15 March 2018

CINEWORLD GROUP plc

Preliminary Results for year ended 31 December 2017

Cineworld Group plc ("the Group") is pleased to announce another record year.

Key Financial Highlights

	Year ended 31 December 2017	Year ended 31 December 2016	v 2016 (statutory basis)	v 2016 (constant currency basis[1])
Group revenue	£890.7m	£797.8m	+11.6%	+8.0%
Adjusted EBITDA[2]	£198.2m	£175.8m	+12.7%	+7.4%
Profit before tax	£120.5m	£98.2m	+22.7%	
Adjusted profit before tax[3]	£127.5m	£111.4m	+14.5%	
Profit after tax	£100.6m	£82.0m	+22.7%	
Adjusted profit after tax[3]	£106.2m	£93.8m	+13.2%	
Basic EPS (rights adjusted) [4]	16.4p	13.7p	+19.7%	
Adjusted diluted EPS (rights adjusted)[4]	17.3p	15.4p	+12.3%	

- Group revenue growth of 11.6% on a statutory basis and 8.0% on a constant currency basis[1]:
  - Solid UK and Ireland revenue growth of 6.2%.
  - Strong ROW[5] revenue growth of 20.5% on a statutory basis and 10.7% on a constant currency basis.
- Adjusted diluted EPS (before rights adjustment) increased by 12.1% to 38.9p (2016: 34.7p).
- The Group maintained its dividend pay-out ratio for another year, increasing the full year cash dividend paid by 14.5%[6].
- Cash generated from operating activities of £184.8m.
- Net debt reduced to £278.3m and Adjusted EBITDA to net debt ratio reduced to 1.4 times.

Operational Highlights

- Group admissions growth of 3.5% to 103.8m.
- Acquisition of 16 screen Empire Newcastle site completed.
- Nine new site openings, four in the UK and five in the ROW, adding 109 screens, bringing the total number of screens to 2,217 at 31 December 2017.
- Six major refurbishments completed in 2017, four in the UK and two in the ROW.
- Leading technological innovation with two new IMAX screens and 11 new 4DX screens.
- Announcement in December and completion on 28 February 2018 of the acquisition of Regal Entertainment Group ("Regal"), making Cineworld the second largest cinema chain in the world (by number of screens).

1 To provide information on a comparable basis, where % change vs. prior year information includes performance generated in currencies other than sterling, the % is presented on a constant currency basis. Constant currency movements have been calculated by applying the 2017 average exchange rates to 2016 performance.

2 Adjusted EBITDA is defined as Operating profit before depreciation and amortisation, onerous leases and other non-cash items, impairments and reversals of impairments, transaction and reorganisation costs, gains and losses on disposals of assets and subsidiaries and the settlement of the defined benefit pension liability. Adjusted EBITDA is considered an accurate and consistent measure of the Groups trading performance, items adjusted to arrive at Adjusted EBITDA are considered to be outside of the Group's ongoing trading activities.

3 Adjusted profit before tax is calculated by adding back amortisation of intangible assets (excluding acquired movie distribution rights), and certain non-cash items and foreign exchange as set out in Note 3 to the financial statements. Adjusted profit before tax is used an internal measure used by management, as they believe it better reflects the underlying performance of the Group and therefore a more meaningful comparison of performance from period to period. Adjusted profit after tax is arrived at by applying an effective tax rate to taxable adjustments and deducting the total from adjusted profit before tax.

4. In accordance with IAS33 basic and diluted EPS figures have been restated for the bonus element rights issue for the Regal Entertainment Group acquisition.

5. ROW is defined as Rest of the World and includes Poland, Israel, Romania, Hungary, Czech Republic, Bulgaria and Slovakia.

6. The Board has proposed a final dividend of 15.4p per share (3.1p on a rights adjusted basis), which will result in total cash payable of approximately £42.2m on 6 July 2018.

Commenting on these results:

Anthony Bloom, Chairman of Cineworld plc said:

"2017 was an exciting year for the Cineworld Group – the most momentous since its formation in 1995. For the financial year ended 31 December 2017, the Group's operations in the UK and ROW once again posted record results and then in December we announced the proposed acquisition of Regal Entertainment Group for $3.4bn which has successfully completed on 28 February 2018. It is particularly gratifying that the Regal acquisition received strong support from our shareholders - 87.3% of shareholders voted in favour of the acquisition at the General Meeting on 2 February 2018 and 96.3% followed their rights in the subsequent Rights Issue"

Mooky Greidinger, CEO of Cineworld Group plc, said:

"2017 saw the Group make great strides in delivering on our strategy and vision to be "The Best Place to Watch a Movie".

Our strategy was to:

- Open new cinemas in areas with the potential to achieve double digit growth rates.
- Pursue suitable acquisition opportunities.
- Refurbish the existing estate by introducing state of the art design and installing the latest cutting edge cinema experience technology.
- Ensure a consistent focus on managing costs.
- Maintain a continuous programme to optimise the customer experience.
- Ensure that we live up to our vision to be "The Best Place To Watch A Movie".

The cash generative nature of our business underpins our business model. Our priorities for the use of our cash have remained consistent; to invest in the business to support growth in revenue and earnings, for selective acquisition opportunities and to grow the dividend. During 2017 we achieved growth of 12.3% in the rights adjusted, adjusted diluted earnings per share. The Group maintained its dividend pay-out ratio for another year, increasing the full year cash dividend paid by 14.5%. The proposed final rights adjusted dividend is 3.1p per share.

On 5 December 2017 we announced the acquisition of the US based Regal Entertainment Group which was completed on 28 February 2018. The Cineworld Group is now the second largest circuit in the world operating over 9,500 screens in almost 800 locations in 10 countries. Although a huge challenge, we as management are confident that we will successfully lead the Group to new achievements and deliver enhanced shareholder value. Through our success and experience in the UK and Israel we have learnt and proved that the potential in more mature markets is at least as attractive as in the emerging markets.

The US is the biggest cinema market in the world and we are confident that this transformative acquisition will be a great success. Our objective is to provide the best content, in modern infrastructure with the great service which will ensure that our cinemas remain "The Best Way To Watch A Movie".

For the UK and ROW we have a further 381 screens scheduled to open in the next four years, 75 of which are scheduled to open in 2018.

We have been pleased with the performance of the Group through the opening weeks of the year and we are encouraged by the strength of the film slate for 2018, which includes "Jurassic World: Fallen Kingdom", "Fantastic Beasts: The Crimes of Grindelwald", "Avengers: Infinity War", "The Incredibles 2", "Mamma Mia! Here We Go Again", "Solo: A Star Wars Story", "Deadpool 2", "Fifty Shades Freed", "Mary Poppins Returns" and many more. We look forward to another year of growth in shareholder value."

The results presentation can be viewed online and is accessible via a listen-only dial-in facility. The appropriate details are stated below:

Date:	15 March 2018
Time:	9.00am
Dial in:	+44 20 3059 5868
Web link:	https://secure.emincote.com/client/cineworld/cineworld007

Participants must state they want to dial into Cineworld's Preliminary Announcement of Full Years Results

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Cautionary note concerning forward looking statements
Certain statements in this announcement are forward looking and so involve risk and uncertainty because they relate to events, and depend upon circumstances that will occur in the future and therefore results and developments can differ materially from those anticipated. The forward looking statements reflect knowledge and information available at the date of preparation of this announcement and the Group undertakes no obligation to update these forward-looking statements. Nothing in this announcement should be construed as a profit forecast.

Group Performance Overview

	Year ended 31 December 2017			Year ended 31 December 2016		
	UK & Ireland	Rest of the World	**Total Group**	Total Group	Statutory movement	Constant currency movement
Admissions	53.0m	50.8m	**103.8m**	100.3m	3.5%	NA
	£m	£m	£m	£m		
Box office	345.0	208.7	**553.7**	500.9	10.5%	6.4%
Retail	125.8	94.6	**220.4**	190.8	15.5%	11.1%
Other income	53.7	62.9	**116.6**	106.1	9.9%	5.4%
Total revenue	524.5	366.2	**890.7**	797.8	11.6%	8.0%

Cineworld Group plc results are presented for the year ended 31 December 2017 and reflect the trading and financial position of the UK and Ireland and the Rest of the World ("ROW") operating segments (the "Group"). The post-acquisition results of the Empire cinemas which were acquired on 11 August 2016 and 15 June 2017 have been included within the UK and Ireland segment.

Unless explicitly referenced, all percentage movements which are given reflect performance on a constant currency basis to allow a year on year assessment of the performance of the business without the impact of fluctuations in exchange rates over time. Constant currency movements have been calculated by applying the 2017 average exchange rates to 2016 performance.

Total revenue for the year ended 31 December 2017 was £890.7m, an increase of 11.6% on a statutory basis, and 8.0% on a constant currency basis. Overall admissions increased by 3.5%, and average ticket pricing increased on a constant currency basis to £5.33, resulting an overall increase in total box office revenues of 6.4%. Spend per person increased by 7.6% to £2.12 resulting in retail revenue growth of 11.1%. Other revenues increased by 5.4%.

The principal income for the Group is box office revenue. Box office revenue is a function of the number of admissions and the ticket price per admission, less VAT. In addition, the Group operates membership schemes which provide customers with access to screening in exchange for subscriptions fees, and this revenue is also reported as part of box office. Admissions (one of our key performance indicators), depend on the number, timing and popularity of the films we are able to show in our cinemas.

Admissions are also a key driver for the two other main revenues for the Group. These are retail revenue, the sale of food and drink for consumption within our cinemas and screen advertising income, from advertisements shown on our screens prior to feature presentations.

UK & Ireland

	Year ended 31 December 2017	Year ended 31 December 2016	Statutory movement	Constant currency movement
Admissions	**53.0m**	51.8m	2.3%	N/A
	£m	£m		
Box office	**345.0**	324.0	6.5%	N/A
Retail	**125.8**	117.5	7.1%	N/A
Other Income	**53.7**	52.5	2.3%	N/A
Total revenue	**524.5**	494.0	6.2%	N/A

The results for the UK and Ireland include the two cinema chain brands in the UK, Cineworld and Picturehouse, and also include the six Empire cinemas acquired (five sites were acquired in 2016 and one in 2017).

Box Office
Box office revenue represented 65.8% (2016: 65.6%) of total revenues for the UK and Ireland. Admissions in the year increased by 2.3%, which is reflective of the film slate as well as the additional cinemas acquired and opened in 2016 and 2017. The increased admissions combined with an increase in the average ticket price of 4.1% this resulted in total revenue growth of 6.5%. This is a pleasing result as admissions in the UK and Ireland cinema industry as a whole were up only 1.4% during the same period (Source: UK Cinema Association).

The overall box office performance in 2017 was underpinned by a strong film slate, despite a weaker Q3 compared with 2016. In 2017, in the UK market overall, the top three films grossed £197.4m ("Beauty And The Beast" – £72.4m, "Star Wars: The Last Jedi" – £68.3m, and "Dunkirk" – £56.7m) compared with the top three films in 2016 which grossed £149.4m ("Star Wars: Rogue One"– £50.7m, "Fantastic Beasts and Where To Find Them"– £50.6m and "Bridget Jones's Baby"– £48.1m).

The average ticket price achieved in the UK and Ireland increased to £6.51 (2016: £6.25). The increase in average ticket price was in part due to price rises during the period, but is mainly reflective of the continued expansion and popularity of premium offerings and a result of the renovation program we have started three years ago. The most popular IMAX films during the year were "Star Wars: The Last Jedi" and "Dunkirk" and 4DX films were "Star Wars: The Last Jedi" and "The Fate and the Furious".

Retail
Food and drink sales are the second most important source of revenue and represented 24.0% (2016: 23.8%) of total revenues for the UK and Ireland. Total retail revenues in the UK and Ireland were £125.8m (2016: £117.5m) increasing by 7.1%.

Net retail spend per admission increased by 4.4% in the year to £2.37 (2016: £2.27). This was partly due to the film mix, but predominantly reflects the expansion of our cinemas' retail offerings, strong promotions and operational improvements. A further five Starbucks outlets were opened during the year taking the total to 29 at 31 December 2017.

Other Income

Other Income includes all revenue streams other than box office and retail and represents 10.2% (2016: 10.6%) of total revenue. It increased to £53.7m (2016: £52.5m) and grew by 2.3%.

The largest single element of other income is screen advertising revenue. Screen advertising revenue is earned through our shareholding in Digital Cinema Media Limited ("DCM"), our joint venture screen advertising business. DCM's primary function is to sell advertising time on cinema screens on behalf of the UK cinema industry. It also engages in related promotional work between advertisers and cinemas. Screen advertising revenue varies depending on the type of films screened, the number of minutes and value of advertising sold, the number of attendees who view the film and the placement of advertisements in relation to the start of the film. As a result of the nature of the film slate and the admissions levels in 2017 the advertising revenues were higher than 2016. In February the Group disposed of a small element of the Group's distribution arm in Picturehouse. This distribution income is recorded in other income and therefore has reduced the overall growth from the prior period. Also included within other income is the online booking fee. The trend towards booking online continues with more than half of tickets now purchased online.

Rest of the World ("ROW")

	Year ended 31 December 2017	Year ended 31 December 2016	Statutory movement	Constant currency movement
Admissions	**50.8m**	48.5m	4.7%	N/A
	£m	£m		
Box office	**208.7**	176.9	18.0%	8.2%
Retail	**94.6**	73.3	29.1%	18.7%
Other Income	**62.9**	53.6	17.4%	8.3%
Total revenue	**366.2**	303.8	20.5%	10.7%

The results for the ROW include the cinema chain brands–Cinema City in the Central and Eastern Europe territories and Yes Planet and Rav-Chen in Israel. The information is presented on a constant currency basis to provide information on a comparable basis unless otherwise stated.

Box Office

Box office revenue represented 57.0% (2016: 58.2%) of total revenues for the ROW. Admissions in the year increased by 4.7%, and average ticket prices increased on a constant currency basis to £4.11 resulting in an overall increase in box office revenues of 8.2%. Admissions growth was achieved in Poland, Romania, Israel and Slovakia. Admissions have increased in these territories as a result of the opening of new sites in the prior and current year, investment in the latest technologies, the strong film slate for the period and the growth in the local economies. Hungary experienced a slight decline in admissions as a result of two site closures, one in the period and one in the prior year, however on a like for like basis growth was achieved. There were marginal declines in admissions in Bulgaria and Czech Republic due to the nature of the film slate and the higher base in 2016.

The average ticket price increase has been driven by a mixture of expanding our premium offerings, inflationary price increases alongside the growth of the local economies and the film slate. Film performance was underpinned by the success of films that also performed strongly in the UK such as "Star Wars: The Last Jedi" and "Beauty and the Beast" as well a locally produced movies. Locally produced movies continued to be popular particularly in Poland where "Listy Do Movie 3" and "Botoks" were the top performing films for the year.

Retail

Food and drink sales are the second most important source of revenue and represent 25.8% (2016: 24.1%) of total revenues for the ROW. Total retail revenues were £94.6m (2016: £73.3m) increasing by 18.7%.

Retail spend per admission increased by 13.4% to £1.86 (2016: £1.64 constant currency). The increase was predominantly driven by the film mix and growth of the local economies but also the expansion of offerings, with three new VIP sites, one in Israel – Zichron and two in Poland – Chodov and Wroclaw, as well as ongoing operational improvements.

Other income

Other income includes distribution, advertising and other revenues and represents 17.2% (2016: 17.7%) of the total revenues. Forum Film is the Group's film distribution business for the ROW. Forum Film operates across the ROW region and distributes films on behalf of major Hollywood studios as well as owning the distribution rights to certain independent movies. New Age Media is the Group's advertising and sponsorship arm for the ROW. The main driver for the overall increase in other income was the advertising revenue which performed very strongly in 2017, predominantly as a result of the increase in admissions. The distribution revenues were broadly in line year on year.

Financial Performance

	Year ended 31 December 2017			Year ended 31 December 2016
	UK & Ireland	**ROW**	**Total Group**	Total Group
Admissions	53.0m	50.8m	**103.8m**	100.3m
	£m	£m	£m	£m
Box office	345.0	208.7	553.7	500.9
Retail	125.8	94.6	220.4	190.8
Other Income	53.7	62.9	116.6	106.1
Total revenue	524.5	366.2	**890.7**	797.8
Adjusted EBITDA(*)	99.7	98.5	**198.2**	175.8
Operating profit			**128.2**	112.8
Financial income			2.0	3.0
Financial expense			(9.8)	(17.6)
Net financing costs			**(7.8)**	(14.6)
Share from joint venture			0.1	-
Profit on ordinary activities before tax			**120.5**	98.2
Tax on profit on ordinary activities			(19.9)	(16.2)
Profit for the period attributable to equity holders of the Group			**100.6**	82.0

* Adjusted EBITDA is defined as Operating profit before depreciation and amortisation, onerous leases and other non-cash items, impairments and reversals of impairments, transaction and reorganisation costs, gains and losses on disposals of assets and subsidiaries and the settlement of the defined benefit pension liability.

The following commentary focuses on Group profitability, cash flow and the Statement of Financial Position except where stated.

Adjusted EBITDA and Operating Profit

Overall, the Group's Adjusted EBITDA increased by 12.7% to £198.2m (2016: £175.8m). The Adjusted EBITDA margin remained broadly consistent with the prior year at 22.3% (2016: 22.0%). Adjusted EBITDA generated by the UK and Ireland increased by 2.7% during the year to £99.7m (2016: £97.1m). The UK & Ireland Adjusted EBITDA margin of 19.0% represented a 0.7 percentage point decline from 2016, largely as a result of no Virtual Print Fee "VPF" income during the year and increases in business rates. Adjusted EBITDA generated by the ROW increased by 25.2% to £98.5m (2016: £78.7m). The Adjusted EBITDA margin of 26.9% represented a 1.0 percentage point improvement from 2016, predominantly driven by the increase in admissions, growing economies and higher retail spend per person and our continued efforts on cost management.

As the Group operates in nine territories, it is exposed to exchange rate fluctuations. Wherever possible, cash income and expenditure are settled in local currency to mitigate exchange losses. However, there are translation exchange differences arising when presenting the year on year performance of the ROW in the reporting currency of the Group.

Operating profit of £128.2m was 13.7% higher than the prior year (2016: £112.8m). Operating profit included a number of non-trade related items that have a net negative impact of £1.9m (2016: £4.4m). These primarily related to the following:

- Transaction and reorganisation costs of £7.8m (2016: £1.5m) – £3.6m (2016: £0.8m) related to the UK operations restructuring and redundancy costs (2016: £0.8m), £0.6m of cost was incurred on the acquisition of the six Empire cinemas (2016: £0.5m), and £2.8m (2016: nil) incurred with respect to the ongoing transaction with Regal and £0.8m (2016: nil) of costs in respect of the termination of contracts.
- A charge of £1.3m (2016: net credit £1.5m) primarily relating to a change in trading assumptions for specific onerous lease provisions.
- A one off gain of £2.0m relating to the profit on disposal of Picturehouse Entertainment of £1.8m and the gain on the transfer of Haymarket of £0.2m (2016: nil);
- A net credit in relation to impairments of £5.2m (2016: net credit of £0.4m) – £5.6m related to the write-back of capital expenditure for sites previously impaired where performance has improved and £0.4m related to the write off of capital expenditure for sites which were not performing satisfactorily.
- There are no one-off costs in 2017 related to the MGM defined benefit pension scheme buy-out which occurred in 2016 (2016: £4.8m).

The total depreciation and amortisation charge (included in administrative expenses) in the year totalled £68.1m (2016: £58.6m). Of this, £32.8m related to depreciation and amortisation in the UK and Ireland (2016: £28.9m) and £35.3m related to depreciation and amortisation in the ROW (2016: £29.7m). The increase year on year is predominantly due to the additional number of sites in the Group and the foreign exchange in the ROW.

Finance Costs

On 29 July 2015 the Group signed an amendment and extension to its existing banking facility which was effective immediately upon signing and extends the facility to June 2020. As a result, the term loans were reduced from £157.5m and £126.0m to £130.0m and 63.0m respectively. In August 2016 the Group extended the single currency revolving credit facility of £190.0m to £215.0m to partly fund the Empire acquisition. At 31 December 2017 the facility remained subject to the existing two covenants: the ratio of Adjusted EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges. A margin, determined by the results of the covenant tests at a given date is added to LIBOR or EURIBOR. The margins applicable to the Group were 1.40% on the term loans and 1.15% on the revolving credit facility.

The Group has hedging arrangements in place to mitigate the potential risk of a material impact arising from interest rate fluctuations. At 31 December 2017, the Group had three (2016: seven) interest rate swaps, two GBP denominated swaps which hedged 81% (2016: 82%) of the Group's variable rate GBP unsecured term loan and, one Euro denominated swap hedging 83% (2016:100%) of the Euro denominated unsecured loan.

Net financing costs totalled £7.8m during the year (2016: £14.6m) which is a net decrease of £6.8m. In the prior year there was a £6.1m negative impact on foreign exchange, primarily relating to the translation of the Euro Term loan at the balance sheet date. In the second half of 2016 the Group entered into a net investment hedge in respect of the Euro Term loan and the gains and losses are now recognised directly in other comprehensive income, in line with current accounting practice and standards.

Finance income of £2.0m (2016: £3.0m) included a gain of £1.3m (2016: £1.9m) primarily from foreign exchange gains on monetary assets and £0.7m (2016: £0.7m) related to interest income. As the defined benefit pension scheme was bought-out by Aviva at the end of 2016 there was no finance income on assets held by defined benefit pension schemes (2016: £0.4m).

Finance expense of £9.8m (2016: £17.6m) included £6.3m in respect of interest on bank loans and overdrafts (2016: £7.8m), with the decrease being the result of the reduction of the term loans and £0.6m relating to foreign exchange losses on monetary assets. In 2016 the finance expenses included a £6.1m loss on the Euro Term loan. Other net finance costs of £2.9m (2016: £3.1m) included amortisation of prepaid finance costs of £1.5m (2016: £1.4m) and £1.4m (2016: £1.7m) in respect of the unwind of discount and interest charges on property-related leases.

Taxation

The overall tax charge during the year was £19.9m giving an overall effective tax rate of 16.5% (2016:16.5%).The consistent rate reflects the Group's geographical mix of profits. The corporation tax charge in respect of the current year was £24.1m (2016: £16.5m) and the deferred tax credit was £2.6m (2016: £1.3m charge), resulting in a current year effective tax rate of 17.9% (2016: 18.1%). The deferred tax credit principally related to movements on temporary differences relating to fixed assets, intangible assets and employee benefits.

In the medium term we expect our effective tax rate to remain at a similar level for the existing markets in which we operated at 31 December 2017.

The Group takes a responsible attitude to tax, recognising that it affects all of 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 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 for the year was £100.6m (2016: £82.0m). The profit after tax has increased as a result of the growth in Adjusted EBITDA, partly netted by the increase in depreciation and amortisation charges in the year, the reduction year on year of the one-off items and the overall reduction in net finance costs.

The rights adjusted basic earnings per share amounted to 16.4p (2016: 13.7p). Eliminating the one-off, non-trade related items described above (totalling £7.0m within operating profit), amortisation of intangibles of £5.1m, transaction and reorganisation costs of £7.8m, the profit on disposals of £2.0m, and the net impairment reversal of £5.2m and the onerous lease charge of £1.3m, the rights adjusted, adjusted diluted earnings per share were 17.3p (2016: 15.4p).

Business Combinations

On the 15 June 2017 the Group completed the acquisition of the Newcastle cinema from Cinema Holdings Limited by means of an acquisition of 100% of the shares. Cash consideration was paid on acquisition and there is also an element of contingent consideration to be paid based on the performance of the site over a 24 month period post completion of the refurbishment.

Disposals

On the 7 February 2017 the Group sold 100% of the shares in Picturehouse Entertainment Limited, a company which operated an element of the Group's distribution arm in the UK. The consideration received was £2.0m, resulting in a gain on disposal of £1.8m.

Balance Sheet

Overall, net assets have increased by £112.0m, to £775.4m since 31 December 2016. This is due to the acquisition of the Newcastle Empire cinema with net assets of £10.3m, movements in other non-current assets of £82.8m, which predominantly relates to the foreign currency gains on translation and the opening of new sites, refurbishments completed during the year and movements in other net liabilities and current assets of £18.9m.

Cash Flow and Net Debt

The Group continued to be cash generative at the operating level. Total net cash generated from operations in the year was £172.8m (2016: £150.1m). Net cash spent on investing activities during the year was £110.7m (2016: £130.3m), £7.0m for the acquisition of the Empire Newcastle cinemas, £106.2m on the development of new sites, refurbishments and technology, £2.0m was received from the proceeds of the disposal of Picturehouse Entertainment Limited and £0.6m related to interest received.

Net debt decreased by £4.0m to £278.3m at 31 December 2017 (2016: £282.3m). The main movements were due to the repayments during the year on the term loans (net of foreign exchange movements) of £7.5m, net cash inflows of £11.2m (net of foreign exchange movements) an additional finance lease liability of £0.9m and fair value gains in respect of financial instruments of £1.2m. Net debt at the year-end represented 1.4 times the 12 month Adjusted EBITDA figure for the Group.

Dividends

The Board has proposed a final dividend of 15.4p per share (3.1p on a rights adjusted basis), in respect of the year ended 31 December 2017. The interim dividend of 6.0p per share was paid in September 2017. The record date for the final dividend is 8 June 2018 and the payment date will be 6 July 2018.

Post Balance Sheet Events

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

Due to the size of the acquisition it was classed as a reverse takeover under the UK Listing Rules. The acquisition with Regal completed on 28 February 2018.

Consideration for the acquisition of $3.4bn was settled fully in cash, funded by the proceeds of a fully underwritten Rights Issues at the Rights Issue Price of 157.0 pence per New Ordinary Share, which raised £1.7bn plus an additional$4.1bn was raised through committed Debt Facilities. The restructured debt arrangement consists of a USD and Euro term loan totalling $4.1bn and a $300.0m revolving credit facility. The previous financing arrangements in place as at 31 December 2017 for the Group and Regal have been terminated and superseded with the new financing arrangements from 28th February 2018.

As the consideration was entirely paid in cash the acquisition is expected to be accounted for as an acquisition under IFRS 3 rather than as a reverse takeover acquisition under IFRS 3, notwithstanding the size of the acquisition.

By order of the Board

Nisan Cohen
Chief Financial Officer
15 March 2018

Consolidated Statement of Profit or Loss

for the Year Ended 31 December 2017

	Note	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Revenue		**890.7**	797.8
Cost of sales		**(655.5)**	(584.8)
Gross profit		**235.2**	213.0
Other operating income		**3.5**	2.7
Administrative expenses		**(110.5)**	(102.9)
Operating profit		**128.2**	112.8
Analysed between:			
Adjusted EBITDA*		**198.2**	175.8
Depreciation and amortisation		**(68.1)**	(58.6)
Onerous leases and other charges		**(1.3)**	1.5
Impairments and reversals of impairments		**5.2**	0.4
Transaction and reorganisation costs		**(7.8)**	(1.5)
Gain on disposal of assets and subsidiaries		**2.0**	-
Settlement of defined benefit pension liability		-	(4.8)
Finance income	4	**2.0**	3.0
Finance expenses	4	**(9.8)**	(17.6)
Net finance costs		**(7.8)**	(14.6)
Share from jointly controlled entities using equity accounting method, net of tax		**0.1**	-
Profit on ordinary activities before tax		**120.5**	98.2
Tax charge on profit on ordinary activities	6	**(19.9)**	(16.2)
Profit for the year attributable to equity holders of the Company		**100.6**	82.0
Basic earnings per share (rights adjusted)	3	**16.4**	13.7
Diluted earnings per share (rights adjusted)	3	**16.3**	13.4

* Adjusted EBITDA as reported in the Consolidated Statement of Profit and Loss as Operating profit before depreciation and amortisation, onerous leases and other non-cash items, impairments and reversals of impairments, transaction and reorganisation costs, gains and losses on disposals of assets and subsidiaries and the settlement of the defined benefit pension liability.

Consolidated Statement of Other Comprehensive Income

for the Year Ended 31 December 2017

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Profit for the year attributable to equity holders of the Group	**100.6**	82.0
Items that will not subsequently be reclassified to profit or loss		
Remeasurement of the defined benefit asset	-	(5.1)
Tax recognised on items that will not be reclassified to profit or loss	-	1.0
Items that will subsequently be reclassified to profit or loss		
Movement in fair value of cash flow hedge	**1.3**	0.5
Net change in fair value of cash flow hedges recycled to profit or loss	-	(1.9)
Movement in fair value of net investment hedge	**(1.4)**	(1.3)
Foreign exchange translation gain	**26.0**	88.2
Tax recognised on items that will not be reclassified to profit or loss	**0.3**	-
Other comprehensive income for the year, net of income tax	**26.2**	81.4
Total comprehensive income for the year attributable to equity holders of the Group	**126.8**	163.4

Consolidated Statement of Financial Position

at 31 December 2017

	31 December 2017 £m	31 December 2016 £m
Non-current assets		
Property, plant and equipment	**520.2**	445.4
Goodwill	**675.5**	650.6
Other intangible assets	**47.4**	54.2
Investments in equity-accounted investee	**1.2**	0.9
Other receivables	**5.9**	6.0
Total non-current assets	**1,250.2**	1,157.1
Current assets		
Inventories	**10.4**	9.8
Assets held for sale	**1.6**	-
Trade and other receivables	**77.5**	74.0
Cash and cash equivalents	**67.5**	55.8
Total current assets	**157.0**	139.6
Total assets	**1,407.2**	1,296.7
Current liabilities		
Interest-bearing loans, borrowings and other financial liabilities	**(14.9)**	(16.8)
Bank overdraft	**(0.5)**	-
Trade and other payables	**(145.1)**	(175.8)
Current taxes payable	**(21.3)**	(10.5)
Provisions	**(3.5)**	(6.3)
Total current liabilities	**(185.3)**	(209.4)
Non-current liabilities		
Interest-bearing loans, borrowings and other financial liabilities	**(330.5)**	(321.3)
Other payables	**(95.7)**	(76.5)
Provisions	**(7.8)**	(11.6)
Employee benefits	**(2.3)**	(1.8)
Deferred tax liabilities	**(10.2)**	(12.7)
Total non-current liabilities	**(446.5)**	(423.9)
Total liabilities	**(631.8)**	(633.3)
Net assets	**775.4**	663.4
Equity attributable to equity holders of the Group		
Share capital	**2.7**	2.7
Share premium	**295.7**	306.4
Translation reserve	**64.9**	38.9
Merger reserve	**255.1**	207.3
Hedging reserve	**(2.5)**	(2.4)
Retained earnings	**159.5**	110.5
Total equity	**775.4**	663.4

These financial statements were approved by the Board of Directors on 15 March 2018 and were signed on its behalf by:

Nisan Cohen
Chief Financial Officer
15 March 2018

Consolidated Statement of Changes in Equity
at 31 December 2017

	Issued capital £m	Share premium £m	Merger reserve £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Balance at 1 January 2016	**2.7**	**295.7**	**207.3**	**(49.3)**	**0.3**	**78.0**	**534.7**
Profit for the year	-	-	-	-	-	82.0	82.0
Amounts reclassified from equity to profit and loss in respect of cash flow hedges	-	-	-	-	(1.9)	-	(1.9)
Other comprehensive income	-	-	-	-	-	-	-
Items that will not subsequently be reclassified to profit or loss	-	-	-	-	-	-	-
Remeasurement of the defined benefit asset	-	-	-	-	-	(5.1)	(5.1)
Tax recognised on items that will not be reclassified to profit or loss	-	-	-	-	-	1.0	1.0
Items that will subsequently be reclassified to profit or loss	-	-	-	-	-	-	-
Movement in fair value of cash flow hedge	-	-	-	-	0.5	-	0.5
Movement in net investment hedge	-	-	-	-	(1.3)	-	(1.3)
Retranslation of foreign currency denominated subsidiaries	-	-	-	88.2	-	-	88.2
Tax recognised on income and expenses recognised directly in equity	-	-	-	-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	(47.0)	(47.0)
Movements due to share-based compensation	-	-	-	-	-	1.6	1.6
Issue of shares	-	10.7	-	-	-	-	10.7
Balance at 31 December 2016	**2.7**	**306.4**	**207.3**	**38.9**	**(2.4)**	**110.5**	**663.4**
Other comprehensive income	-	-	-	-	-	**100.6**	**100.6**
Items that will subsequently be reclassified to profit or loss							
Movement in fair value of cash flow hedge	-	-	-	-	**1.3**	-	**1.3**
Movement in net investment hedge	-	-	-	-	**(1.4)**	-	**(1.4)**
Retranslation of foreign currency denominated subsidiaries	-	-	-	**26.0**	-	-	**26.0**
Tax recognised on income and expenses recognised directly in equity	-	-	-	-	-	**0.3**	**0.3**
Contributions by and distributions to owners							
Transfers	-	**(10.7)**	**10.7**	-	-	-	-
Dividends	-	-	-	-	-	**(53.8)**	**(53.8)**
Movements due to share-based compensation	-	-	-	-	-	**1.9**	**1.9**
Issue of shares	-	-	**37.1**	-	-	-	**37.1**
Balance at 31 December 2017	**2.7**	**295.7**	**255.1**	**64.9**	**(2.5)**	**159.5**	**775.4**

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2017

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Cash flow from operating activities		
Profit for the year	**100.6**	82.0
Adjustments for:		
Financial income	**(2.0)**	(3.0)
Financial expense	**9.8**	17.6
Taxation	**19.9**	16.2
Share from jointly controlled entity	**(0.1)**	-
Operating profit	**128.2**	112.8
Depreciation and amortisation	**68.1**	58.6
Non-cash property, pension and share based payment charges	**0.5**	(0.1)
Impairments and reversals of impairments	**(5.2)**	(0.4)
Surplus of pension contributions over current service cost	-	(0.8)
Increase in trade and other receivables	**(3.7)**	(6.0)
Increase in inventories	**(0.5)**	(0.6)
Increase /(decrease) in trade and other payables	**1.5**	(2.0)
Decrease in provisions and employee benefit obligations	**(4.1)**	(1.6)
Cash generated from operations	**184.8**	159.9
Tax paid	**(12.0)**	(9.8)
Net cash flows from operating activities	**172.8**	150.1
Cash flows from investing activities		
Interest received	**0.6**	0.7
Acquisition of subsidiaries net of acquired cash	**(7.0)**	(47.0)
Purchase of property, plant and equipment and intangible assets	**(106.2)**	(83.7)
Proceeds from disposal of subsidiaries	**2.0**	-
Investment in equity accounted investee	**(0.1)**	(0.3)
Net cash flows from investing activities	**(110.7)**	(130.3)
Cash flows from financing activities		
Proceeds from share issue	**0.8**	0.3
Dividends paid to shareholders	**(53.8)**	(47.0)
Interest paid	**(6.6)**	(7.8)
Repayment of bank loans	**(11.1)**	(6.4)
Proceeds from bank loans	**17.4**	28.0
Payment of finance lease liabilities	**(1.3)**	(1.0)
Net cash flows from financing activities	**(54.6)**	(33.9)
Net increase in cash and cash equivalents	**7.5**	(14.1)
Exchange gains on cash and cash equivalents	**4.2**	7.4
Cash and cash equivalents at start of year	**55.8**	62.5
Cash and cash equivalents at end of year	**67.5**	55.8

Notes to the Consolidated Financial Statements

(Forming part of the Financial Statements)

1. Accounting policies

Basis of Preparation

Cineworld Group plc (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements of the Company as at and for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities. The financial information presented in this statement have been prepared applying the accounting policies and presentation that was applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2017 and are not the Group's statutory accounts.

2. Operating Segments

The Group has determined that is has two operating segments; UK and Ireland and Rest of the World ("ROW"). The results for the UK & Ireland include the two cinema chain brands, Cineworld and Picturehouse and for the ROW they include the cinema chain brands Cinema City in Central and Eastern Europe territories and Yes Planet and Rav Chen in Israel.

	UK & Ireland £m	ROW £m	**Total £m**
Year ended 31 December 2017			
Total revenues[1]	524.5	366.2	**890.7**
Adjusted EBITDA	99.7	98.5	**198.2**
Segmental operating profit	51.9	76.3	**128.2**
Net finance income / (expense)	9.5	(1.7)	**7.8**
Depreciation and amortisation	32.8	35.3	**68.1**
Onerous leases and other charges	1.3	-	**1.3**
Impairments and reversals of impairments	(4.9)	(0.3)	**(5.2)**
Transaction and reorganisation costs	6.9	0.9	**7.8**
Profit before tax	**42.5**	**78.0**	**120.5**
Non-current asset additions – property, plant and equipment	65.3	52.6	**117.9**
Non-current asset additions – intangible assets	8.4	2.8	**11.2**
Investment in equity accounted investee	0.7	0.5	**1.2**
Non-current asset – goodwill	304.8	370.7	**675.5**
Segmental total assets	**645.8**	**761.4**	**1,407.2**
Year ended 31 December 2016			
Total revenues[1]	494.0	303.8	797.8
Adjusted EBITDA	97.1	78.7	175.8
Segmental operating profit	52.6	60.2	112.8
Net finance income / (expense)	13.4	1.2	14.6
Depreciation and amortisation	28.9	29.7	58.6
Onerous leases and other charges	(0.5)	(1.0)	(1.5)
Impairments and reversals of impairments	0.8	(1.2)	(0.4)
Transaction and reorganisation costs	1.5	-	1.5
Profit before tax	46.8	51.4	98.2
Non-current asset additions – property, plant and equipment	46.9	72.4	119.3
Non-current asset additions – intangible assets	60.6	5.4	66.0
Investment in equity accounted investee	0.6	0.3	0.9
Non-current asset – goodwill	296.8	353.8	650.6
Segmental total assets	571.4	725.3	1,296.7

(1) All revenues were received from third parties.

Entity Wide Disclosures

Revenue by country	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
United Kingdom & Ireland	**524.5**	494.0
Poland	**114.2**	98.1
Israel	**77.6**	63.5
Hungary	**59.8**	49.7
Romania	**54.6**	42.6
Czech Republic	**35.1**	29.6
Bulgaria	**14.1**	11.9
Slovakia	**10.8**	8.4
Total revenue	**890.7**	797.8

UK & Ireland

Revenue by product and service provided	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Box office	**345.0**	324.0
Retail	**125.8**	117.5
Other	**53.7**	52.5
Total revenue	**524.5**	494.0

ROW

Revenue by product and service provided	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Box office	**208.7**	176.9
Retail	**94.6**	73.3
Other	**62.9**	53.6
Total revenue	**366.2**	303.8

3. 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 held by the employee ownership trust.

Adjusted earnings per share is calculated in the same way except that the profit for the year attributable to ordinary shareholders is adjusted by adding back the amortisation of intangible assets recognised as part of business combinations and other one-off income or expense and then adjusting for the tax impact on those items which is calculated at the effective tax rate for the current year. The performance of adjusted earnings per share is used to determine awards to Executive Directors under the Group Performance Share Plan ("PSP"). Diluted earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by weighted average number of any non-vested ordinary shares held by the employee share ownership trust and after adjusting for the effects of dilutive options.

	Year ended 31 December 2017 Total £m	Year ended 31 December 2016 Total £m
Earnings attributable to ordinary shareholders	**100.6**	82.0
Adjustments:		
Amortisation of intangible assets(1)	**5.1**	4.6
Transaction and reorganisation costs	**7.8**	1.5
Impairments and reversals of impairments	**(5.2)**	(0.4)
Onerous lease cost and other charges	**1.3**	(1.5)
Settlement of defined benefit pension scheme	**-**	4.8
Impact of foreign exchange translation gains and losses(3)	**-**	6.1
Exceptional finance credit(2)	**-**	(1.9)
Gain on disposal of assets and subsidiaries	**(2.0)**	-
Adjusted earnings	**107.6**	95.2
Tax effect of above items	**(1.4)**	(1.4)
Adjusted profit after tax	**106.2**	93.8

	Year ended 31 December 2017 m	Year ended 31 December 2016 m
Weighted average number of shares in issue	**271.4**	266.2
Basic earnings per share denominator (prior to rights adjustment)	**271.4**	266.2
Basic earnings per share denominator (rights adjusted)	**612.4**	600.7
Dilutive options (prior to rights adjustment)	**1.4**	4.4
Diluted earnings per share denominator (prior to rights adjustment)	**272.8**	270.6
Diluted earnings per share denominator (rights adjusted)	**615.6**	610.6
Shares in issue at year end	**273.9**	267.6

	Pence	Pence
Basic earnings per share (rights adjusted) (4)	**16.4**	13.7
Diluted earnings per share (rights adjusted) (4)	**16.3**	13.4
Adjusted basic earnings per share (rights adjusted) (4)	**17.3**	15.6
Adjusted diluted earnings per share (rights adjusted) (4)	**17.3**	15.4
Basic earnings per share (prior to rights adjustment)	**37.1**	30.8
Diluted earnings per share (prior to rights adjustment)	**36.9**	30.4
Adjusted basic earnings per share (prior to rights adjustment)	**39.1**	35.2
Adjusted diluted earnings per share (prior to rights adjustment)	**38.9**	34.7

(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 business combination. It does not include amortisation of purchased distribution rights (which totalled £6.4m (2016: £6.1m)).
(2) Exceptional finance credits of £1.9m in 2016 were made up of the net change in fair value of cash flow hedges reclassified from equity, no such charges were incurred in 2017.
(3) Net foreign exchange gains and losses included within earnings comprises of £6.1m foreign exchange loss recognised on translation of the Euro term loan at 31 December 2016, no such gains or losses were incurred in 2017.
(4) In accordance with IAS33 basic and diluted EPS figures have been restated for the bonus element rights issue described in note 12.
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4. Finance Income and Expense

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Interest income	**0.7**	0.7
Net foreign exchange gain	**1.3**	-
Defined benefit pension scheme net finance income	**-**	0.4
Amounts reclassified from equity to profit or loss in respect settled of cash flow hedges	**-**	1.9
Finance income	**2.0**	3.0
Interest expense on bank loans and overdrafts	**6.3**	7.8
Amortisation of financing costs	**1.5**	1.4
Unwind of discount on onerous lease provision	**0.2**	0.6
Unwind of discount on finance lease liability	**1.2**	0.7
Unwind of discount on market rent provision	**-**	0.4
Net foreign exchange loss	**0.6**	6.7
Finance expense	**9.8**	17.6
Net finance costs	**7.8**	14.6

Recognised Within Other Comprehensive Income

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Movement in fair value of interest rate swap	**1.3**	0.5
Foreign exchange translation gain	**26.0**	88.2

5. Dividends

The following dividends were recognised during the year:

	2017 £m	2016 £m
Interim	**16.4**	13.8
Final (for the preceding year)	**37.4**	33.2
	53.8	47.0

An interim dividend of 6.0p per share was paid on 21 September 2017 to ordinary shareholders. The Board has proposed a final dividend of 15.4p per share (3.1p on a rights adjusted basis), which will result in total cash payable of approximately £42.2m on 6 July 2018. In accordance with IAS10 this had not been recognised as a liability at 31 December 2017.

6. Taxation

Recognised in the Income Statement

	Year ended 31 December 2017 £m	Year ended 31 December 2016 £m
Current tax expense		
Current year	**24.1**	16.5
Adjustments in respect of prior years	**(1.1)**	(4.1)
Total current tax expense	**23.0**	12.4
Deferred tax expense		
Current year	**(2.6)**	1.3
Adjustments in respect of prior years	**(0.5)**	2.5
Total tax charge in income statement	**19.9**	16.2
Effective tax rate	**16.5%**	16.5%
Current year effective tax rate	**17.9%**	18.1%

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

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

	31 December 2017 £m	31 December 2016 £m
Non-current liabilities		
Interest rate swaps	**-**	0.6
Unsecured bank loan, less issue costs of debt to be amortised	**315.9**	307.1
Liabilities under finance leases	**14.6**	13.6
	330.5	321.3
Current liabilities		
Interest rate swaps	**-**	0.5
Unsecured bank loans, less issue costs of debt to be amortised	**13.6**	14.9
Liabilities under finance leases	**1.3**	1.4
	14.9	16.8

8. Analysis of Net Debt

	Cash at bank and in hand £m	Bank overdraft £m	Bank loans £m	Finance leases £m	Interest rate swap £m	Net debt £m
At 1 January 2016	62.5	-	(299.3)	(6.8)	(1.6)	(245.2)
Cash flows	(14.1)	-	(13.4)	1.0	–	(26.5)
Non-cash movement	–	-	(1.8)	(9.2)	0.5	(10.5)
Effect of movement in foreign exchange rates	7.4	-	(7.5)	-	-	(0.1)
At 31 December 2016	**55.8**	**-**	**(322.0)**	**(15.0)**	**(1.1)**	**(282.3)**
Cash flows	**7.5**	**(0.5)**	**(4.3)**	**1.3**	**-**	**4.0**
Non-cash movement	**-**	**-**	**(1.4)**	**(2.2)**	**1.2**	**(2.4)**
Effect of movement in foreign exchange rates	**4.2**	**-**	**(1.8)**	**-**	**-**	**2.4**
At 31 December 2017	**67.5**	**(0.5)**	**(329.5)**	**(15.9)**	**0.1**	**(278.3)**

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

9. Capital Commitments

Capital commitments at the end of the financial year for which no provision has been made:

	31 December 2017	31 December 2016
	£m	£m
Contracted	**23.4**	44.7

Capital commitments at the end of the current and preceding financial year relate to new sites and refurbishment projects which have commenced.

10. 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 2017			
Total compensation for Directors	4,956	234	5,090

	Salary and fees including bonus £000	Pension contributions £000	Total £000
Year ended 31 December 2016			
Total compensation for Directors	5,192	151	5,343

Share-based compensation benefit charges for Directors was £2.0m in 2017 (2016: £2.3m).

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 ending 31 December 2017 totalled £20.8m (2016: £18.3m) and as at 31 December 2017 £3.8m (2016: £nil) was due from DCM in respect of receivables. In addition the Group has a working capital loan outstanding from DCM of £0.5m (2016: £0.5m).

During the year the Group incurred property charges of £8.7m by companies under the ownership of Global City Holdings N.V. ("GCH"), which is considered a related party of Group as Moshe Greidinger and Israel Greidinger are directors in both groups.

11. Business Combinations

Acquisition of five Empire cinemas

On 28 July 2016 Cineworld Group Plc (the "Group") announced the acquisition of five Cinemas from Cinema Holdings Limited by means of an acquisition of 100% of the shares, including all of the voting rights.

Consideration transferred

The acquisition was completed on 11 August 2016, at which point the consideration equated to £94.5m which would be settled equally in cash, and in Cineworld Group plc ordinary shares in addition to the transfer of the trade and assets of the Group's Haymarket cinema to Cinema Holdings Limited. The shares were issued in five instalments during a 12 month period, based on an issue price reflecting the 20 days' average trading price prior to the date of each issuance. The first issue of shares took place on 18 November 2016 and last took place on 8 August 2017.

Fair Value of Consideration Transferred	£m
Cash consideration	47.0
Share consideration	47.0
Transfer of cinema assets	0.5
Total fair value of consideration transferred	**94.5**

The fair value of the shares issued to Cinema Holdings Limited included £42.0m split into four tranches, issued at three month intervals with the first issued on the three month anniversary of completion of the acquisition.

Identifiable Assets Acquired and Liabilities Assumed

Fair value of total net identifiable assets upon acquisition	£m
Property, plant and equipment	42.8
Finance lease liability	(8.2)
Deferred tax provisions	(0.2)
Provisions for liabilities	(0.5)
Cash and cash equivalents	-
Total net identifiable assets	**33.9**
Goodwill	60.6
Consideration transferred	**94.5**

The Key Judgments considered were as follows:

Property and leases
The fair value of property, plant and equipment of £42.8m included a number of adjustments. Old cinema equipment and assets which were previously held at their residual value of £3.2m were fully depreciated as the residual value is not expected to be realised. A fair value adjustment of £3.0m was made in respect of the Bromley site in recognition of the residual value in the sellers books being below the current market value.

As well as considering the fair value of acquired property, plant and equipment, management also considered the lease contract for each of the cinemas. Where leases include options to extend beyond the existing contracted term this was taken into consideration. Two leases held on the Leicester Square site were classified as finance leases and a liability for the fair value of the minimum expected lease payments on each recognized, a corresponding asset was recognised in respect of the fair value of the lease within Property, Plant and Equipment.

Tax
The acquired deferred tax liability of £0.2m reflects taxable temporary differences on fixed assets at acquisition.

No income tax liability is recognised on acquisition as future tax charges are not expected to arise in respect of tax positions open at the date of acquisition.

Identifiable Intangible Assets
There were no identifiable intangible assets recognised on acquisition. Management consider the residual Goodwill of £60.6m to represent a number of factors including the strategic location of the sites acquired, the established benefit of an established site, the value the acquired sites can add to Cineworld's existing brand and products as well as synergies expected to be realised post acquisition. None of the goodwill is expected to be deductible for income tax purposes.

The revenue included in the Consolidated Statement of Profit or Loss for the year ended 31 December 2016 since 11 August 2016 contributed by the acquired sites was £11.9m. The profit before tax contributed was £2.6m over the same period. Had the five cinemas been consolidated from 1 January 2016 (the commencement of the prior financial period), the Consolidated Statement of Profit or Loss would show revenue of £814.5m and profit before tax of £101.9m.

Acquisition related costs of £0.5m were charged to administrative expenses in the Consolidated Statement of Profit or Loss for the year ended 31 December 2016.

2017 Acquisition of Empire cinema

On the 15 June 2017 the Group completed the acquisition of the Newcastle cinema from Cinema Holdings Limited by means of an acquisition of 100% of the shares. The consideration consists of two elements, the initial consideration of £7.1m plus contingent consideration based on the performance of the site over a 24 month period post completion of the refurbishment. The contingent consideration has been provisionally estimated at £3.2m based on the expected future performance of the site and the market.

Fair Value of Consideration Transferred

	£m
Cash consideration	7.1
Contingent consideration	3.2
Total fair value of consideration transferred	**10.3**

The fair value of net assets has been provisionally determined at £2.1m. The residual goodwill of £8.2m represents a number of factors including the strategic location of the sites acquired, the benefit of the sites being established sites, the value the acquired sites can add to Cineworld's existing brand and products as well as synergies expected to be realised post acquisition.

Identifiable Assets Acquired and Liabilities Assumed

	£m
Fair value of total net identifiable assets upon acquisition	
Property, plant and equipment	2.1
Total net identifiable assets	2.1
Goodwill	8.2
Consideration transferred	**10.3**

The Key Judgments considered were as follows:
Property and leases
The fair value of property, plant and equipment of £2.1m represents managements initial assessment of the assets acquired. This provisional fair value will be reviewed as further information on the assets acquired becomes available.

As well as considering the fair value of acquired property, plant and equipment, management also considered the lease contracts for the cinema, no assets or liabilities were identified in respect of these contracts.

Tax
No income tax liability is recognised on acquisition as future tax charges are not expected to arise in respect of tax positions open at the date of acquisition.

Identifiable Intangible Assets
There were no identifiable intangible assets recognized on acquisition. Management consider the residual Goodwill of £8.2m to represent a number of factors including the strategic location of the site acquired, the benefit of an established site, the value the acquired site can add to Cineworld's existing brand and products as well as synergies expected to be realised post acquisition. None of the goodwill is expected to be deductible for income tax purposes.

12. Post balance sheet events

On the 5 December 2017, the Group announced the proposed acquisition of Regal by means of an acquisition of the entire issued, and to be issued, share capital of Regal. The transaction was based on an implied enterprise value of $5.8bn. Due to the size of the proposed acquisition it was classed as a reverse takeover under the UK Listing Rules. The acquisition with Regal completed on 28 February 2018.

Consideration for the transaction of $3.4bn was settled fully in cash, funded by the proceeds of the fully underwritten Rights Issues at the Rights Issue Price of 157.0 pence per New Ordinary Share, which raised £1.7bn plus an additional $4.1bn was raised through committed Debt Facilities. The restructured debt arrangement consists of a USD and Euro term loan totalling $4.1bn and a $300.0m revolving credit facility. The previous financing arrangements in place as at 31 December 2017 for the Group and Regal have been terminated and superseded with the new financing arrangements from 28 February 2018.

As the consideration was entirely paid in cash the acquisition is expected to be accounted for as an acquisition under IFRS 3 rather than as a reverse takeover acquisition under IFRS 3, notwithstanding the size of the acquistion.

Given the timing of the transaction being post the year end and so close to the approval date of the 2017 financial statements, the accounting for the acquisition in accordance with IFRS 3 has not yet been able to be prepared and completed and is therefore not disclosed in the 2017 financial statements.

13. Risk and uncertainties

The programme of on-going monitoring and reporting has continued to be undertaken to ensure the risk profile remains up-to-date, reflecting the current risk exposure and driving control improvement activity. 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 acquisition of Regal will have a direct impact on the principal risks of the enlarged Group and therefore consideration is being given by the Board as to its impact on the existing principal risks and the requirement for any additional principal risks that should be added. Two examples of the additional risk factors being considered include: integration of the enlarged Group; and the economic and environment conditions of operating in the US.

A summary of the Principal Risks and Uncertainties will be set out in the Annual Report and Accounts.

14. Financial Information

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2017 or 2016 but is derived from those accounts. Statutory accounts for 2016 have been delivered to the registrar of companies, and those for 2017 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

15. Annual Report and Accounts and Annual General Meeting

The 2017 Annual Report and Accounts and Notice of the General Meeting will be posted to shareholders and published on the Group's website at www.cineworldplc.com in April. The Annual General Meeting is to be held on 16 May 2018.