 3, was used as the basis of the future cash flow calculation. Cash flows beyond the first five year period have been extrapolated using the below assumptions, with cash flows adjusted for rent at a CGU level applied beyond the period covered by each current lease. This growth rate does not exceed the long-term average growth rate for the market in which the CGU Groups operate.

The US CGU has discounted forecast cash flows using a pre-tax discount rate of 9.0% (2018: 12.43%). The UK CGU has discounted forecast cash flows using a pre-tax discount rate of 8.1% (2018: 10.02%). The ROW CGU Groups have discounted forecast cash flows using a pre-tax discount rates relevant to the operating territory of each CGU Group (see Note 12). This is considered to reflect the risks associated with the relevant cash flows for each CGU Group.

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

	US		UK & Ireland		ROW	
	Year ended 31 December 2019 %	Year ended 31 December 2018 %	**Year ended 31 December 2019 %**	Year ended 31 December 2018 %	**Year ended 31 December 2019 %**	Year ended 31 December 2018 %
Discount rate(1)	**9.0**	12.4	**8.1**	10.0	**N/A(1)**	N/A(1)
Adjusted EBITDA growth rate	**1.0**	2.0	**1.0**	2.0	**1.0**	2.00

(1) Individual discount rates for each operating territory have been used; a summary is disclosed in Note 12.

13. Intangible Assets continued

Impairment testing continued

Management have sensitised the key assumptions in the goodwill impairment tests and under both the base case and sensitised cases no impairment exists. The key assumptions used and sensitised were the drivers of forecast cash flows (as set out in Note 1) and the relevant discount rate, which were selected as they are the key variable elements of the value in use.

Although no CGU is considered sensitive for goodwill impairment purposes, the Group acknowledges the potential risk around forecast cash flows in the event of a significant interruption to business as a result of COVID-19. No specific sensitivity in respect of this scenario has been applied to goodwill impairment testing to date.

Indefinite life intangible assets

The Regal brand is instrumental in driving revenues and therefore we valued this at $365.0m. We have determined that this brand has an indefinite useful life. The factors that played a significant role in determining that this asset has an indefinite useful life are the historical term over which it has been used and managements intention to continue to invest in its value.

Amortisation charge

The amortisation of intangible assets is recognised in the following line items in the Consolidated Statement of Profit or Loss:

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Administrative expenses	**32.6**	30.8

14. Equity-accounted investees

The Group has the following investment in jointly controlled entities:

	Country of incorporation	Class of shares held	Ownership	Carrying value
National Cinemedia, LLC	United States	Ordinary	26.1%	289.9
AC JV, LLC	United States	Ordinary	32.0%	5.7
Digital Cinema Distribution Coalition	United States	Ordinary	14.6%	3.0
Digital Cinema Media Limited	England and Wales	Ordinary	50.0%	0.9
BLACK Schrauber Limited	Israel	Ordinary	50.0%	0.5

National Cinemedia, LLC

In March 2005, Regal and AMC announced the combination of the operations of RCM Regal and AMC's subsidiary, National Cinema Network, into a joint venture company known as National CineMedia ('NCM'). In July 2005, Cinemark joined the NCM joint venture. NCM operates the largest digital in-theatre advertising network in North America.

Regal entered into an Exhibitor Services Agreement ('ESA') with NCM, pursuant to which NCM primarily provides advertising to our cinemas. National Cinemedia, Inc. ('NCMI') is an entity that serves as the sole manager of NCM, and has no business operations or material assets other than its cash and ownership interest in NCM. NCMI completed an IPO of its common stock and as a result Regal amended its operating agreement and the ESA. At the time of the NCM IPO and as a result of amending the ESA, Regal received approximately $281.0m in cash consideration from NCM. The proceeds were recorded as deferred revenue and were being amortized over the term of the ESA, until February 2037. During 2019, the Group amended the ESA under which the Group will provide incremental advertising time to NCM and has extended the term of the ESA through February 2041.

Also in connection with the IPO, the joint venture partners entered into a Common Unit Adjustment Agreement with NCM. Pursuant to the Common Unit Adjustment Agreement, from time to time, shares of NCM held by the joint venture partners will be adjusted up or down through a formula primarily based on increases or decreases in the number of theatre screens operated and theatre attendance generated by each joint venture partner. The common unit adjustment is computed annually, except that an earlier common unit adjustment will occur for a joint venture partner if its acquisition or disposition of theatres, in a single transaction or cumulatively since the most recent common unit adjustment, will cause a change of 2% or more in the total annual attendance of all of the joint venture partners.

On 14 March 2019 as a result of the annual adjustment provisions of the Common Unit Adjustment Agreement, the Group received 628,491 newly issued common units in NCM, each of which is convertible into one share of NCMI. The Group records additional common units received at estimated fair value using the available closing stock prices of NCMI as of the date on which the units were issued. During 2019, the Group recorded an increase to its investment in NCM (along with a corresponding increase to deferred revenue) of approximately $4.6m related to the common unit adjustment. The deferred revenue will be recognised as advertising revenue on a straight-line basis over the remaining term of the ESA.

The Group receive a monthly theatre access fee for participation in the NCM network and also earn screen advertising revenue on a per patron basis. The theatre access fee revenues are based on a combination of both fixed and variable factors which include the total number of theatre screens, attendance and actual revenues generated by NCM. The ESA does not require

14. Equity-accounted investees continued

National Cinemedia, LLC continued

the Group to maintain a minimum number of screens and does not provide a fixed amount of access fee revenue to be earned by the Group in any period. In addition, we receive mandatory quarterly distributions of any excess cash from NCM.

The NCMI IPO and related transactions have the effect of reducing the amounts NCMI would otherwise pay in the future to various tax authorities. On the IPO date, NCMI, the Company, AMC and Cinemark entered into a tax receivable agreement. Under the terms of this agreement, NCMI will make cash payments to us, AMC and Cinemark in amounts equal to 90% of NCMI's actual tax benefit realised from the tax amortisation of certain intangible assets.

	As of and for the year ended 31 December 2019			For the year ended 31 December 2019		
	Investment in NCM $m	Tax receivable agreement $m	Deferred revenue $m	Share of profit $m	Other revenue $m	Cash distributions $m
Balance as of 31 December 2018	298.5	53.5	(675.9)	–	–	–
Receipt of additional common units(1)	4.6	–	(4.6)	–	–	–
Dividends received(2)	(39.1)	–	–	–	–	39.1
Receipt under tax receivable agreement(2)	–	(6.7)	–	–	–	6.7
Discount unwind on tax receivable agreement(2)	–	3.4	–	–	–	–
Revenues earned under ESA(3)	–	–	–	–	19.7	–
Amortization of deferred revenue(4)	–	–	78.1	–	78.1	–
Discount unwind on deferred revenue(4)	–	–	(51.4)	–	–	–
Share of profit(5)	25.9	–	–	25.9	–	–
Balance as of 31 December 2019	**289.9**	**50.2**	**(653.8)**	**25.9**	**97.8**	**45.8**

(1) During the year the Group received from NCM approximately 0.6 million newly issued common units in NCM in accordance with the annual adjustment provisions of the Common Unit Adjustment Agreement.

(2) During the year the Group received cash distributions of $45.8m from NCM, including payments of $6.7m received under the tax receivable agreement.

(3) Amounts include the per patron and per digital screen theatre access fees, net of amounts due to NCM for on-screen advertising time provided to the Group's concession supplier

(4) Amounts represent the amortisation of the ESA to advertising revenue. The revenue is recognised on a straight-line basis over the remaining term of the ESA.

(5) Amounts represent the Group's share in the net profit/(losses) of NCM.

Under the terms of the shareholder agreement between the Group and other NCM shareholders, key business decisions in respect of NCM require the unanimous approval of the shareholders. As a consequence, the Directors of the Group do not have total management control of NCM, therefore the Group's investment is accounted for as a joint venture.

Summary aggregated financial information of NCM:

	31 December 2019 $m	31 December 2018 $m
Current assets	**185.4**	172.7
Non-current assets	**706.6**	726.8
Current liabilities	**(125.4)**	(115.2)
Non-current liabilities	**(947.9)**	(924.9)
Net liabilities	**(181.3)**	(140.6)
Income	**444.8**	444.1
Expenses	**(346.1)**	(345.7)
Net profit	**98.7**	98.4

14. Equity-accounted investees continued

National Cinemedia, LLC continued

Reconciliation to carrying amounts

	31 December 2019 $m	31 December 2018 $m
Opening net liabilities 1 January	**(140.6)**	(116.0)
Profit for the period	**98.7**	98.4
Dividends paid	**(148.9)**	(141.4)
Common unit adjustment	**7.6**	15.9
Other comprehensive income	**1.9**	2.5
Closing net liabilities	**(181.3)**	(140.6)
Groups share of closing liabilities	**26.1%**	26.1%
Value of share of liabilities prior to adjustments	**–**	–
Fair value adjustment on acquisition	**200.0**	200.0
Purchase of additional shares at fair value	**78.4**	78.4
Receipt of additional common units since acquisition	**20.4**	15.9
Group share of earnings since acquisition	**(9.0)**	4.2
Carrying amount	**289.9**	298.5

The opening fair value adjustment at 31 December 2018 related to fair value uplift to the NCM investment as part of the Regal purchase price acquisition accounting.

On July 5, 2018 the Group acquired 10,738,740 common units of NCM from AMC for $78.4m in cash. As a result of the acquisition of these shares, the Group's ownership of NCM increased from approximately 19.4% to 26.1%.

The current year fair value adjustments at 31 December 2018 and 31 December 2019 represents additional units issued to the Group as part of the Common Unit Adjustment Agreement. These are recognised at prevailing share price on date of issuance.

AC JV LLC

The Group maintains an investment in AC JV LLC 'AC JV', a Delaware limited liability company owned 32.0%, by each of the Group, AMC and Cinemark and 4.0% by NCM. AC JV acquired the Fathom Events business from NCM on 26 December 2013. AC JV owns and manages the Fathom Events business, which markets and distributes live and pre-recorded entertainment programming to various theatre operators (including Regal, AMC and Cinemark) to provide additional programme to augment their feature film schedule and includes events such as live and pre-recorded concerts, opera and symphony, marketing events, theatrical premiers, Broadway plays, live sporting events and other special events.

In consideration for the sale, NCM received a total of $25.0 million in promissory notes from the Group, Cinemark and AMC (one-third or approximately $8.3 million from each). The notes bear interest at 5.0% per annum. Interest and principal payments are due annually in six equal instalments commencing on the first anniversary of the closing. NCM recorded a gain of approximately $25.4 million in connection with the sale. The Group's proportionate share of such gain (approximately $1.9 million) was excluded from equity earnings in NCM and recorded as a reduction in the Group's investment in AC JV. The $3.0m loan note payable outstanding at 31 December 2018 was repaid in full during 2019. Since the Group does not have a controlling financial interest in AC JV, its investment in AC JV is accounted for as a joint venture.

14. Equity-accounted investees continued

AC JV LLC continued

Summary aggregated financial information of AC JV LLC:

	31 December 2019 $m	31 December 2018 $m
Current assets	**14.0**	16.4
Non-current assets	**16.1**	17.8
Current liabilities	**(8.1)**	(9.7)
Net assets	**22.0**	24.5
Income	**80.1**	85.6
Expenses	**(71.8)**	(78.7)
Net profit	**8.3**	6.9

Reconciliation to carrying amounts

	31 December 2019 $m	31 December 2018 $m
Opening net liabilities 1 January	**24.5**	33.6
Profit for period	**8.3**	6.9
Dividends paid	**(10.8)**	(16.0)
Closing net assets	**22.0**	24.5
Groups share in %	**32.0%**	32.0%
Group share	**7.0**	7.7
Fair value adjustment	**(1.3)**	(1.3)
Carrying amount	**5.7**	6.4

Digital Cinema Distribution Coalition

The Group is a party to a joint venture with certain exhibitors and distributors called Digital Cinema Distribution Coalition 'DCDC'. DCDC has established a satellite distribution network that distributes digital content to theatres via satellite.

Under the terms of the shareholder agreement between the Group and other DCDC shareholders, key business decisions in respect of DCDC require the unanimous approval of the shareholders. As a consequence, the Directors of the Group do not have total management control of DCDC, therefore the Group's investment is accounted for as a joint venture.

Summary aggregated financial information of DCDC:

	31 December 2019 $m	31 December 2018 $m
Current assets	**14.9**	6.0
Non-current assets	**10.0**	12.2
Current liabilities	**(2.8)**	(3.3)
Net assets	**22.1**	14.9
Income	**28.6**	29.2
Expenses	**(19.7)**	(20.8)
Net profit	**8.9**	8.4

Reconciliation to carrying amounts

	31 December 2019 $m	31 December 2018 $m
Opening net liabilities 1 January	**14.9**	24.5
Profit for period	**9.0**	8.4
Dividends paid	**(1.8)**	(18.0)
Closing net assets	**22.1**	14.9
Groups share in %	**14.6%**	14.6%
Group share	**3.0**	2.0
Carrying amount	**3.0**	2.0

14. Equity-accounted investees continued

Digital Cinema Media Limited

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.

As at 31 December 2019 and 31 December 2018 the assets, liabilities and net profit of DCM were not material to the Group.

Black Shrauber Limited

On 24 June 2015 the Group jointly formed a partnership for running a restaurant in the new complex in Jerusalem.

Under the terms of the partnership agreement, key business decisions in respect of Black Schrauber Limited require the unanimous approval of the partners. As a consequence, the Directors of the Group do not have total management control of Black Schrauber Limited, therefore the Group's investment is accounted for as a joint venture.

As at 31 December 2019 and 31 December 2018 the assets, liabilities and net profit of Black Schrauber Limited were not material to the Group.

15. Jointly Controlled Operation

Digital Cinema Implementation Partners 'DCIP' is a joint arrangement with other US exhibitors set up to collect and administrate Virtual Print Fee 'VPF' income received from studios to compensate exhibitors for their investment in digital projection equipment. Through long term leasing arrangements with DCIP, the exhibitors retain control over the projection equipment it has acquired. In addition, it was determined that under the terms of the leasing arrangements and the associated minimum rental charges expected to be made, it has a joint obligation for the debt taken out by DCIP to finance the acquisition of the projection equipment. It was concluded that, with joint control over these, the material assets and liabilities of DCIP, it should classified as a Joint Operation.

The Group holds a 46.7% interest in a joint arrangement DCIP and recognises its direct right to the assets, liabilities, revenues and expenses of DCIP under the appropriate headings. The impact on the Group's Financial Statements is as follows:

	31 December 2019 $m	31 December 2018 $m
Consolidated Statement of Profit or Loss		
Gross Profit	**80.1**	69.5
Operating profit	**47.1**	47.2
Profit before tax	**1.9**	5.8
Net profit	**1.6**	5.6
Consolidated Statement of Financial Position		
Property, plant and equipment	**171.1**	194.0
Total assets	**311.8**	353.8
Total liabilities	**26.8**	83.0

16. Financial assets at FVOCI

Financial assets at FVOCI comprise equity securities which are not held for trading. The Group has irrevocably elected at initial recognition to recognise the investments in this category. These are strategic investments and the Group considers this classification to be more relevant, than financial assets at fair value through profit or loss.

Equity investments at FVOCI comprise the following individual investments:

	31 December 2019 $m	31 December 2018 $m
Non-current assets		
Listed securities		
iPic Entertainment, Inc.	–	2.5
Unlisted securities		
Spyglass Media Group, LLC	**10.0**	–
Atom Tickets, LLC	–	5.0
Total	**10.0**	**7.5**

During the year, the Group deemed the fair value of the iPic Entertainment, Inc. and Atom Tickets, LLC investments to be $nil. The $7.5m revaluation of these investments was recognised within other comprehensive income.

During the year, the Group made an investment in Spyglass Media Group, LLC for $10.0m.

Amounts recognised in the Statement of Comprehensive Income during the financial year in relation to equity investments were as follows:

	31 December 2019 $m	31 December 2018 $m
Losses recognised in comprehensive income as a result of the revaluation of equity investments	**(7.5)**	(6.9)

Refer to Note 27 as to how the fair value of these equity instruments has been determined.

17. Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 December 2019 $m	31 December 2018 $m	**31 December 2019 $m**	31 December 2018 $m	**31 December 2019 $m**	31 December 2018 $m
Property, plant and equipment	**147.3**	2.8	**–**	(101.6)	**147.3**	(98.8)
Deferred rent	**7.7**	–	**–**	(29.5)	**7.7**	(29.5)
Deferred revenue	**188.3**	277.9	**–**	–	**188.3**	277.9
Intangible assets	**–**	–	**(114.0)**	(125.4)	**(114.0)**	(125.4)
Investments	**–**	–	**(112.2)**	(82.0)	**(112.2)**	(82.0)
Employee benefits	**1.5**	2.0	**–**	–	**1.5**	2.0
Market rent	**–**	85.5	**–**	–	**–**	85.5
Tax losses	**36.0**	11.6	**–**	–	**36.0**	11.6
Other	**–**	–	**(15.8)**	(19.4)	**(15.8)**	(19.4)
Tax assets/(liabilities)	**380.8**	379.8	**(242.7)**	(357.9)	**138.8**	21.9
Set off tax	**(242.0)**	(348.2)	**242.7**	348.2	**–**	–
Net tax assets/(liabilities)	**138.8**	31.6	**–**	(9.7)	**138.8**	21.9

See Note 11 for details of unrecognised tax assets.

Deferred taxation provided for in the Consolidated Financial Statements at the year end represents provision at the local tax rates on the above items.

A review of the deferred tax is 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 2019 $m	Impact of IFRS 16 $m	Recognised in income $m	Recognised in equity $m	Foreign exchange $m	**31 December 2019 $m**
Property, plant and equipment	**(98.8)**	123.5	122.8	–	(0.2)	**147.3**
Deferred rent	**(29.5)**	–	37.2	–	–	**7.7**
Deferred revenue	**277.9**	–	(89.6)	–	–	**188.3**
Intangible assets	**(125.4)**	8.4	3.1	–	(0.1)	**(114.0)**
Investment	**(82.0)**	–	(30.2)	–	–	**(112.2)**
Employee benefits	**2.0**	–	0.2	(0.7)	–	**1.5**
Market rent	**85.5**	(85.5)	–	–	–	**–**
Tax losses	**11.6**	–	23.7	–	0.7	**36.0**
Other	**(19.4)**	(3.8)	5.4	2.0	–	**(15.8)**
Tax (liabilities)/assets	**21.9**	42.6	72.6	1.3	0.4	**138.8**

18. Inventories

	31 December 2019 $m	31 December 2018 $m
Goods for resale	**30.5**	25.7
Equipment and spare parts	**2.7**	9.4
Total inventories	**33.2**	35.1

Inventory recognised in cost of sales in the year amounted to $203.6m (2018: $200.3m).

19. Trade and Other Receivables

Current	31 December 2019 $m	Represented 31 December 2018 $m
Trade receivables	**184.5**	183.7
Loss allowance	**(1.1)**	(1.0)
Other receivables	**44.1**	54.3
Prepayments	**31.5**	81.5
Accrued income	**3.9**	6.0
Net investment in sub-lease	**0.5**	–
Trade and other receivables	**263.4**	324.5

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Other receivables represents any other amount due to the Group at balance sheet date which has not been classified as a trade receivable. A reclassification of $22.9m from Trade to Other Receivables has been made within the 2018 comparatives to ensure consistency of presentation.

Due to the short-term nature of the current receivables, their carrying amount is not considered to be materially different to their fair value.

Net investment in sub-lease represents the future cash-flows expected to be received from the sub-leasing of specific sites, discounted at the rate used for the head lease, adjusted for any initial direct costs associated with the sub-lease.

Non-current	31 December 2019 $m	31 December 2018 $m
Other long-term receivables	**54.5**	64.1
Land lease premiums	**–**	141.9
Loan to jointly controlled entity	**0.7**	0.7
Net investment in sub-lease	**9.4**	–
Other receivables	**64.6**	206.7

Land lease premiums at 31 December 2018 represented the fair value asset of leases acquired as part of the Cinema City Holdings B.V and Regal business combinations. These were previously amortised over the remaining life of the lease.
On adoption of IFRS 16 'Leases' the land lease premium balance at 1 January 2019 was included within the right-of-use-asset. Refer to Note 2 for further information on changes in accounting policy.

Other long-term receivables relate to the NCM tax receivable as detailed in Note 14.

Further information relating to loans to jointly controlled entities is set out in Note 30.

20. Loans and Borrowings

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

	31 December 2019 $m	31 December 2018 $m
Non-current liabilities		
Secured bank loans, less issue costs of debt to be amortised	**3,485.4**	3,885.3
Total non-current liabilities	**3,485.4**	3,885.3
Current liabilities		
Secured bank loans, less issue costs of debt to be amortised	**131.4**	60.9
Loan note	**–**	3.0
Overdraft	**2.5**	–
Total current liabilities	**133.9**	63.9

The terms and conditions of outstanding loans were as follows:

				31 December 2019		31 December 2018	
	Currency	Nominal interest rate	Year of maturity	Face value $m	Carrying amount $m	Face value $m	Carrying amount $m
Initial US Dollar Term Loan	USD	Eurocurrency Base Rate[1] plus applicable margin[2]	2025	**2,716.8**	**2,672.1**	3,300.1	3,233.8
Initial Euro Term Loan	EUR	Eurocurrency Base Rate[1] plus applicable margin[2]	2025	**215.4**	**212.2**	690.5	678.7
Incremental US Dollar Term Loan	USD	Eurocurrency Base Rate[1] plus applicable margin[2]	2026	**648.4**	**642.3**	–	–
Revolving credit facility	USD	Eurocurrency Base Rate[1] plus applicable margin[2]	2023	**95.0**	**90.2**	–	–
Secured bank loan – DCIP	USD	4.17%	2019	**–**	**–**	33.6	33.6
Loan note	USD	5.0%	2019	**–**	**–**	3.0	3.0
Total interest-bearing liabilities				**3,675.6**	**3,616.8**	4,027.2	3,949.1

(1) The rate of interest in the case of any Eurocurrency Rate Loan denominated in Dollars is the rate per annum equal to the London interbank offered rate administered by ICE Benchmark Administration Limited, subject to a zero floor. The rate of interest in the case of any Eurocurrency Rate Loan denominated in Euro is the rate per annum equal to the euro interbank offered rate administered by the European Money Markets Institute, subject to a zero floor.

(2) The margin applicable to each tranche of Term Loans and to drawings under the Revolving Credit Facility is calculated according to the first lien net leverage ratio of Crown UK Holdco Limited and its subsidiaries. The applicable margin on Eurocurrency Rate Loans is as follows:

Initial US Dollar Term Loan – 2.50% per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00 and otherwise 2.25%. per annum;

Initial Euro Term Loan – 2.625% per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00 and otherwise 2.375%. per annum;

Incremental US Dollar Term Loan – 2.75%. per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00, 2.25% per annum where the first lien net leverage ratio is less than or equal to 3.00:1.00 and otherwise 2.50% per annum; and

Revolving Credit Facility drawings – 3.00% per annum where the first lien net leverage ratio is greater than or equal to 3.50:1.00, 2.50%. per annum where the first lien net leverage ratio is less than 3.00:1.00 and otherwise 2.75 per cent. per annum.

At 31 December 2018 the Group had a USD term loan of $3.3bn and a Euro term loan of €607.0m and a $300.0m revolving credit facility ('RCF'), of which $3.9bn was outstanding on the terms loans and the RCF had not been drawn upon. In April 2019, the RCF was extended by $162.5m to $462.5m. In September 2019 a minor financing restructure was undertaken. An incremental USD term loan was taken out for $650.0m, to partly repay the Euro term loan and settle the outstanding balance on the RCF.

The structure used to partly settle the Euro term loan included three Euro to USD cross currency interest rate swaps which the Group entered into. Under the arrangements of these swaps the Group received €408.7m. These proceeds were used to settle €408.0m of the Group's outstanding Euro term loan and the Group now pays a Euro coupon on the notional outstanding balance of the Euro legs of the swaps and receives a coupon on the notional outstanding balance of the USD legs of the swaps. The USD coupon is then used to pay the coupon on the USD$650.0m new term loan. On maturity of the swaps and the incremental USD term loan, the Group will receive $450.0m on the US dollar legs of the swaps and pay €408.7m on the Euro leg.

During the year the Group also repaid the loan note payable to NCM, linked to the AC JV LLC joint venture and the outstanding balance on the DCIP secured bank loan.

20. Loans and Borrowings continued

Compliance with loan covenants

If the drawn down amount on the revolving credit facility is greater than 35% of the total facility then the Group is subject to specific covenants. The revolving credit facility was 20.5% utilised as at 31 December 2019 and therefore there were no covenants applicable.

The Group is required to prepare interim and annual financial statements to calculate the first lien net leverage ratio and total net leverage ratio for the principal borrower ('Crown UK HoldCo Limited'). The margin, determined by the first lien net leverage ratio at a given date determines the interest charged on the initial USD and Euro term loans and revolving credit facility.

Analysis of net debt

	Bank loans $m	Loan note $m	Lease liabilities $m	Derivatives $m	Bank overdraft $m	Total financing activity liabilities $m	Cash at bank and in hand $m	Net debt $m
At 31 December 2017	(444.6)	–	(21.6)	–	(0.6)	(466.8)	91.0	(375.8)
Additions through acquisition	(2,433.7)	(3.0)	(86.7)	0.2	–	(2,523.2)	333.2	(2,190.0)
Cash flows	(1,034.0)	–	13.4	–	0.6	(1,020.0)	(102.1)	(1,122.1)
Non-cash movement	(69.7)	–	(5.7)	–	–	(75.4)	–	(75.4)
Effect of movement in foreign exchange rates	35.8	–	0.1	–	–	35.9	(5.8)	30.1
At 31 December 2018 (restated)(1)	(3,946.2)	(3.0)	(100.5)	0.2	–	(4,049.5)	316.3	(3,733.2)
Change in accounting policy (Note 2)	–	–	(3,396.3)	–	–	(3,396.3)	–	(3,396.3)
1 January 2019	(3,946.2)	(3.0)	(3,496.8)	0.2	–	(7,445.8)	316.3	(7,129.5)
Cash flows	330.7	3.0	613.3	–	(2.5)	944.5	(167.1)	777.4
Non-cash movement	(27.2)	–	(1,285.3)	(4.0)	–	(1,316.5)	–	(1,316.5)
Effect of movement in foreign exchange rates	25.9	–	(28.7)	–	–	(2.8)	(8.6)	(11.4)
At 31 December 2019	**(3,616.8)**	**–**	**(4,197.5)**	**(3.8)**	**(2.5)**	**(7,820.6)**	**140.6**	**(7,680.0)**

(1) The 2018 net debt note has been restated as a result of the changes identified in the Statement of Cash Flows, refer to Note 1 for further details. Previously the Regal borrowings acquired on acquisition and subsequently repaid were shown net.

The non-cash movements of $27.2m within bank loans represents the amortisation of debt issuance costs. The non-cash movement of $1,285.3m relates to the following: the unwind of lease liabilities of $304.2m, the impact of entering into new leases and modifications of existing leases of $982.4m, disposal of leases during the year $1.3m.

21. Leases

The Consolidated Statement of Financial Position shows the following amounts relating to leases:

	Land and buildings $m	Plant and machinery $m	Other $m	Total $m
Right-of-use assets[1]				
1 January 2019				
Reclassification of previously held finance leases	93.9	1.5	–	**95.4**
Adjustment due to adoption of IFRS 16	2,843.5	–	2.2	**2,845.7**
Additions	897.1	–	0.1	**897.2**
Disposals	(0.8)	–	–	**(0.8)**
Effects of movement in foreign exchange	20.7	–	–	**20.7**
Impairment	(18.8)			**(18.8)**
Depreciation	(396.5)	(0.5)	(1.2)	**(398.2)**
31 December 2019	3,439.1	1.0	1.1	**3,441.2**
Lease liabilities				
1 January 2019	100.0	0.5	–	**100.5**
Adjustment due to adoption of IFRS 16	3,394.1	–	2.2	**3,396.3**
Additions	982.3	–	0.1	**982.4**
Interest expense related to lease liabilities	304.0	0.1	0.1	**304.2**
Disposals	(1.3)	–	–	**(1.3)**
Effects of movement in foreign exchange	28.7	–	–	**28.7**
Repayment of lease liabilities (including interest)	(611.9)	(0.2)	(1.2)	**(613.3)**
31 December 2019	4,195.9	0.4	1.2	**4,197.5**
Current	**321.2**	**0.2**	**0.2**	**321.6**
Non-current	**3,874.7**	**0.2**	**1.0**	**3,875.9**

(1) In the previous year, the Group only recognised lease assets and lease liabilities in relation to leases that were classified as finance leases under IAS 17 "Leases". The assets were presented in property, plant and equipment and the liabilities as part of the Group's borrowings. For adjustments recognised on adoption of IFRS 16 on 1 January 2019, refer to Note 2.

The Consolidated Statement of Profit or Loss shows the following amounts relating to leases:

	31 December 2019 $m
Depreciation charge of right-of-use assets	**398.2**
– Land and buildings	**396.5**
– Other	**1.7**
Sublease income	**(5.7)**
Impairment of right-of-use assets	**18.8**
Expenses relating to short-term leases (included in cost of goods sold and administrative expenses)	**13.2**
Expenses relating to variable lease payments not included in lease liabilities (included in cost of sales)	**19.9**
Charge to operating profit	**444.4**
Interest expense (included in finance costs)	**304.2**
Charge to profit before taxation for leases	**748.6**

The total cash outflow for leases in 2019 was $613.3m.

Commitments for short-term leases at 31 December 2019 was $1.2m.

For sites which are subject to variable lease payments, a 10% increase in sales across all sites in the Group with such variable lease contracts would increase total lease payments by approximately $1.9m.

As outlined in Note 2 extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). Should the next available option for all leases be taken the impact on the lease liability and right of use asset would be an increase of $524.2m, increasing future cash flows by $1,014.4m.

No leases contain a residual value guarantee clause.

Some cinema sites are sub-leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

21. Leases continued

Sub-lease income of $5.7m was recognised during the current financial year. Minimum lease payments receivable on sub-leases are as follows:

	31 December 2019 $m
Within 1 year	**5.0**
Between 1 and 2 years	**4.7**
Between 2 and 3 years	**3.9**
Between 3 and 4 years	**2.7**
Between 4 and 5 years	**2.4**
Later than 5 years	**10.5**

Sale and leaseback

On 15 May 2019 the Group announced the signing and completion of a sale and leaseback transaction relating to 18 US-based multiscreen cinemas totalling 255 screens. On 13 June 2019, the Group announced the signing and completion of the second sale and leaseback transaction relating to a further 17 US-based multi-screen cinemas totalling 251 screens. The transactions are consistent with the Group's existing business model of operating a predominantly leasehold estate and long-term strategy of crystallising value for its shareholders. The properties had a book value of $462.0m at the sale date and the total sales proceeds from the two transactions were $556.3m. This resulted in a gain of $17.5m recognised within the Consolidated Statement of Profit or Loss as per the table below:

	31 December 2019 $m
Sales proceeds	**556.3**
Assets disposed of	**(462.0)**
Cost to sell	**(13.9)**
Gain prior to right-of-use assets adjustment	**80.4**
Adjustment for right-of-use asset retained under IFRS 16	**(62.9)**
Gain on disposal	**17.5**

22. Trade and Other Payables

	31 December 2019 $m	Represented 31 December 2018 $m
Current		
Trade payables	**127.4**	75.1
Other payables	**275.2**	316.0
Accruals	**309.5**	311.3
Trade and other payables	**712.1**	702.4

	31 December 2019 $m	31 December 2018 $m
Non-current		
Accruals	**2.6**	2.9
Other payables	**9.8**	153.6
Other payables	**12.4**	156.5

Included within other payables is $202.0m which represents consideration payable to a group of Regal's previous shareholders who challenged whether they received a fair market price for their shares. The $202.0m was part of the total consideration due for the acquisition of Regal and the value represented the number of shares held by these shareholders multiplied by the $23.0 per share due to be paid to them under the terms of the acquisition. The existence of the legal dispute meant that the cash consideration in respect of these shareholdings is retained by the Group until such time as the dispute is settled.

There has been no reasonable evidence presented to date to the courts by the dissenting shareholders or by the courts that the consideration should have been in excess of the $23.0 per share paid thus providing the basis for conclusion that the claim is without merit and therefore we have only recognised an amount contractually payable to them.

Amounts in respect of lease incentives and straight-lined lease contracts ($173.8m) were included within the other liabilities balance at 31 December 2018. These balances were reclassified on adoption of IFRS 16 'Leases' (Refer Note 2). The Group's policy is to only include items within trade payables where an invoice has been received from a supplier. On this basis the prior year split between trade payables and accruals has been restated. We have reclassified $156.7m at 31 December 2018 from trade payables to accruals.

23. Deferred revenue

	31 December 2019 $m	Represented 31 December 2018 $m
Government grants	**9.3**	13.1
Customer advances	**213.8**	233.8
Customer loyalty schemes	**15.3**	25.7
Advertising contracts	**659.7**	670.5
Deferred revenue	**898.1**	943.1
Current	**263.1**	283.8
Non-current	**635.0**	659.3
Total	**898.1**	943.1

Refer to Note 1 for further details of the items classified within deferred revenue and the timing of recognition of these items.

The following table shows how much revenue has been recognised in relation to carried-forward contract liabilities:

	Year ended 31 December 2019 $m	Year ended 31 December 2018 $m
Revenue recognised which was included within the opening contract liability balance:		
Contract liabilities – customer loyalty programme	**25.7**	27.8
Contract liabilities – advertising income	**78.1**	125.0
Contract liabilities – other deferred income	**153.0**	113.2

Movements on contract liabilities in connection with the exhibitor service agreement with NCM are disclosed within Note 14. A reclassification of $149.8m from non-current to current deferred income has been made within the 2018 comparatives in respect of pre-paid gift cards which can be redeemed at any point in the future.

24. Employee Benefits

Defined benefit pension plans

The Group operates one externally funded defined benefit pension scheme in Ireland, the 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 Group. Accordingly the surplus has not been recognised. The scheme has a surplus of $0.8m as at 31 December 2019 (2018: $1.0m).

Actuaries for Adelphi-Carlton Limited carried out the last actuarial valuation of the Scheme as at 1 April 2019. Based on this assessment, the actuarial value of the assets is $2.9m which is more than sufficient to cover 100% of the benefits that had accrued to members. In view of this, a suspension of Group contributions was in force from 1 April 2001 to 31 December 2019. Total contributions for the years ended 31 December 2019 were $nil (2018: $nil). No contributions are expected for the year ending 31 December 2020.

Accrued employee retirement rights

Local applicable labour laws and agreements in the ROW 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 benefit plan. The amounts funded as above are netted against the related liabilities and are not reflected in the Consolidated 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 Consolidated Statement of Financial Position 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.

24. Employee Benefits continued

Accrued employee retirement rights 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 2019 2.08% (2018: 2.09%)
- Expected returns on plan assets at 31 December 2019 2.0% (2018: 1.45%)

The net provision for accrued employee rights upon retirement comprises:

	31 December 2019 $m	31 December 2018 $m
Present value of unfunded obligation	**6.9**	6.1
Less: Fair value of plan assets	**(3.4)**	(2.9)
Total obligation	**3.5**	3.2

Movements in the provision for accrued employee rights upon retirement:

	Gross amount $m	Amount deposited $m	**Net amount $m**
At start of period	6.1	(2.9)	**3.2**
Payments made upon retirement	(0.6)	(1.2)	**(1.8)**
Net movement in provision – charged to net profit	0.8	1.0	**1.8**
Foreign exchange movements	0.6	(0.3)	**0.3**
Total obligation	**6.9**	**(3.4)**	**3.5**

Defined contribution pension plans

The Group operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was $1.8m (2018: $2.8m). There was $nil accruing to these pension schemes as at 31 December 2019 (2018: $nil).

Share-based payments

As at 31 December 2019 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 2017 Long Term Incentive Plan. Details of each of the schemes are set out in the Directors' Remuneration Report on pages 66 to 79.

The Cineworld Group Performance Share Plan ('PSP')

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

Date of grant	Exercise period	**2019 Number of options '000**	2018 Number of options '000
18 April 2016	6 months from 18 April 2019	**–**	792
22 November 2016	6 months from 22 November 2019	**19**	19
12 April 2017	6 months from 12 April 2020	**834**	840

24. Employee Benefits continued

The Cineworld Group Performance Share Plan ('PSP') continued

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:

18 April 2016 and 22 November 2016

Under these grants, awards of 866,567 options were made in total. Awards of 598,715 options were made with the performance conditions set out below:

- 30% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2016 and the EPS for the financial year ending 31 December 2018) is not less than 6.0%;
- 100% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2016 and the EPS for the financial year ended 31 December 2018) is at least 12.0%; and
- Where the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2016 and the EPS for the financial year ended 31 December 2018) 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 one-off income or expenses and applying a tax effect on all adjustments) by the number of ordinary shares outstanding at the end of the period.

Awards over 267,852 options were made which will vest after three years subject to continued employment only, with no specified performance conditions attached.

12 April 2017

Under these grants, awards of 854,332 options were made in total. Awards of 670,343 options were made with the performance conditions set out below:

- 25% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2017 and the EPS for the financial year ended 31 December 2019) is not less than 5.0%.
- 100% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2017 and the EPS for the financial year ended 31 December 2019) is at least 11.0%.
- Where the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2017 and the EPS for the financial year ended 31 December 2019) is between the two limits above, the Award shall vest on a straight-line basis between 25% 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 one-off income or expenses and applying a tax effect on all adjustments) by the number of ordinary shares outstanding at the end of the period.

Awards over 183,989 options 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 $
18 April 2016	7.79	–	38	3	2.9	0.37	7.13
22 November 2016	6.83	–	38	3	2.9	0.37	6.26
12 April 2017	8.39	–	37	3	3.6	0.30	7.52

A reconciliation of option movements over the year to 31 December 2019 is shown below:

	Number of options 2019 Equity-settled '000	Number of options 2018 Equity-settled '000
Outstanding at the beginning of the year	**1,651**	1,103
Adjustment due to rights issue	**–**	1,472
Exercised in shares during the year	**(785)**	(877)
Granted during the year	**–**	–
Lapsed during the year	**(12)**	(47)
Outstanding at the end of the year	**854**	1,651

A charge of $1.4m was recorded in the Consolidated Statement of Profit or Loss for the four PSP schemes (2018: $2.0m).

24. Employee Benefits continued

The Company Long Term Incentive Plan ('LTIP')

The following share options have been granted under the LTIP and were outstanding at 31 December 2019:

Date of grant	Exercise period	2019 Number of options '000	2018 Number of options '000
23 April 2018	6 months from 23 April 2021	**1,604**	1,618
21 May 2019	6 months from 21 May 2022	**1,770**	–
18 September 2019	6 months from 21 May 2022	**6**	–

23 April 2018

Under these grants, awards of 1,617,997 options were made in total. Awards of 1,399,843 options were made with the performance conditions set out below:

- 25% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2018 and the EPS for the financial year ended 31 December 2020) is not less than 8%;
- 100% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2018 and the EPS for the financial year ended 31 December 2020) is at least 15%; and
- Where the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2018 and the EPS for the financial year ended 31 December 2020) is between the two limits above, the Award shall vest on a straight-line basis between 25% and 100%.

Awards of 218,154 options were made which will vest after three years subject to continued employment only, with no specified performance conditions attached.

21 May 2019 and 18 September 2019

Under these grants, awards of 1,805,489 options were made in total. Awards of 1,242,908 options were made with the performance conditions set out below:

- 25% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2019 and the EPS for the financial year ended 31 December 2021) is not less than 8%;
- 100% of the options under the Award will vest if the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2019 and the EPS for the financial year ended 31 December 2021) is at least 15%; and
- Where the average annual growth in EPS (calculated by comparing the EPS for the financial year ended 31 December 2019 and the EPS for the financial year ended 31 December 2021) is between the two limits above, the Award shall vest on a straight-line basis between 25% 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 one-off income or expenses and applying a tax effect on all adjustments) by the number of ordinary shares outstanding at the end of the period.

Further awards over 562,581 options 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 $
23 April 2018	3.6	–	38.1	3	2.5	0.91	3.3
21 May 2019	4.0	–	38.0	3	7.9	0.83	3.0
18 September 2019	3.9	–	38.0	2.8	8.4	0.78	2.9

24. Employee Benefits continued

The Company Long Term Incentive Plan ('LTIP') continued

A reconciliation of option movements over the year to 31 December 2019 is shown below:

	Number of options 2019 Equity-settled '000	Number of options 2018 Equity-settled '000
Outstanding at the beginning of the year	**1,618**	–
Exercised during the year	**–**	–
Granted during the year	**1,805**	1,618
Lapsed during the year	**(43)**	–
Outstanding at the end of the year	**3,380**	1,618

A charge of $3.5m was recorded in the Consolidated Statement of Profit or Loss for the LTIP scheme (2018: $1.2m).

The Company Share Option Plan ('CSOP')

The following share options have been granted under the CSOP and were outstanding at 31 December 2019:

Date of grant	Exercise period	**2019 Number of options '000**	2018 Number of options '000	Performance conditions
6 June 2014	6 June 2017 – 5 June 2024	**7**	7	Awards of 2,891 options 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	23 April 2018 – 22 April 2025	**54**	54	All awards were made with no performance conditions attached.
18 April 2016	18 April 2019 – 17 April 2026	**34**	34	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 $
6 June 2014	5.82	5.82	41	3 – 10 years	4.3	0.56	1.23
23 April 2015	7.23	7.23	39	3 – 10 years	4.3	0.59	1.41
18 April 2016	7.79	7.78	38	3 – 10 years	2.9	0.37	1.65

A reconciliation of option movements over the year to 31 December 2019 is shown below:

	Number of options 2019 Equity-settled	Number of options 2018 Equity-settled
Outstanding at the beginning of the year	**95**	47
Adjustments due to rights issue	**–**	63
Exercised during the year	**–**	(9)
Granted during the year	**–**	–
Lapsed during the year	**–**	(5)
Outstanding at the end of the year	**95**	95

A charge of $nil was recorded in the Consolidated Statement of Profit or Loss for the three CSOP schemes (2018: $nil).

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

24. Employee Benefits continued

Sharesave Scheme

The following share options have been granted under the Sharesave scheme and were outstanding at 31 December 2019:

Exercise period		2019 Number of options '000	2018 Number of options '000
8 May 2014	3 years from 23 April 2015	**–**	–
12 May 2015	3 years from 30 June 2015	**–**	–

A reconciliation of option movement over the year to 31 December 2019 is shown below:

	Number of options 2019 Equity-settled '000	Number of options 2018 Equity-settled '000
Outstanding at the beginning of the year	**2**	273
Adjustments due to rights issue	**–**	343
Exercised during the year	**(2)**	(604)
Granted during the year	**–**	–
Lapsed during the year	**–**	(10)
Outstanding at the end of the year	**–**	2

A charge of $nil was recorded in the Consolidated Statement of Profit or Loss for the two Sharesave schemes (2018: $nil).

A total expense recognised for the year arising from share-based payments is $4.9m (2018: $3.2m).

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 2019 $ Equity-settled	Number of options 2019 Equity-settled '000	Weighted average exercise price 2018 $ Equity-settled	Number of options 2018 Equity-settled '000
Outstanding at the beginning of the year	**0.2**	**3,367**	1.2	1,423
Adjustments due to rights issue	**–**	**–**	2.5	1,878
Exercised during the year	**(0.1)**	**(788)**	(2.1)	(1,490)
Granted during the year	**–**	**1,805**	–	1,618
Lapsed during the year	**–**	**(56)**	(1.4)	(62)
Outstanding at the end of the year	**0.1**	**4,328**	0.2	3,367
Exercisable at the end of the year	**0.1**	**115**	0.1	61

Single Total Figure Table

The table below gives a single figure for the total remuneration and breakdown for each Executive and Non-Executive Director in respect of the 2019 financial year. Comparative figures for the 2018 financial year have also been provided.

	Salary and fees including bonus $000	Pension contributions $000	Total $000
Year ended 31 December 2019			
Total compensation for Directors	**7,451.1**	**363.4**	**7,814.5**

	Salary and fees including bonus $000	Pension contributions $000	Total $000
Year ended 31 December 2018			
Total compensation for Directors	8,548.9	404.5	8,953.4

Full details of Directors' Remuneration including the highest paid Director can be found in the Directors' Remuneration Report on pages 66 to 70.

25. Provisions

	Property provisions $m	Provisions for contracts with suppliers $m	Other provisions $m	**Total provisions $m**
Balance at 31 December 2018	**326.3**	**28.0**	**13.5**	**367.8**
Adjustment on adoption of new accounting standard. Refer Note 2	(325.4)	–	–	**(325.4)**
Provisions made	–	–	–	**–**
Provisions utilised	(0.9)	(8.5)	(2.6)	**(12.0)**
Provisions released to profit or loss during the year	–	(17.1)	(6.4)	**(23.5)**
Balance at 31 December 2019	**–**	**2.4**	**4.5**	**6.9**
Current	–	2.4	4.0	**6.4**
Non-current	–	–	0.5	**0.5**
Total	**–**	**2.4**	**4.5**	**6.9**

Property provisions in 2018 related to onerous leases, dilapidations, unfavourable market rent provisions and other property liabilities. Market rent provisions relate to the fair value of liabilities on leases acquired, which are assessed on acquisition and released over the remaining life of the lease. A corresponding asset in respect of favourable market rent was recognised within other non-current assets in 2018.

As a result of adopting IFRS 16 on 1 January 2019, the remaining onerous lease and market rent provisions were re-classed from provisions to the opening right-of-use asset (refer Note 2). The opening dilapidations provision related to one site which was closed during the year, resulting in the utilisation of this provision.

Provisions for contracts with suppliers relate to claims from suppliers against contractual obligations. These provisions were assessed by applying the expected payments based on settlement of historic claims, and legal claims which have been assessed based on legal advice received. Following ongoing negotiations with contractual business suppliers there has been a $17.1m release in the year and a settlement of $8.5m.

Other provisions relate to legal, sales tax and unclaimed property amounts. Releases in the year were made following a review of the expected settlement in respect of each individual matter.

26. Capital and Reserves

Share Capital

	31 December 2019 $m	31 December 2018 $m
Allotted, called up and fully paid	**20.1**	20.1
1,371,950,293 (2018: 1,371,163,021) ordinary shares of £0.01 each.		

On 20 February 2018 the Company's shareholders subscribed to a rights issue of 1,095,705,180 ordinary shares which were issued at 157.0 pence per share on the basis of four shares for every one ordinary shares held. The issue was fully subscribed. Transaction costs directly associated with the Rights Issue of $35.6m were capitalised against the issued capital balance recognised in equity.

A capital transfer occurred on 26 June 2018, resulting in a transfer of $2,361.3m from share premium to retained earnings in order to increase the Group's distributable reserves for future dividend payments.

Foreign currency 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.

A capital reduction occurred on 26 June 2018, resulting in a transfer of $407.4m from share premium to retained earnings.

26. Capital and Reserves continued

Fair value reserve

The fair value reserve comprises the net change in the fair value of equity securities designated as held at fair value.

Hedging reserve

The hedging reserve at 1 January 2019 comprised the foreign exchange movements on the Euro loan which had been designated in a hedge relationship with the net investment in the foreign operations denominated in Euro. On 30 September 2019 this loan was substantially repaid with the hedging relationship ending. A gain of $31.9m was recognised in the reserve up to this point. As the Group still holds the investment in the hedged item, the cumulative gain within the reserve in relation to this net investment hedge will remain until the point this investment is sold.

On 30 September 2019 the Group entered into three Euro:US dollar cross currency interest rate swap and designated the swaps as a hedge of the net investment in the Group's Euro investments. A movement of $9.7m was recognised in the reserve during the year in relation to changes in fair value on the swaps.

Dividends

The following dividends were recognised during the year:

	2019 $m	2018 $m
Special	**278.1**	–
Q1 Interim	**51.4**	–
Q2 Interim	**51.4**	–
Q3 Interim	**–**	–
Interim	**–**	66.5
Final (for the preceding year)	**139.3**	56.3
Total dividends	**520.2**	122.8

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

On 20 December 2019 the Board announced a Q3 interim dividend of 3.75c per share payable on 10 January 2020. As the Board is entitled to rescind any resolution to pay an interim dividend up to the date of payment no accrual for this dividend has been recognised at 31 December 2019.

The Board has proposed the 2019 fourth dividend to be 4.25c per share, reflecting the satisfactory performance for the year, the anticipated strong cash flow generation and the strength of the Balance Sheet. The record date for the 2019 fourth dividend payment is 14 April 2020 and the payment date will be 1 May 2020. The total proposed dividend for 2019 is 15.5c (2018: 15.0c).

The final dividend for 2018 of 10.15c per share was paid on 5 July 2019 to ordinary shareholders. The total cash paid was $139.3m. On 13 June 2019, the Group announced a special dividend of 20.27c per ordinary share which was paid on 5 July 2019, along with the first quarterly payment for 2019 of 3.75c per share. The total cash payable for these dividends was $329.5m.

The second and third quarterly payment for 2019 of 3.75c per share were paid on 4 October 2019 and 10 January 2020 respectively. The total cash paid for these two payments was $102.8m.

27. Financial Instruments

Overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's Risk Management Framework. The Group has in place a risk management programme and regular reports are made to the Audit Committee, which is tasked with general oversight.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the Risk Management Framework in relation to the risks by the Group. The Group's Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of certain risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Management believe the credit risk on cash and cash equivalents is low because the counterparties are banks with high credit ratings.

Accounts receivable include trade and other receivables. Trade receivables are amounts billed to customers for the sale of services, and represent the maximum exposure to credit risk of those financial assets, exclusive of the allowance for doubtful accounts. Normal credit terms for amounts due from customers call for payment within 30 days. Other receivables include amounts due from suppliers and landlords and other miscellaneous amounts. The Group's credit risk is primarily related to its trade receivables, as other receivables generally are recoverable through ongoing business relationships with the counterparties.

The Group grants credit to customers in the normal course of business. The Group typically does not require collateral or other security from customers; however, credit evaluations are performed prior to the initial granting of credit when warranted and periodically thereafter. The Group records a reserve for estimated uncollectable amounts, which management believes reduces credit risk. See Note 1, for policy on Impairment of financial assets.

The ageing profile of the Group's trade receivables is as follows:

	31 December 2019 $m	31 December 2018 $m
Within 30 days	**161.3**	158.0
Between 30 and 60 days	**11.9**	13.0
Between 60 and 90 days	**3.9**	2.9
Over 90 days	**7.4**	9.8
Total trade receivables	**184.5**	183.7

Standard credit terms granted to customers is between 30 to 60 days. The percentage of trade receivables past due date is 20.6% (2018: 23.3%). The percentage of trade receivables outstanding more than 90 days is 5.6% (2018: 3.6%)

The following schedule reflects the changes in the allowance for trade receivables during the year:

	31 December 2019 $m	31 December 2018 $m
Opening loss allowance	**1.1**	0.5
Additional allowance from acquisition	**–**	0.6
Additional allowance	**0.4**	(0.4)
Amounts written off	**(0.4)**	0.4
Closing loss allowance	**1.1**	1.1

27. Financial Instruments continued

Credit Risk continued

There are no material expected credit losses against contract assets, cash or other receivables.

Due to the Group's diversified client base, management believes the Group does not have a significant concentration of credit risk.

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 reporting date, so will not always reconcile with the amounts disclosed on the Consolidated Statement of Financial Position.

31 December 2019

	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							
Secured bank loans	**3,616.8**	(3,675.6)	(23.2)	(118.3)	(46.6)	(146.2)	(3,341.3)
Bank overdraft	**2.5**	(2.5)	(2.5)	–	–	–	–
Lease liabilities	**4,197.5**	(6,355.2)	(344.5)	(325.7)	(639.2)	(1,193.5)	(3,852.3)
Trade payables	**127.4**	(127.4)	(127.4)	–	–	–	–
Total non-derivative financial liabilities	**7,944.2**	**10,160.7**	**497.6**	**444.0**	**685.8**	**1,339.7**	**7,193.6**
Derivative financial liabilities							
Hedged cross currency swaps							
(Inflow)	**9.7**	582.2	9.6	9.6	19.2	76.7	467.1
Outflow	**–**	(509.3)	(3.7)	(3.7)	(7.4)	(29.7)	(464.8)
Total derivative financial liabilities	**9.7**	**72.9**	**5.9**	**5.9**	**11.8**	**47.0**	**2.3**

31 December 2018

	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							
Secured bank loans	3,946.1	(4,024.2)	(36.9)	(36.9)	(40.2)	(3,910.2)	–
Loan note	3.0	(3.0)	(1.5)	(1.5)	–	–	–
Lease liabilities	100.5	(143.6)	(11.7)	(11.7)	(16.0)	(40.9)	(63.3)
Trade payables	75.1	(75.1)	(75.1)	–	–	–	–
Derivative financial asset							
Interest rate swaps	(0.2)	0.4	0.4	–	–	–	–
Total	4,124.5	(4,245.5)	(124.8)	(50.1)	(56.2)	(3,951.1)	(63.3)

Refer to Note 20 for details on the Group's borrowing facilities, including covenants attached to these.

Net Investment Hedging

As at 31 December 2018 there were no net investment hedges. At 31 December 2019 the Group had three cross currency swaps. These were designated as a net investment hedge, with changes in fair value of these derivatives recognised in equity to match translation adjustments on foreign currency equity instruments of which they are hedged against.

Items held in net investment hedge:

		31 December 2019		31 December 2018	
	Year of maturity	**Change in value of hedging instrument $m**	**Change in value of hedged item $m**	Change in value of hedging instrument $m	Change in value of hedged item $m
Cross currency swaps	2026	**(9.7)**	**9.7**	–	–

27. Financial Instruments continued

Net Investment Hedging continued

At 31 December 2019 the nominal amount of the hedging instruments held in net investment hedge was $450.0m (2018: $nil) and the nominal amounts of the hedged risk were €408.3m (2018 €nil), the hedge ratio is 1:1. The items held in a net investment hedge mitigate the net asset translation exposure arising from movements in non-functional currencies. Potential sources of hedge ineffectiveness are credit risk and cross currency basis.

The hedging reserve contains a balance of $9.7m in relation to continuing net investment hedges and a balance of $11.9m in relation to net investment hedge relationships for which hedge accounting is no longer applied.

Cash flow hedges

There were no cash flow hedges at 31 December 2019. The following table indicates the periods in which the discounted cash flows associated with derivatives at 31 December 2018 that were cash flow hedges and were expected to occur.

31 December 2018

	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	0.2	(0.4)	(0.4)	–	–	–	–

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

Operating across ten territories increase the Group's exposure to currency risk. 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, no hedging has been undertaken.

The Group entered into a US Dollar : Canadian Dollar contingent forward contract to hedge against the Group's foreign currency exposure arising from the purchase price acquisition of Cineplex. This forward is contingent on the completion of the Cineplex acquisition. Refer to Note 31 for post balance sheet events.

Interest rate risk

Interest rate risk arises from the Group's borrowing facilities in which a variable rate of interest is charged. The Group has historically managed this risk by securing fixed interest rates on a portion of its term loans.

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.

Exposure to interest rate risk is monitored through several measures including sensitivity and scenario testing and a cost benefit analysis of entering into interest rate swaps to mitigate this risk.

The Group believes it is more cost effective for the US term loan to remain unhedged. The Group however uses interest rate swaps agreed with other parties to hedge a portion of the interest charged on the Euro term loan. Interest rate swaps are measured at fair value, which have been calculated by discounting the expected future cash flows at prevailing interest rates.

At 31 December 2019 the Group had three (2018: two) cross currency interest rate swaps and one (2018: none) contingent cross current interest rate swap. An incremental USD term loan was taken out for $650.0m and this was used in part to enter three Euro to USD cross currency interest rate swaps. Under the arrangements of these Swaps the Group received €408.7m. These proceeds were used to settle €408.0m of the Group's outstanding Euro term loan and the Group now pays a Euro coupon on the notional outstanding balance of the Euro legs of the swaps and receives a coupon on the notional outstanding balance of the USD legs of the swaps. The USD coupon is then used to pay the coupon on the $650.0m new term loan.
On maturity of the swaps and the incremental USD term loan, the Group will receive $450.0m on the US dollar legs of the swaps and pay €408.7m on the Euro leg.

A contingent cross currency interest rate swap was entered into to hedge the repayment of the Cineplex existing debt as part of the proposed acquisition announced on 16 December 2019. This cross currency interest rate swap is contingent on the acquisition taking place. Refer to Note 31 for post balance sheet events.

27. Financial Instruments continued

Cash flow sensitivity analysis for variable rate instruments

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	31 December 2019 $m	31 December 2018 $m
Fixed rate instruments		
Financial liability / (assets) (interest rate swap)	**14.2**	(0.2)
Financial liabilities (secured bank loans – hedged portion)	**642.3**	32.8
Loan note	**–**	3.0
Lease liabilities	**4,197.5**	100.5
Total	**4,854.0**	136.1
Variable rate instruments		
Financial liabilities (secured bank loans – unhedged portion)	**2,974.5**	3,913.3

$642.3m (2018: $32.8m) of the variable rate financial liability is hedged via the cross currency interest rate swaps with the balance attracting a variable interest rate.

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 Consolidated Statement of Profit or Loss except where derivatives qualify for hedge accounting when recognition of any resultant gain or loss depends on the nature of the item being hedged.

A change of 100 basis points in interest rates would have increased equity by $6.5m (2018: $0.6m) or decreased equity by $6.5m (2018: $0.6m) for each swap.

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 2018.

	Profit or loss		Equity	
Effect in dollars thousands	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2019				
Variable rate instruments	(37.8)	37.8	(37.8)	37.8
Interest rate swap	6.5	(6.5)	6.5	(6.5)
Cash flow sensitivity (net)	**(31.3)**	**31.3**	**(31.3)**	**31.3**
31 December 2018				
Variable rate instruments	(40,9)	40.9	(40.9)	40.9
Interest rate swap	0.6	(0.6)	0.6	(0.6)
Cash flow sensitivity (net)	(40.3)	40.3	(40.3)	40.3

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.

	Carrying amount 31 December 2019 $m	**Fair value 31 December 2019 $m**	Carrying amount 31 December 2018 $m	Fair value 31 December 2018 $m
Secured bank loans	**3,616.8**	**3,675.6**	3,946.2	4,024.2
Bank overdraft	**2.5**	**2.5**	–	–
Loan notes	**–**	**–**	3.0	3.0
Equity investments	**(10.0)**	**(10.0)**	(7.5)	(7.5)
Forward contract	**(10.4)**	**(10.4)**	–	–
Unhedged interest rate swap	**4.5**	**4.5**	–	–
Hedged Interest rate swap	**9.7**	**9.7**	(0.2)	(0.2)
Total	**3,613.1**	**3,671.9**	3,941.5	4,019.5

27. Financial Instruments continued

Fair values continued

Cash and cash equivalents, trade and other receivables, accounts payable and accrued liabilities are reflected in the Consolidated Financial Statements at carrying values that approximate fair values because of the short-term maturities of these financial instruments. Short-term debtors, creditors and cash and cash equivalents have been excluded from the above table on the basis that their carrying amount is a reasonable approximation to fair value.

Finance lease liabilities are recorded at amortised cost, as derived from expected cash outflows and the estimated incremental borrowing rate attached to the lease. Finance lease liabilities are separately disclosed within the Consolidated Statement of Financial Position.

Fair value hierarchy

The purpose of the interest rate swap agreements is to act as a cash flow hedge of the floating interest rate payable on the Group's $650.0m borrowings. The Group considered its hedging relationships and determined that the interest rate swap agreements on its $650.0m of borrowings qualify for hedge accounting in accordance with IFRS 9, "Financial Instruments". Under the provisions of IFRS 9, the interest rate swap agreements are recorded on the Consolidated Statement of Financial Position at their fair values, with subsequent changes in fair value recorded in the Consolidated Statement of Comprehensive Income. See Note 20 Long-term debt for the Group's current swap agreements.

Equity investments relate to investments designated as fair value through OCI. Fair value has been calculated by reference to quoted market values. Any movement in fair value has been recognised within fair value reserve. The Group holds unquoted equity investments and concluded that these cost of investments represent their fair value at 31 December 2019.

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 2019 and 31 December 2018. The volatile nature of the markets means that values at any subsequent date could be significantly different from the values reported above.

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

- In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical financial assets or financial liabilities that the Group has the ability to access.
- Fair values determined by Level 2 inputs use inputs other than the quoted prices included in Level 1 that are observable for the financial asset or financial liability, either directly or indirectly. Level 2 inputs include quoted prices for similar financial assets and financial liabilities in active markets, and inputs other than quoted prices that are observable for the financial assets or financial liabilities. The Group uses market interest rates and yield curves that are observable at commonly quoted intervals in the valuation of its interest rate swap agreements. The derivative positions are valued using models developed internally by the respective counterparty that uses as its basis readily observable market parameters (such as forward yield curves) and are classified within Level 2 of the valuation hierarchy. The Group considers its own credit risk as well as the credit risk of its counterparties when evaluating the fair value of its derivatives. Any adjustments resulting from credit risk are recorded as a change in fair value of the derivatives and reflected in the Statement of Comprehensive Income.
- Level 3 inputs are unobservable inputs for the financial asset or financial liability, and include situations where there is little, if any, market activity for the financial asset or financial liability. The Group's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgement, and considers factors specific to the financial asset or financial liability.

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
31 December 2019				
Derivative financial instruments	**–**	**3.8**	**–**	**3.8**
Equity investments	**–**	**–**	**(10.0)**	**(10.0)**
31 December 2018				
Derivative financial instruments	–	(0.2)	–	(0.2)
Equity investments	(2.5)	–	(5.0)	(7.5)

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

27. Financial Instruments continued

Fair Value Hierarchy continued

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The fair value of derivatives and borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.
- The carrying amount of bank loans is stated net of debt issuance costs and the fair value is stated gross of debt issuance costs and is calculated using the market interest rates.
- The fair value of investments has been calculated by reference to quoted market values. The Group holds two unquoted equity investment and have concluded that the cost of these investments represents its fair value at 31 December 2019.

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

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

Capital Management

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

	2019 $m	2018 $m
Cash and cash equivalents	**140.6**	316.3
Bank loans and overdrafts	**3,619.3**	3,946.1
Lease liabilities	**4,197.5**	100.7
Equity attributable to equity holders of the parent	**3,775.2**	3,645.9
Total	**11,732.6**	8,009.0

The Board of Directors constantly monitors the ongoing capital requirements of the business and has reviewed the current gearing ratio, being the ratio of bank debt to equity and considers it appropriate for the Group's current circumstances. Ratios used in the monitoring of debt capital include the ratio of Adjusted EBITDA to net debt.

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.

28. Non-cancellable Operating Leases

In 2018 the Group classified leases for cinema sites and offices as operating leases, expiring within six months to forty years From 1 January 2019, following adoption of IFRS 16 the Group has recognised right-of-use assets for these leases, except for short-term leases (refer to Note 2).

At 31 December 2018 the non-cancellable operating lease rental commitments for land and buildings were as follows:

	31 December 2018 $m
Less than one year	593.3
Between one and five years	2,045.5
More than five years	2,734.6
Total non-cancellable operating lease commitment	5,373.4

29. Capital Commitments

Capital commitments at the end of the financial year for which no provision has been made:

	31 December 2019 $m	31 December 2018 $m
Contracted	**294.5**	322.3

Capital commitments at the end of the current and preceding financial year relate to new sites and refurbishment projects which have commenced or have been committed to through a executed lease agreement or lease amendment.

30. Related Parties

The compensation of the Directors is as follows:

	Salary and fees including bonus $'000	Pension contributions $'000	Total $'000
Year ended 31 December 2019			
Total compensation for Directors	**7,451.1**	**363.4**	**7,814.5**

	Salary and fees including bonus $'000	Pension contributions $'000	Total $'000
Year ended 31 December 2018			
Total compensation for Directors	8,548.9	404.5	8,953.4

Details of the highest paid Director can be found in the Directors' Remuneration Report on pages 66 to 79.

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 year ended 31 December 2019 totalled $24.9m (2018: $25.2m) and as at 31 December 2019 $3.8m (2018: $3.3m) was due from DCM in respect of receivables. In addition, the Group has a working capital loan outstanding from DCM of $0.6m (2018: $0.6m).

NCM is a joint venture between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and the Group. As at 31 December 2019 $1.4m (2018: $1.3m) was due to NCM in respect of trade payables and $6.3m (2018: $2.7m) was due from NCM in respect of trade receivables. Refer Note 14 for details of transactions with NCM.

The Group had a note payable to NCM in the amount of $3.0m as of 31 December 2018 as outlined in Note 19. The note bore interest at 5.0% per year and was fully repaid during the year ended 31 December 2019. Revenue receivable from NCM in the year ended 31 December 2019 totalled $97.8m (2018: $80.1m)

Fathom AC JV is a joint venture between AMC Entertainment Holdings Inc, Cinemark Holdings Inc and NCM. There were no transactions during the year. As at 31 December 2019 $0.9m (2018: $3.0m) was due to Fathom AC in respect of trade payables.

Revenue receivable from Black Shrauber Limited in the year ended 31 December 2019 totalled $0.1m (2018: $0.1m). There were no amounts due to or from Black Shrauber Limited at 31 December 2019.

Global City Holdings N.V. ('GCH'), is a company in which Moshe Greidinger and Israel Greidinger, Directors of the Group, have a controlling interest. During the year, the Group made lease payments of $10.4m (2018: $9.6m) to companies under the control of GCH. At 31 December 2019 $57.5m (2018: $nil) in lease liabilities were included within the Group's Statement of Financial Position. The Group had amounts payable of $1.7m (2018: nil) by companies under the control of GCH.

Details of subsidiaries held by the Group can be found in Note 34.

31. Post Balance Sheet Events

On 16 December 2019, the Group announced the proposed transaction of Cineplex by means of an acquisition of the entire issued, and to be issued share capital of Cineplex. The acquisition was based on an implied enterprise value of $2.1bn.

Due to its size, the acquisition was classed as a Class 1 transaction under the Listing Rules, and therefore required shareholder approval. The Group and Cineplex shareholders approved the acquisition on 11 February 2020. Prior to the acquisition completing the Investment Canada Act Approval must be obtained.

The consideration for the acquisition of $2.3bn will be fully settled in cash which will be raised through a $2.0bn extension to the Group's existing term loans and a $0.3bn unsecured bridge loan.

Given the acquisition has not yet completed at the approval date of the 2019 Financial Statements, no accounting for the acquisition in accordance with IFRS 3 "Business Combinations" has been included in these Financial Statements.

Company Statement of Financial Position
At 31 December 2019

	Note	31 December 2019 $m	31 December 2018 $m
Non-current assets			
Investments	34	**3,446.0**	3,339.1
Total non-current assets		**3,446.0**	3,339.1
Current assets			
Financial assets at amortised cost	35	**896.6**	738.8
Cash at bank		**15.7**	0.1
Total current assets		**912.3**	738.9
Total assets		**4,358.3**	4,078.0
Current liabilities			
Other payables	36	**(583.1)**	(391.5)
Bank overdraft		**–**	(40.6)
Total liabilities		**(583.1)**	(432.1)
Net current assets		**329.2**	306.8
Total assets less current liabilities		**3,775.2**	3,645.9
Net assets		**3,775.2**	3,645.9
Capital and reserves			
Called up share capital	26	**20.1**	20.1
Share premium account		**516.0**	513.8
Translation reserve		**(345.3)**	(462.1)
Profit and loss account		**3,584.4**	3,574.1
Shareholders' funds – equity		**3,775.2**	3,645.9

The Company generated a profit of $528.8m (2018: $551.7m) during the current financial year.

These Financial Statements were approved by the Board of Directors on 12 March 2020 and were signed on its behalf by:

Nisan Cohen
Director

Company Statement of Changes in Equity
For the Year Ended 31 December 2019

	Issued capital $m	Share premium $m	Merger reserve $m	Hedging reserve $m	Translation reserve $m	Retained earnings $m	Total $m
Balance at 31 December 2017	5.0	548.1	407.4	(2.0)	(212.9)	380.3	1,125.9
Profit for the year	–	–	–	–	–	551.7	551.7
Other comprehensive income							
Items that will subsequently be reclassified to profit or loss							
Recycling of hedging reserve	–	–	–	2.0	–	(2.0)	–
Movement on translation reserve	–	–	–	–	(249.1)	–	(249.1)
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	–	–	–
Contributions by and distributions to owners	–	–	–	–	–	–	–
Dividends	–	–	–	–	–	(122.8)	(122.8)
Movements due to share-based compensation	–	–	–	–	–	(1.9)	(1.9)
Capital transfer	–	(2,361.3)	(407.4)	–	–	2,768.7	–
Issue of shares	15.1	2,327.0	–	–	–	–	2,342.1
Balance at 31 December 2018	**20.1**	**513.8**	**–**	**–**	**(462.0)**	**3,574.0**	**3,645.9**
Profit for the year	–	–	–	–	–	528.8	528.8
Other comprehensive income							
Items that will subsequently be reclassified to profit or loss							
Recycling of hedging reserve	–	–	–	–	–	–	–
Movement on translation reserve	–	–	–	–	116.7	–	116.7
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	–	–	–
Contributions by and distributions to owners							
Dividends	–	–	–	–	–	(520.2)	(520.2)
Movements due to share-based compensation	–	–	–	–	–	1.8	1.8
Issue of shares	–	2.2	–	–	–	–	2.2
Balance at 31 December 2019	**20.1**	**516.0**	**–**	**–**	**(345.3)**	**3,584.4**	**3,775.2**

32. 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

Cineworld PLC is a company incorporated and domiciled in the UK.

These Financial Statements present information about the Company as an individual undertaking and not about its Group.

These Financial Statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ('Adopted IFRSs'), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions have been taken.

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;
- disclosures in respect of transactions with wholly owned subsidiaries;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- a separate Statement of Profit or Loss in line with the section 408 exemption.

Presentational currency

The functional currency of the company is Sterling. To aid the users of the Company accounts with consistency of the consolidated Group accounts, the Company's presentational currency is in US dollars.

Investments

In the Company's financial statements, investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Impairment

The Company 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

Deferred tax is recognised using the Statement of Financial Position method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is recognised, without discounting, in respect of all temporary differences 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 are 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 share options that vest except where forfeiture is due only to share prices not achieving the threshold for vesting.

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 the subsidiary.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Financial liabilities are de-recognised when the contractual obligations are discharged, cancelled or expire.

32. Accounting Policies continued

Financial instruments continued

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of Financial Position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

IFRS 9 contains three classification categories for financial assets and liabilities: measured at amortised cost, fair value through profit or loss ("FVPL") and fair value through other comprehensive income ("FVOCI").

At initial recognition, the Company classifies its financial instruments in the following categories depending on the purpose for which the financial instruments were acquired:

Financial assets at amortised cost:

The Company's loans and receivables comprise cash and cash equivalents and loans receivable from other legal entities within the Cineworld Group. Loans and receivables are initially recognised at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortised cost using the effective interest method, less a loss allowance.

The Company fixed asset investment is held at amortised cost.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognises an impairment loss.

Loss allowances will be measured on either of the following bases:

i. 12-month ECLs which are ECLs that result from possible default events within 12 months after the reporting date; and

ii. lifetime ECLs which are ECLs that result from all possible default events over the expected life of a financial instruments.

The Company measures expected credit losses using a lifetime expected loss allowance for all intercompany receivables. Impairment losses on financial assets carried at amortised cost or FVOCI are reversed in subsequent years if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised.

The carrying amount of the Company's fixed asset investment is reviewed at each Statement of Financial Position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of these fixed asset investments exceeds their recoverable amount. Impairment losses are recognised in the Company's Statement of Profit or Loss.

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.

Estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

In applying the Company's accounting policies described above the Directors have identified that the following area as key estimates that have a significant impact on the amounts recognised in the Financial Statements.

Impairment of fixed asset investments

The Group determines whether fixed asset investments are impaired when indicators of impairments exist and a detailed impairment review exercise was performed at 31 December 2019. No impairment was recognised. .

Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each investment and to discount these to their net present value at a discount rate which is appropriate for the territory where the assets are held. The resulting calculation is sensitive to the assumptions in respect of future cash flows and the discount rate applied.

The Directors consider that the assumptions made represent their best estimate of the future cash flows generated by the investments and that the discount rates used are appropriate given the risks associated with the specific cash flows.

33. 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 $0.9m (2018: $0.8m).

34. Fixed Asset Investments

Company	Shares in Group undertakings $m
Balance at 31 December 2017	1,215.9
Additions	2,361.8
Disposal	(1,246.3)
Share for share exchange	1,246.3
Effects of movement in foreign exchange	(238.6)
Balance at 31 December 2018	3,339.1
Additions	–
Disposal	–
Share options awarded to employees of subsidiaries	2.4
Effects of movement in foreign exchange	104.5
Balance at 31 December 2019	**3,446.0**
Net book value	
At 31 December 2018	3,339.1
At 31 December 2019	**3,446.0**

On 28 February 2018 the Company subscribed to 100% of the share capital of Crown UK HoldCo Limited for consideration of $2.4bn. On the same date it disposed of its investments held at 31 December 2017 to Crown UK HoldCo Limited in a share for share exchange, increasing its investment in Crown UK HoldCo by $1.2bn to $3.3bn.

Cineworld Group plc fixed asset investments

	Registered office	Principal activity	Class	% of shares held
Subsidiary undertakings				
Directly held				
Crown UK Holdco Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding Company	Ordinary	100
Indirectly held				
Cinema City Holding B.V.	PO Box 1370 NL-3000 BJ Rotterdam The Netherlands	Holding Company	Ordinary	100
Augustus 1 Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding Company	Ordinary	100
Cinema Finco 1 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing Company	Ordinary	100
Cinema Finco 2 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing Company	Ordinary	100
Cinema Finco 3 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing Company	Ordinary	100
Cinema Finco 4 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing Company	Ordinary	100
Cinema Finco 5 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing Company	Ordinary	100
Cinema Finco 6 Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Financing Company	Ordinary	100
Cinema City Holdco (Hungary) K.F.T	1132 Budapest, Váci út 22-44	Financing Company	Ordinary	100
Crown Intermediate Holdco. Inc	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Cineworld Hunco. Kft	1132 Budapest, Váci út 22-44	Holding Company	Ordinary	100
Crown Finance US. Inc	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Augustus 2 Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding Company	Ordinary	100

34. Fixed Asset Investments continued

Cineworld Group plc fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
Cineworld Holdings Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding Company	Ordinary	100
Cine-UK Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
Cineworld Cinemas Holdings Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding Company	Ordinary	100
Picturehouse Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
Cineworld Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Holding Company and Cinema operations	Ordinary	100
Classic Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Retail services company	Ordinary	100
Gallery Holdings Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant holding Company	Ordinary	100
Cineworld Estates Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema property leasing	Ordinary	100
Adelphi Carlton Limited	8th Floor, Block E, Iveagh Court, Harcourt Road, Dublin 2, Ireland	Cinema operations	Ordinary	100
Basildon Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema property leasing	Ordinary	100
Basildon Cinema Number Two 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary and preference	100
Bromley Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary and preference	100
Empire Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary and preference	100
Hemel Hempstead Two Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary	100
Poole Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary and preference	100
Newcastle Cinema 2 Limited	2nd Floor, The Le Gallais Building, 54 Bath Street, St Helier, Channel Islands, JE2 1FW	Cinema operations	Ordinary	100
Cineworld South East Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant holding Company	Ordinary	100
Cineworld Elite Picture Theatre (Nottingham) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant	Ordinary	100
Gallery Cinemas Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant	Ordinary	100
Cineworld Cinema Properties Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant property Company	Ordinary	100
Newman Online Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Dormant software development and provider	Ordinary	100
Picturehouse Bookings Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Ticket booking operations	Ordinary	100
Picturehouse Entertainment Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Film distribution	Ordinary	100
City Screen (SOA) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
CS (Exeter) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
City Screen (Stratford) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100

34. Fixed Asset Investments continued

Cineworld Group plc fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
City Screen (York) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
City Screen (Liverpool) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
CS (Brixton) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
CS (Norwich) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
City Screen (Brighton) Limited	8th Floor, Vantage London, Great West Road, Brentford, TW8 9AG	Cinema operations	Ordinary	100
Cinema City Finance (2017) B.V	PO Box 1370 NL-3000 BJ Rotterdam The Netherlands	Financing Company	Ordinary	100
Seracus Limited	75 Prodromou Avenue, 1st Floor, Office 101 Strovolos, Nicosia 2063 Cyprus	Holding Company	Ordinary	100
I.T. Planet Advertising Ltd	91 Medinat Hayehudim, Herzelia, Israel	Dormant	Ordinary	100
Norma Film Limited	91 Medinat Hayehudim, Herzelia, Israel	Cinema operations	Ordinary	100
Cinema Theatres Limited	91 Medinat Hayehudim, Herzelia, Israel	Cinema operations	Ordinary	100
Cinema-Phone Limited	18 Haneviim, Haifa, Israel	Cinema operations	Ordinary	100
Forum Film Limited	91 Medinat Hayehudim, Herzelia, Israel	Cinema operations	Ordinary	100
IT Magyar Cinema Moziüzemeltető és Filmforgalmazó K.F.T.	1132 Budapest, Váci út 22-24	Cinema operations	Ordinary	100
Palace Cinemas Hungary K.F.T.	1132 Budapest, Váci út 22-24	Cinema operations	Ordinary	100
Forum Hungary K.F.T.	1132 Budapest, Váci út 22-24	Cinema operations	Ordinary	100
New Age Cinema K.F.T.	1132 Budapest, Váci út 22-24	Advertising	Ordinary	100
Cinema City Romania SRL	13 Ana Davila street, Sector 5, Bucharest 050491, Romania	Cinema operations	Ordinary	100
Forum Film Romania SRL	13 Ana Davila street, Sector 5, Bucharest 050491, Romania	Film distribution	Ordinary	100
New Age Media Romania SRL	13 Ana Davila street, sector 5, Bucharest 050491, Romania	Cinema operations	Ordinary	100
Cinema City Bulgaria EOOD	45 Bregalnitza Str, 5 floor Vazrajdane Region Sofia 1303, Bulgaria	Cinema operations	Ordinary	100
Forum Film Bulgaria EOOD	45 Bregalnitza Str, 4 floor Vazrajdane Region Sofia 1303, Bulgaria	Film distribution	Ordinary	100
Cinema City Czech s.r.o.	Arkalycká 951/3, 149 00 Praha 4, Czech Republic	Cinema operations	Ordinary	100
Forum Film Czech s.r.o.	Arkalycká 951/3, 149 00 Praha 4, Czech Republic	Film distribution	Ordinary	100
Cinema City Cinemas sp.Zoo	UL. Fosa 37 02-768 Warszawa Poland	Group services	Ordinary	100
All Job Poland sp.Zoo	Woloska 12 02-675 Warszawa, Poland	Cinema operations	Ordinary	100
I.T. Poland Development 2003 sp. Zoo	UL.Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100
New Age Media sp. Zoo	UL. Powsińska 31 02-903 Warszawa Poland	Advertising	Ordinary	100
Cinema City Poland sp. Zoo CC spolka komandytowa.	UL. Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100
Northfleet sp. Zoo	UL. Fosa 37 02-768 Warszawa Poland	General partner	Ordinary	100
Cinema City Poland CC sp. Zoo	UL. Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100

34. Fixed Asset Investments continued

Cineworld Group plc fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
Forum Film Poland CC Sp. Zoo	Woloska 12 02-675 Warszawa, Poland	Film distribution	Ordinary	100
Job & Services sp. Zoo	UL. Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100
New Cinemas Sp. Zoo	UL. Fosa 37 02-768 Warszawa Poland	Cinema operations	Ordinary	100
Cinema City Slovakia s.r.o.	Einsteinova 20, 851 01 Bratislava, Slovakia	Cinema operations	Ordinary	100
Forum Film Slovakia s.r.o.	Einsteinova 20, 851 01 Bratislava, Slovakia	Film distribution	Ordinary	100
A 3 Theatres of San Antonio, Ltd	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
A 3 Theatres of Texas, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Cinebarre, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Consolidated Theatres Management, L.L.C.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	100
Crown Theatre Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Eastgate Theatre, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Edwards Theatres, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Frederick Plaza Cinemas, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape of Nitro, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape of O'Fallon, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape Theatres, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape Theatres of Bowling Green, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape Theatres of Harrisburg, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape LaGrange LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	100
Great Escape Theatres of Lebanon, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Great Escape Theatres of New Albany, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Hollywood Theatres, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Hollywood Theatres III, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Hoyts Cinemas Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Interstate Theatres Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Lois Business Development Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
McIntosh Properties LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100

34. Fixed Asset Investments continued

Cineworld Group plc fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
Next Generation Network, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	100
Pacific Rim Business Development Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Palace Suite, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	100
R and S Theatres, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	51
Ragains Enterprises LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
RAM/UA-KOP, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	50
R.C.Cobb, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
R.C.Cobb II, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
RCI/FSSC, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
RCI/RMS, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal/Cinebarre Holdings, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Regal Cinemas Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Regal Cinemas Holdings, Inc	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal Cinemas, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal Cinemas II, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal CineMedia Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Gift promotions	Ordinary	100
Regal CineMedia Holdings, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Regal/DCIP Holdings, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Regal Distribution, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Film Distribution	Ordinary	100
Regal Distribution Holdings, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Regal Entertainment Group	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Regal Entertainment Holdings, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Regal Entertainment Holdings II, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Regal Gallery Place, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal Investment Company	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Regal Licensing, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100

34. Fixed Asset Investments continued

Cineworld Group plc fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
Regal Paramus Park, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	99
Regal Stratford, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Richmond I Cinema, L.L.C.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
San Francisco Theatres, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
United Artists Theatre Company	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
United Artists Theatre Circuit, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
United Artists Theatre Circuit II, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
United Artists Realty Company	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema property leasing	Ordinary	100
United Artists Properties I Corp.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema property leasing	Ordinary	100
Vogue Realty Company	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema property leasing	Ordinary	100
United Stonestown Corporation	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
UA Shore LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
UA Swansea. LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Valeene Cinemas LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Wallace Theatre Holdings, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
Wallace Theatres – Guam.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Wallace Theatres – Saipan, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
13th Avenue Partners, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Cinemas Associates, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Oklahoma Warren Theatres II, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Oklahoma Warren Theatres, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Regal/Atom Holdings, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Holding Company	Ordinary	100
The Movie Machine, LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Warren Oklahoma Theatres, Inc.	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
Restaurant Row Business Development Corp	101 E. Blount Avenue, Knoxville, TN 37920, United States	Dormant	Ordinary	100
Regal – 18 LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100

34. Fixed Asset Investments continued

Cineworld Group plc fixed asset investments continued

	Registered office	Principal activity	Class	% of shares held
Regal Realty 17 LLC	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	100
1232743 B.C.LTD.	Suite 2400, 745 Thurlow Street, Vancouver BC V6E 0C5, Canada	Holding Company	Ordinary	100
Jointly controlled entities				
Digital Cinema Distribution Coalition, LLC	840 Century Park East Suite 550 Los Angeles, CA 90067, United States	Film distribution	Ordinary	14.6
Digital Cinema Implementation Partners, LLC	100 Enterprise Drive, Suite 505 Rockaway, New Jersey 07866	Leasing Company	Ordinary	33.3
Digital Cinema Media Limited	350 Euston Road, London, NW1 3AX	Screen Advertising	Ordinary	50
Siam UATC Company Limited	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	10
United Artist Singapore Theaters Pte. Ltd	101 E. Blount Avenue, Knoxville, TN 37920, United States	Cinema operations	Ordinary	10
AC JV, LLC	5990 Greenwood Plaza Blvd, Greenwood Village, CO, United States	Events organisation	Ordinary	32
National CineMedia, LLC	6300 South Syracuse Way, Suite 300, Centennial, CO 80111, United States	Screen Advertising	Ordinary	26.1
Black Schrauber Limited	Cinema complex, Neomi 4, Jerusalem, Israel	Restaurant company	Ordinary	50

Cinema City Poland Sp. z.o.o, I.T. Poland Development 2003 Sp. z.o.o, Forum Film Poland Sp. z.o.o, New Age Media Sp. z.o.o and All Job Poland Sp. z.o.o have a statutory year end that is different to that of the Group being 30 November.

During 2019 and 2018, no impairments were recognised in respect of investments in directly held subsidiaries.

35. Financial Assets at Amortised Cost

	31 December 2019 $m	31 December 2018 $m
Amounts due from subsidiary undertakings	**896.6**	738.8

The loan receivables are interest free and repayable on demand.

The Company has considered if these loan receivables are impaired and concluded that the loss allowance is immaterial.

36. Creditors: Amounts Falling Due Within One Year

	31 December 2019 $m	31 December 2018 $m
Amounts due to subsidiary undertakings	**582.3**	388.5
Accruals	**0.8**	3.0
Total creditors falling due within one year	**583.1**	391.5

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.

37. Share-Based Payments

A share-based payment charge of $4.9m was recognised within the Company during the year in relation to the Group share options and share plans. Further details of these share options and plans are outlined in Note 24 of the Group Consolidated Financial Statements.

Shareholder Information
As at 31 December 2019

Directors

A H Bloom	(Non-Executive Director and Chairman)
A Kornasiewicz	(Non-Executive Director and Deputy Chair)
M Greidinger	(Chief Executive Officer)
I Greidinger	(Deputy Chief Executive Officer)
N Cohen	(Chief Financial Officer)
R Teperberg	(Chief Commercial Officer)
R Senat	(Non-Executive Director and Senior Independent Director)
C Galano	(Non-Executive Director)
D Moore	(Non-Executive Director)
S Rosenblum	(Non-Executive Director)
A Samuelsson	(Non-Executive Director)
H Weir	(Non-Executive Director)

Head Office
8th Floor
Vantage London
Great West Road
Brentford TW8 9AG

Telephone Number
020 8987 5000

Website
www.cineworldplc.com

Place of Incorporation
England and Wales

Company Number
Registered Number: 5212407

Registered Office
8th Floor
Vantage London
Great West Road
Brentford TW8 9AG

Q4 Dividend – 2019

Announcement	12 March 2020
Ex Dividend	9 April 2020
Record Date	14 April 2020
Payment Date	1 May 2020

Auditor
PricewaterhouseCoopers LLP
1 Embankment Place
Charing Cross
London
WC2N 6RH

Joint Brokers

Barclays Bank Plc	Investec Bank plc	Goldman Sachs International
1 Churchill Place	2 Gresham Street	Plumtree Court, 25 Shoe Lane
London	London	London
E14 5HP	EC2V 7QP	EC4A 4AU

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

REGAL

cineworld

CINEMA CITY

Picture house

yes PLANET

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