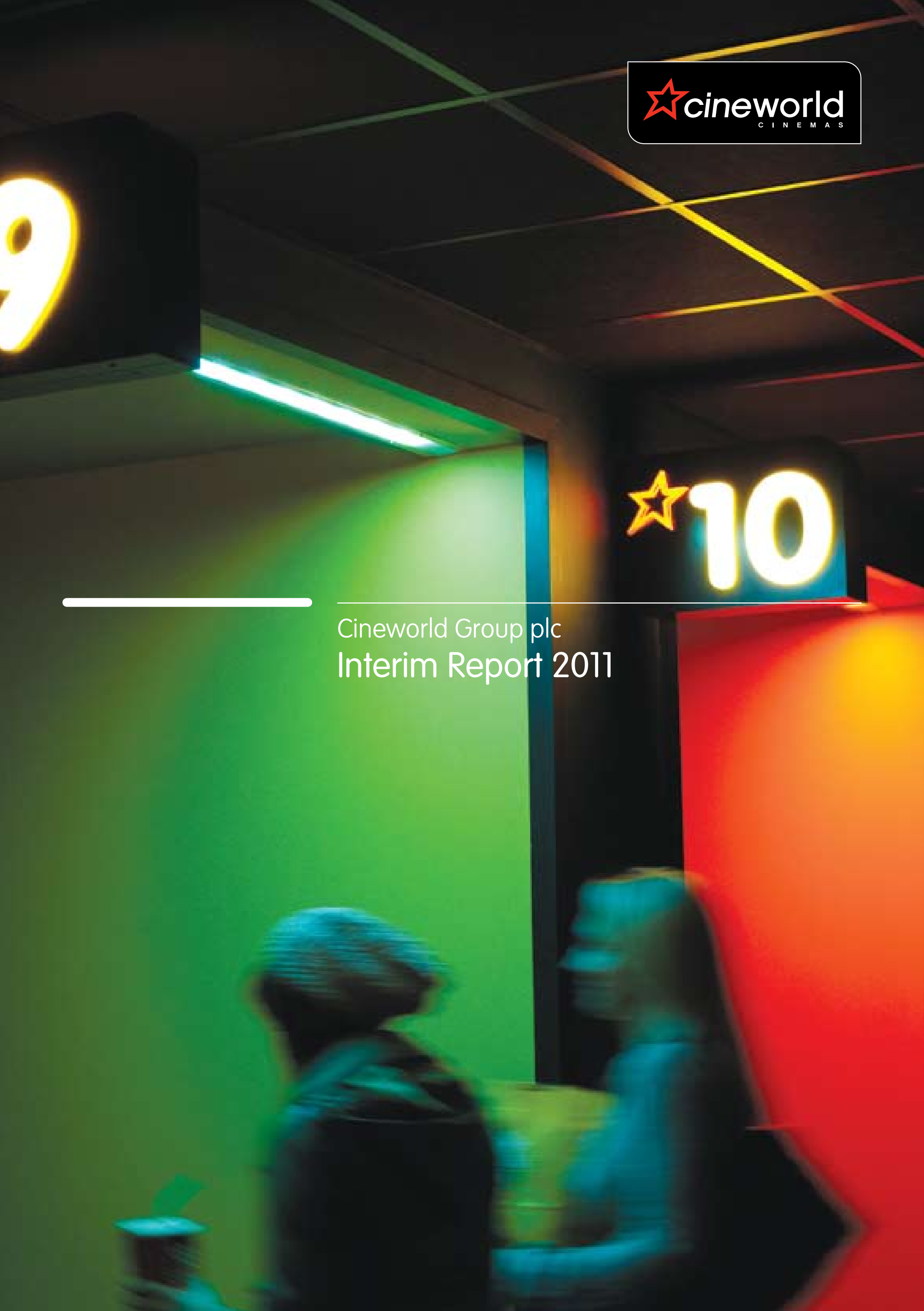

Cineworld Group plc

Interim Report 2011

Contents

Cineworld is one of the UK's leading cinema groups

Highlights

Financial

- Group revenue of £163.6m, up 1.0% (2010: £162.0m);
- EBITDA[1] £25.6m up 4.9% (2010: £24.4m);
- Operating profit at £13.0m after the impact of £3.2m of non-recurring and non-trade related costs (2010 operating profit: £14.8m);
- Reported EPS: 6.6p on a pro forma adjusted basis (2010: 6.8p) and 3.6p on basic earnings (2010: 5.6p);
- Interim dividend of 3.6p per share up 5.9% (2010: 3.4p per share);
- Net debt reduced to £100.7m (June 2010: £115.5m);
- Successful refinancing of bank facility in March 2011 with a £170m facility over a five year term.

Operational

- Largest operator in the UK with a box office market share[2] of 26.4% (2010: 26.3%);
- The UK/Ireland market share[2] increased during the period to 24.9% (2010: 24.2%);
- Box office receipts up 2.0% at £113.9m (2010: £111.7m);
- Admissions at 23.2m, up 2.2% (2010: 22.7m);
- Average ticket price at £4.91 per ticket (2010: £4.93);
- Average retail spend per person lower at £1.67 (2010: £1.71);
- Strong start to the second half of 2011, led by the success of "Harry Potter: The Deathly Hallows Part 2".

[1] EBITDA is defined as operating profit before depreciation and amortisation, impairment charges, adjustments to goodwill, onerous lease and other non-recurring and non-cash property charges, transaction and reorganisation costs and profit on disposal of cinema sites.

[2] Source: Rentrak/EDI

Chief Executive Officer's Review

Stephen Wiener
Chief Executive Officer

The Group had a strong finish to the first half with total revenues up 1.0% on the prior year. Net box office was up 2.0% whilst gross box office grew by 4.2% which compared favourably with the UK/Ireland market increase of 1.9% (source: Rentrak/EDI). Admissions were 2.2% higher compared with the equivalent period last year. Our market share in the UK and Ireland increased to 24.9% (2010: 24.2%) whilst Cineworld remained the largest operator in the UK by box office with a market share of 26.4%.

The first half started well with the outstanding box office and critical success of "The King's Speech" (grossing countrywide in excess of £45m). Overall the film slate was weaker compared to the very strong comparative period in the previous year which included exceptionally high performing 3D films, such as "Avatar" and "Alice in Wonderland". The situation reversed in the second quarter of 2011 when a number of blockbusters were released, such as "Pirates of the Caribbean: On Stranger Tides" (3D), "The Hangover – part II", "Thor" (3D) and "X-Men: First Class". This was aided by a softer 2010 comparative due to the football World Cup.

Box office takings were spread across a wider number of films in the period under review compared to last year. The top ten highest grossing films accounted for approximately 40% of Cineworld's box office during the period compared with approximately half for the same period in the previous year.

Non-blockbuster films continued to make a significant contribution to our overall box office and remain an important element of our film strategy. During the period we screened approximately 180 film titles. Notable mid-range films screened included "True Grit", "Limitless" and "Insidious". We also showed a number of foreign language films such as "Senna" and "Potiche" and we remained the leading exhibitor of Bollywood product in the UK, with films such as "Patiala House", "Ready" and "Yamla Pagla Deewana", helping maintain our Bollywood box office market share of over 55%.

Over 16% of Cineworld's admissions for the first half were attributable to 3D films compared with over 20% in H1 2010. There were 17 films released in 3D during the period compared with seven last year and a further 22 films in 3D are scheduled for the second half of the year. Cinema goers are becoming more discerning when choosing between 3D and 2D versions of the same film and the quality of the film remains the primary factor in the decision to see a film in 3D.

The Group's average ticket price was slightly down at £4.91 (2010: £4.93), mainly due to the lower proportion of 3D box office. We also continued to see a consistent proportion of our customers attending at non-peak times during the week in order to take advantage of our "Bargain Tuesdays" and "Orange Wednesdays" promotion days.

Retail revenue was marginally higher than the previous year by 0.3% due to higher admissions. However, retail spend per person fell from £1.71 in the previous year to £1.67, partly due to the film mix in the period, but also a reflection of the difficult economic climate and its impact on consumer spending. We remain mindful of the fact that our customers continue to seek value for money and we therefore continue to work hard to provide new and attractive retail propositions.

Digital Cinema Media ("DCM"), our joint venture screen advertising business, continued to make solid progress in the period and advertising revenues for the Group were broadly similar to the previous year. During the period DCM has been significantly widening its range of advertisers, offsetting the loss of certain advertising such as from the government through the Central Office of Information ("COI"). In the medium term, DCM will be able to capitalise further on the greater flexibility for advertisers using digital media, and we remain confident of the growth prospects for cinema advertising.

The digital rollout has continued. At the end of the period we had 494 screens set up for digital projection of which over 400 are 3D enabled. We will be converting a further 80 screens during the fourth quarter and expect to have over 70% of our screens digital by the end of the year. The conversion will bring operational efficiencies, cost savings and environmental benefits to the Group.

Expanding the digital conversion has enabled us to strengthen our alternative content offering further in opera, theatre, music and sport as watching events live remains an attraction for many of our customers. Our live screenings from the New York

Chief Executive Officer's Review continued

Metropolitan Opera and from the National Theatre continued to grow, attracting a regular audience base. We showed, for the first time, both the men's and women's finals of the Wimbledon tennis live in 3D and are looking for further opportunities to screen more live sports events. We also showed live screenings of music including The Foo Fighters and JLS concerts and the stage show Lord of the Dance in 3D. We remain committed to expanding the range of live 3D screenings in order to bring a greater array of entertainment to our customers.

Our Unlimited Card continued to build its membership and now has a subscriber base of over 270,000 people (2010: 245,000). This service is unique in the market and continues to offer excellent value to regular film goers whilst encouraging visits at off-peak times. In addition, our participation in the Tesco Clubcard programme has continued to expand and with the popularity of cinema, we are a major provider of reward deals to Tesco Clubcard members.

Our consumer website consistently receives over one million hits per week and we remain comfortably in the top 50 most visited websites in the UK (as reported in The IMRG Experian Hitwise Hit Shops List). The "My Cineworld" membership on the website continued to grow and currently has a membership totalling over 600,000. The growth of this portal is important as it enables us to engage further with our customers allowing us to improve our offer, promote retention and encourage more frequent visits to our cinemas. In the latter part of the first half we initiated a project to upgrade our systems covering point of sale, finance and customer relationship management. These new systems will increase our transactional capabilities and support better communication with more of our customers. Implementation of the finance system is expected in the fourth quarter of the year, while the front-end systems will follow in the next year.

We opened a new concept cinema called "The Screening Rooms", a three screen cinema in Cheltenham on 17 June. The concept offers higher levels of comfort and service within a premium environment and initial customer responses have been very positive. We are on schedule to open a seven screen cinema in Leigh later in the year.

In April, we announced the proposed acquisition of Cinesur in Spain. The vendor has not been able to satisfy certain pre-conditions to completion within the agreed timescale but negotiations continue with the vendor. We believe that the Spanish cinema market has certain attractions. However as with any acquisition, the Group is only prepared to complete a transaction when the terms and conditions are in the best interests of its shareholders.

Financial Performance

	26 week period ended 30 June 2011	26 week period ended 1 July 2010	52 week period ended 30 December 2010
Admissions	**23.2m**	22.7m	47.2m
	£m	£m	£m
Box office	**113.9**	111.7	235.8
Retail	**38.8**	38.7	81.6
Other	**10.9**	11.6	25.4
Total revenue	**163.6**	162.0	342.8
EBITDA[1]	**25.6**	24.4	59.0
Operating profit	**13.0**	14.8	37.1

Revenue

Total revenue was £163.6m, 1.0% higher than the prior year (£162.0m). The very tough comparable in Q1 was largely offset by a softer Q2 comparative due to the football World Cup tournament during the latter part of the period. Overall the distribution of trade during the first half of the current year was more consistent during the period, though with less 3D film product, which was a prime contributor to lower prices. Average ticket prices of £4.91 were marginally lower than last year of £4.93 but higher admissions helped to increase box office by 2.0% to £113.9m against last year of £111.7m.

Our retail sales continue to experience tough trading conditions together with a less favourable mix of films. As a result, retail spend per customer was lower at £1.67 compared with £1.71 last year. A higher level of admissions helped retail sales to rise marginally higher by 0.3% to £38.8m compared with last year.

Other revenue, which includes screen advertising, ticket booking income, screen hires, sponsorships, games machine income and sales of 3D glasses, was down 6% to £10.9m against 2010 of £11.6m. Screen advertising revenues were flat against the previous year and reflect the film mix and the general softening in demand in the wider industry. Non-screen advertising revenue, was impacted by lower sales of 3D glasses from lower proportion of 3D business in the period.

[1] EBITDA is defined as operating profit before depreciation and amortisation, impairment charges, adjustments to goodwill, onerous lease and other non-recurring and non-cash property charges, transaction and reorganisation costs and profit on disposal of cinema sites.

"The Group continued to be cash generative at the operating level during the first half."

EBITDA[1] and Operating Profit

EBITDA[1] was 4.9% higher at £25.6m against 2010 of £24.4m. Box office was distributed across a wider range of films during the period, which improved the overall film hire margin. Operating profit was lower at £13.0m and included non-recurring and non-trade related costs totalling £3.2m (included within administrative expenses). The main component was £2.6m of reorganisation costs of which the majority was related to the digital conversion and to harmonise audio/visual work across the whole circuit. This includes a provision of £1.1m to cover work for the remainder of the current year and during next year as and when cinemas become fully converted. The annual labour savings resulting will recover the initial costs within two years. Also included was £0.5m of transaction costs relating to the proposed acquisition of Cinesur. The depreciation charge in the period was higher than last year, reflecting the higher expenditure on digital projectors to date.

Refinancing and Financing Costs

On 31 March 2011, the Group refinanced its existing debt. The new five year facility consists of a £70m term loan with repayments of £2.5m every six months commencing June 2011 and a revolving credit facility of £100m. This will provide more flexibility for the Group in its expansion activities as well as other growth opportunities. Interest is charged on the facility at 1.95% above LIBOR. There are two covenants: net debt to EBITDA of three times and pre-rent EBITDA to interest plus rent of 1.5 times.

The Group considered its hedging strategy at the time of the refinancing and concluded that it was not economic to close out the existing swap, which at 31 March 2011, was in a liability position of £2.2m. In addition, it took out two new interest rate swaps to hedge the remainder of the £70m term loan. Under IFRS, the existing swap must be re-assessed to establish whether it still meets the criteria for hedge accounting. As a result, its fair value on 31 March 2011 of £2.2m was recycled to the income statement as an exceptional finance expense and future mark to market movements on the ineffective portion of the hedge from the point of refinancing up until the expiry of the swap in May 2012 was recorded in the income statement.

The interest expense of £3.7m was higher than the previous year reflecting the higher interest rate on the facility and higher amortisation of financing costs and unwind of discount on onerous leases (the latter being a non-cash adjustment).

Taxation

The overall tax charge of £1.8m consists of a current tax charge of £1.8m, offset by £0.4m in respect of the prior year and a deferred tax charge of £0.4m in respect of capital allowances. The total tax charge is based on a forecast effective tax rate for the 2011 full year of 27.0%, reflecting a proportion of disallowable expenditure.

Earnings

Overall profit before tax of £6.9m was lower than 2010 of £11.8m because of the one-off, non-trade related items of £3.2m and the write-off of £2.2m relating to the hedge on the previous bank loan described above. Taking these into account, the adjusted pro forma earnings per share was 6.6p (2010: 6.8p). Otherwise, the basic diluted earnings per share was 3.6p (2010: 5.6p). There were 251,459 shares issued in the period to employees, in respect of Performance Share Plan and the maturity of the SAYE options issued in 2008, which increased the number of shares issued to 141,993,056 at the end of the period.

Cash Flow and Balance Sheet

The Group continued to be cash generative at the operating level during the first half. Cash generated from operations of £20.6m was much higher than the equivalent period in 2010 of £6.0m. The significantly higher trading levels in June 2011 compared with June 2010 meant correspondingly higher creditor levels and an inflow from working capital. Trade and other payables at the end of June 2011 included £10.1m in respect of the 2010 final dividend that was paid in July 2011. Details of the interim dividend can be found in Note 6 of the interim financial statements.

Net cash expenditure on capital for the first six months was £13.7m. Included in this expenditure was £9.9m in relation to the purchase of digital projectors (of which approximately £2m related to creditors outstanding at the start of the year) and £0.9m relating to the new cinema concept. The balance of other capital expenditure of £2.9m was for replacements and refurbishments.

Net debt continued to fall, from £115.5m in June 2010 to £100.7m and bank debt at the period end represented less than two times the EBITDA[1] of 2010. Fees of £1.7m were paid in respect of the refinancing and under the terms of the recently acquired bank facility, £2.5m was repaid of the term loan at the end of June.

[1] EBITDA is defined as operating profit before depreciation and amortisation, impairment charges, adjustments to goodwill, onerous lease and other non-recurring and non-cash property charges, transaction and reorganisation costs and profit on disposal of cinema sites.

Risks and Uncertainties

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has an established, structured approach to risk management, which includes continuously assessing and monitoring the key risks and uncertainties of the business. The key risks are identified as follows:

- Availability of film content
- Poor film scheduling
- Digital conversion
- Alternative media and reductions in release windows
- Advancement of technology
- Film piracy
- Falling screen advertising revenue
- Poor location selection
- Extreme weather conditions
- UK and global economic cycles
- Lack of availability of capital
- Existing and new competitors
- Loss of key management (or failure to attract or retain the talent required for its business)
- Failure of IT systems and suppliers
- Governance regulations and actions
- Terrorism

A description of these risks and the actions taken by the Group to mitigate them are set out on pages 16 to 17 of the Group's Annual Report for 2010, a copy of which is available from our website www.cineworldplc.com. Despite the current uncertainty in the economic environment, these risks and uncertainties and the factors which mitigate them, have not significantly changed in the period since the Annual Report was published and are not expected to change materially in the remainder of the year.

Related Party Transactions

Details of related party transactions described in the Annual Report for the 26 weeks to 30 June 2011 are set out in Note 10 of the interim financial statements.

Dividends

The Board is declaring an interim dividend of 3.6p per share (2010: 3.4p), reflecting the solid performance in the first half of the year. The dividend will be paid on 7 October 2011 to ordinary shareholders on the register at the close of business on 9 September 2011.

Going Concern

The Group meets its day to day working capital requirements through its bank facilities which consisted of a £70m term loan and a £100m revolver. The facility is for five years and was negotiated in March 2011. The current economic conditions continue to create uncertainty particularly over the level of demand for the Group's products but the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Group continues to adopt the going concern basis in preparing its consolidated interim financial statements.

Change of Directors

On 11 May 2011, Matthew Tooth, who was originally a Blackstone Board nominee and for the last six months acted in an independent capacity, stepped down from the Board to concentrate on his Blackstone activities. The Board would like to thank him for his significant support and contribution over the past six years.

On 10 June 2011, Richard Jones resigned from the Board and as Chief Financial Officer of the Group. Richard had been with the business for over 15 years and the Board would like to thank him for his valuable contributions. A process is in hand to find a new Chief Financial Officer. An announcement will be made as soon as an appointment is made, which the Group hopes will be in the near future.

Current Trading and Outlook

The second half has started very well for the Group given the strong line-up of films released since the half year end.

July contained a full programme of 3D blockbuster films, which started with "Transformers: Dark of the Moon". This was followed by the much anticipated conclusion to the Harry Potter franchise "The Deathly Hallows Part 2", which has become the biggest film of the year so far with market box office of over £65m, followed by "Cars 2" and "Captain America: The First Avenger". August traditionally sees a full programme of film releases appealing to a broad audience and this year includes "Super 8", "The Smurfs" (3D), "Rise of the Planet of the Apes" and "Cowboys & Aliens".

Chief Executive Officer's Review continued

The ongoing conversion of digital screens in the latter part of the year will enable us to further capitalise on the strong line-up of 3D releases in the fourth quarter which includes titles such as "The Adventures of Tin Tin: Secret of the Unicorn", "Happy Feet 2" and "Puss in Boots". This is complemented by an attractive programme of 2D films including "Johnny English Reborn", "Twilight Saga: Breaking Dawn Part 1", "Girl with a Dragon Tattoo", "Mission Impossible: Ghost Protocol" and "Sherlock Holmes 2".

The strength of the film line-up in the second half, coupled with our solid first half performance, underpins our confidence in performing in line with market expectations for the year and delivering further value to shareholders.

Stephen Wiener
Chief Executive Officer

Cautionary note concerning forward looking statements
Certain statements in the Chief Executive Officer's review are forward looking and so involve risk and uncertainty because they relate to events and depend upon circumstances that will occur in the future. Various factors could cause actual results, developments or performance of the Group to differ materially from those expressed or implied by these forward looking statements. The forward looking statements reflect knowledge and information available at the date of preparation of this report and the Group accepts no obligation to update these forward looking statements. Nothing in this report should be construed as a profit forecast.

Condensed Consolidated Statement of Comprehensive Income
for the period ended 30 June 2011

	Note	**26 week period ended 30 June 2011 (unaudited) £m**	26 week period ended 1 July 2010 (unaudited) £m	52 week period ended 30 December 2010 (audited) £m
Revenue		**163.6**	162.0	342.8
Cost of sales		**(127.8)**	(126.0)	(259.7)
Gross profit		**35.8**	36.0	83.1
Other operating income		**0.2**	0.2	0.6
Administrative expenses		**(23.0)**	(21.4)	(46.6)
Operating profit		**13.0**	14.8	37.1
Analysed between:				
Operating profit before depreciation and amortisation, impairment charges, onerous lease and other non-recurring property charges and transaction and reorganisation costs		**25.6**	24.4	59.0
– Depreciation and amortisation		**(9.4)**	(8.3)	(17.2)
– Onerous leases and other non-recurring or non-cash property charges		**0.2**	(1.1)	(1.3)
– Impairments		**–**	–	(3.2)
– Transaction and reorganisation costs		**(3.3)**	(0.2)	(0.2)
– Refinancing costs		**(0.1)**	–	–
Financial income	4	**0.1**	0.1	1.6
Financial expenses	4	**(3.7)**	(3.0)	(8.2)
Refinancing interest expense		**(2.2)**	–	–
Net financing costs		**(5.8)**	(2.9)	(6.6)
Share of profit of jointly controlled entity using equity accounting method, net of tax		**(0.3)**	(0.1)	(0.1)
Profit before tax		**6.9**	11.8	30.4
Taxation	3	**(1.8)**	(3.8)	(9.4)
Profit for the period attributable to equity holders of the Company		**5.1**	8.0	21.0
Other comprehensive income				
Foreign exchange translation gain/(loss)		**0.3**	(0.2)	0.2
Actuarial gains/(losses) on defined benefit pension schemes		**0.2**	(1.4)	(0.7)
Movement in fair value of cash flow hedge		**1.9**	–	1.1
Income tax (charge)/credit on other comprehensive income		**(0.1)**	0.4	(0.1)
Other comprehensive income for the period, net of income tax		**2.3**	(1.2)	0.5
Total comprehensive income for the period attributable to equity holders of the Company		**7.4**	6.8	21.5
Basic earnings per share		**3.6p**	5.6p	14.8p
Diluted earnings per share		**3.6p**	5.6p	14.7p

Condensed Consolidated Statement of Financial Position
as at 30 June 2011

	30 June 2011 (unaudited)		1 July 2010 (unaudited)		30 December 2010 (audited)	
	£m	£m	£m	£m	£m	£m
Non-current assets						
Property, plant and equipment		**119.5**		116.7		114.2
Goodwill		**217.1**		217.1		217.1
Other intangible assets		**0.4**		0.6		0.4
Investment in equity-accounted investee		**0.5**		0.8		0.8
Other receivables		**1.4**		1.4		1.4
Employee benefits		**1.0**		–		–
Deferred tax assets		**14.4**		16.2		14.9
Total non-current assets		**354.3**		352.8		348.8
Current assets						
Inventories	**2.3**		2.0		2.2	
Trade and other receivables	**23.0**		20.6		23.5	
Cash and cash equivalents	**7.2**		1.3		10.6	
Total current assets		**32.5**		23.9		36.3
Total assets		**386.8**		376.7		385.1
Current liabilities						
Interest bearing loans, borrowings and other financial liabilities	**(6.8)**		(11.9)		(11.7)	
Trade and other payables	**(58.7)**		(42.6)		(47.5)	
Current taxes payable	**(5.4)**		(7.6)		(7.9)	
Provisions	**(2.3)**		(1.8)		(2.3)	
Total current liabilities		**(73.2)**		(63.9)		(69.4)
Non-current liabilities						
Interest bearing loans, borrowings and other financial liabilities	**(101.1)**		(104.9)		(99.7)	
Trade and other payables	**(52.2)**		(52.6)		(52.5)	
Employee benefits	**–**		(1.4)		–	
Provisions	**(9.3)**		(10.2)		(9.6)	
Deferred tax liabilities	**(1.9)**		(1.8)		(1.9)	
Total non-current liabilities		**(164.5)**		(170.9)		(163.7)
Total liabilities		**(237.7)**		(234.8)		(233.1)
Net assets		**149.1**		141.9		152.0
Equity attributable to equity holders of the Company						
Share capital		**1.4**		1.4		1.4
Share premium		**171.4**		171.4		171.4
Translation reserve		**2.1**		1.4		1.8
Hedging reserve		**(0.9)**		(3.9)		(2.8)
Retained deficit		**(24.9)**		(28.4)		(19.8)
Total equity		**149.1**		141.9		152.0

Condensed Consolidated Statement of Changes in Equity
for the period ended 30 June 2011

	Issued capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained deficit £m	Total £m
Balance at 31 December 2009	1.4	171.4	1.6	(3.9)	(26.0)	144.5
Profit for the period	–	–	–	–	8.0	8.0
Other comprehensive income						
Movement in fair value of cash flow hedge	–	–	–	–	–	–
Retranslation of foreign currency denominated subsidiaries	–	–	(0.2)	–	–	(0.2)
Actuarial loss on defined benefit scheme	–	–	–	–	(1.4)	(1.4)
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	0.4	0.4
Contributions by and distributions to owners						
Dividends accrued in period	–	–	–	–	(9.6)	(9.6)
Movements due to share-based compensation	–	–	–	–	0.2	0.2
Balance at 1 July 2010	1.4	171.4	1.4	(3.9)	(28.4)	141.9
Balance at 31 December 2009	1.4	171.4	1.6	(3.9)	(26.0)	144.5
Profit for the period	–	–	–	–	21.0	21.0
Other comprehensive income						
Movement in fair value of cash flow hedge	–	–	–	1.1	–	1.1
Retranslation of foreign currency denominated subsidiaries	–	–	0.2	–	–	0.2
Actuarial loss on defined benefit scheme	–	–	–	–	(0.7)	(0.7)
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	(0.1)	(0.1)
Contributions by and distributions to owners						
Dividends paid in period	–	–	–	–	(14.5)	(14.5)
Movements due to share-based compensation	–	–	–	–	0.5	0.5
Balance at 30 December 2010	1.4	171.4	1.8	(2.8)	(19.8)	152.0
Profit for the period	–	–	–	–	5.1	5.1
Other comprehensive income						
Movement in fair value of cash flow hedge	–	–	–	1.9	–	1.9
Retranslation of foreign currency denominated subsidiaries	–	–	0.3	–	–	0.3
Actuarial gain on defined benefit scheme	–	–	–	–	0.2	0.2
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	(0.1)	(0.1)
Contributions by and distributions to owners						
Dividends	–	–	–	–	(10.1)	(10.1)
Movements due to share-based compensation	–	–	–	–	(0.2)	(0.2)
Balance at 30 June 2011	1.4	171.4	2.1	(0.9)	(24.9)	149.1

Condensed Consolidated Statement of Cash Flows
for the period ended 30 June 2011

	26 week period ended 30 June 2011 (unaudited) £m	26 week period ended 1 July 2010 (unaudited) £m	52 week period ended 30 December 2010 (audited) £m
Cash flow from operating activities			
Profit for the period	**5.1**	8.0	21.0
Adjustments for:			
Financial income	**(0.1)**	(0.1)	(1.6)
Financial expense	**3.7**	3.0	8.2
Refinancing cost	**2.2**	–	–
Taxation charge	**1.8**	3.8	9.4
Share of loss of equity-accounted investee	**0.3**	0.1	0.1
Operating profit	**13.0**	14.8	37.1
Depreciation and amortisation	**9.4**	8.3	17.2
Non-cash property charges	**(0.1)**	1.1	1.3
Impairments and reversals of impairments	**–**	–	3.2
Surplus of pension contributions over current service cost	**(0.8)**	(0.8)	(1.6)
Decrease/(increase) in trade and other receivables	**0.5**	(0.8)	(3.5)
Increase in inventories	**(0.1)**	(0.1)	(0.3)
Increase/(decrease) in trade and other payables	**0.4**	(16.1)	(0.5)
Decrease in provisions and employee benefits	**(1.7)**	(0.4)	(2.2)
Cash generated from operations	**20.6**	6.0	50.7
Tax paid	**(3.9)**	(4.4)	(8.7)
Net cash flows from operating activities	**16.7**	1.6	42.0
Cash flows from investing activities			
Interest received	**–**	0.1	0.1
Acquisition of property, plant and equipment	**(13.7)**	(10.1)	(20.3)
Net cash flows from investing activities	**(13.7)**	(10.0)	(20.2)
Cash flows from financing activities			
Dividends paid to shareholders	**–**	–	(14.5)
Interest paid	**(2.0)**	(2.3)	(4.0)
Repayment of bank loans	**(2.5)**	(4.5)	(9.0)
Payment of finance lease liabilities	**(0.2)**	(0.3)	(0.6)
Refinancing fees	**(1.8)**	–	–
Net cash from financing activities	**(6.5)**	(7.1)	(28.1)
Net (decrease)/increase in cash and cash equivalents	**(3.5)**	(15.5)	(6.3)
Effect of exchange rate fluctuations on cash held	**0.1**	(0.1)	–
Cash and cash equivalents at start of period	**10.6**	16.9	16.9
Cash and cash equivalents at end of period	**7.2**	1.3	10.6

Notes to the Condensed Consolidated Interim Financial Statements

1. Basis of Preparation

Reporting Entity

Cineworld Group plc (the "Company") is a company domiciled in the United Kingdom. The condensed consolidated interim financial statements of the Company as at and for the 26 weeks ended 30 June 2011 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities.

The consolidated financial statements of the Group as at and for the period ended 30 December 2010 are available upon request from the Company's registered office at 114 Power Road Studios, Power Road, Chiswick, London W4 5PY.

Statement of Compliance

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the 52 weeks ended 30 December 2010.

The comparative figures for the financial year ended 30 December 2010 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The Board has reviewed forecasts, including forecasts adjusted for significantly worse economic conditions, and remains satisfied with the Group's funding and liquidity position. On the basis of its forecasts, both base case and stressed, and available facilities, the Board has concluded that the going concern basis of preparation continues to be appropriate.

Significant Accounting Policies

These condensed consolidated interim financial statements are unaudited and have been prepared on the basis of accounting policies consistent with those applied in the consolidated financial statements for the 52 weeks ended 30 December 2010.

2. Operating Segments

Determination and Presentation of Operating Segments

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

Notes to the Condensed Consolidated Interim Financial Statements continued

3. Taxation

The taxation charge has been calculated by reference to the expected effective corporation tax rates for the full financial year to end on 29 December 2011 applied against the profit before tax for the period ended 30 June 2011. Recognised in the income statement:

	26 week period ended 30 June 2011 (unaudited) £m	26 week period ended 1 July 2010 (unaudited) £m	52 week period ended 30 December 2010 (audited) £m
Current year tax expense			
Current year	**1.8**	3.0	8.3
Adjustments in respect of prior years	**(0.4)**	–	(0.6)
Total current year tax expense	**1.4**	3.0	7.7
Deferred tax charge			
Current year	**0.4**	0.9	1.7
Adjustments in respect of prior years	**–**	(0.1)	–
Total deferred tax expense	**0.4**	0.8	1.7
Total tax charge in the income statement	**1.8**	3.8	9.4
Effective tax rate	**27%**	32%	31%

4. Finance Income and Expense

	26 week period ended 30 June 2011 (unaudited) £m	26 week period ended 1 July 2010 (unaudited) £m	52 week period ended 30 December 2010 (audited) £m
Interest income	**0.1**	0.1	0.3
Return on defined benefit pension plan assets	**–**	–	1.3
Financial income	**0.1**	0.1	1.6
Interest expense on bank loans and overdrafts	**2.4**	2.2	4.1
Amortisation of financing costs	**0.4**	0.2	0.4
Unwind of discount on onerous lease	**0.7**	0.4	1.0
Finance cost for defined benefit pension scheme	**–**	–	1.5
Interest charge as a result of change in discount rate relating to onerous lease provisions	**–**	–	0.8
Other financial costs	**0.2**	0.2	0.4
Financial expense	**3.7**	3.0	8.2
Refinancing expense	**2.2**	–	–
Total financial expense	**5.9**	3.0	8.2

5. Earnings Per Share

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

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

	26 week period ended 30 June 2011 (unaudited) £m	26 week period ended 1 July 2010 (unaudited) £m	52 week period ended 30 December 2010 (audited) £m
Profit for the period attributable to ordinary shareholders	**5.1**	8.0	21.0
Adjustments:			
Amortisation of intangible assets	**0.1**	0.1	0.2
Share-based payments	**0.3**	0.2	0.5
Transaction and reorganisation costs	**3.3**	0.2	0.2
Impact of straight lining operating leases	**(0.1)**	0.3	0.5
Impairments and reversals of impairments	**–**	–	3.2
Dilapidations costs	**(0.1)**	0.8	0.8
Refinancing expenses	**2.3**	–	–
Adjusted earnings	**10.9**	9.6	26.4
Add back tax charge	**1.8**	3.8	9.4
Adjusted pro forma profit before tax	**12.7**	13.4	35.8
Less tax at statutory rate 26% (2010: 28%)	**(3.3)**	(3.8)	(10.0)
Adjusted pro forma profit after tax	**9.4**	9.6	25.8

	Number of shares m	Number of shares m	Number of shares m
Weighted average number of shares in issue	**141.9**	141.7	141.7
Basic and adjusted earnings per share denominator	**141.9**	141.7	141.7
Dilutive options	**0.6**	–	1.1
Diluted earnings per share denominator	**142.5**	141.7	142.8
Shares in issue at period end	**142.0**	141.7	141.7

Notes to the Condensed Consolidated Interim Financial Statements continued

5. Earnings Per Share continued

	Pence	Pence	Pence
Basic earnings per share	3.6	5.6	14.8
Diluted earnings per share	3.6	5.6	14.7
Adjusted pro forma basic earnings per share	6.6	6.8	18.2
Adjusted pro forma diluted earnings per share	6.6	6.8	18.1

6. Dividends

The Directors have declared an interim dividend of 3.6p per share, amounting to £5.1m, which will be paid on 7 October 2011 to ordinary shareholders on the register at the close of business on 9 September 2011. In accordance with IAS 10, this will be recognised in the reserves of the Group when the dividend is paid.

7. Analysis of Net Debt

	Cash at bank and in hand £m	Bank loans £m	Finance leases £m	Interest rate swap £m	Net debt £m
Balance at 30 December 2010	10.6	(101.8)	(6.8)	(2.8)	(100.8)
Cash flows	(3.5)	4.3	0.2	–	1.0
Non-cash movement	–	(0.4)	(0.2)	(0.4)	(1.0)
Effect of movement in foreign exchange rates	0.1	–	–	–	0.1
Balance at 30 June 2011	7.2	(97.9)	(6.8)	(3.2)	(100.7)

8. Property, Plant and Equipment

During the 26 weeks to 30 June 2011, the Group acquired assets with a cost of £14.4m (26 weeks to 1 July 2010: £11.2m; 52 weeks ended 30 December 2010: £20.0m)

9. Capital Commitments

Capital commitments at the end of the financial period for which no provision has been made were £1.4m at 30 June 2011 (1 July 2010: £2.3m and 30 December 2010: £6.2m relating to digital equipment and £2.3m relating to new sites was committed after the period end).

10. Related Party Transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

Total compensation for the Directors during the 26 weeks to 30 June 2011 was £877,000 (26 weeks to 1 July 2010 was £707,000; 52 weeks ended 30 December 2010: £1,840,000).

Digital Cinema Media ("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 26 weeks to 30 June 2011 was £6.0m (26 weeks ended 1 July 2010 totalled £6.1m and 52 weeks to 30 December 2010: £13.8m) and as at 30 June 2011 £1.5m was due from DCM in respect of trade receivables (1 July 2010: £1.9m; 30 December 2010 £2.0m). In addition the Group has a working capital loan outstanding from DCM of £0.5m (52 weeks to 30 December 2010 £0.5m).

Independent Review Report to Cineworld Group plc

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the 26 weeks ended 30 June 2011 which comprises the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the UK FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' Responsibilities

The interim financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the interim financial report in accordance with the DTR of the UK FSA.

As disclosed in Note 1, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the EU. The condensed set of financial statements included in this interim financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 26 weeks ended 30 June 2011 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

M Summerfield
For and on behalf of KPMG Audit Plc
Chartered Accountants
15 Canada Square
London E14 5GL
18 August 2011

Responsibility Statement of the Directors in Respect of the Interim Report

The Directors confirm that to the best of our knowledge:

The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

The Chief Executive Officer's Review and the condensed set of financial statements include a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial period and their impact on the condensed interim financial statements; and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial period; and
(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the current financial period and that have materially affected the financial position or performance of the Group during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of Cineworld Group plc are listed in the Cineworld Annual Report 2010.

By order of the Board

Anthony Bloom
Director

Stephen Wiener
Director

18 August 2011

Shareholder Information

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Telephone Number
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Website
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Company Number
Registered Number: 5212407

Place of Incorporation
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Registrar
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