6 March 2014 Embargoed for 7 am release

CINEWORLD GROUP plc

Cineworld Group plc ("Cineworld", the "Company" or "the Group") is pleased to announce its results for the 52 weeks ended 26 December 2013.

Highlights 2013

A more detailed review is included in the Financial Performance section of this statement.

	Cineworld Group	
	2013	vs 2012
	52 weeks	
Cineworld revenue	£369.5m	+3.7%
Picturehouse revenue[(1)]	£36.6m	+7.6%
Group revenue	£406.1m	+13.2%
EBITDA[(2)]	£72.3m	+8.1%
Adjusted pro-forma profit before tax	£44.7m	+10.4%
Adjusted pro-forma diluted EPS	22.6p	+7.1%
Profit before tax	£30.9m	-19.3%
Diluted EPS	13.8p	-27.4%
Proposed final dividend (rights issue adjusted)	6.4p	
Proposed full year dividend (rights issue adjusted)	10.1p	

Other key highlights

- Group box office market share of 27.4% (2012: 26.4%) in UK and Ireland (Rentrak) with Cineworld Cinemas' market share up 0.7 percentage points to 25.4% (2012: 24.7%);
- Group admissions 1.4% higher than 2012 on a pro-forma basis[(3)];
- Average ticket price per admission up 2.8% to £5.43 (2012: £5.28) with higher average retail spend per person at £1.83 (2012: £1.73);
- EBITDA up 8.1% to £72.3m (2012: £66.9m)
- Full year dividend of 10.1p per share which represents a 6.3% growth in cash dividend for those shareholders which took up their rights as part of the rights issue on 14 February 2014;
- Opening of a nine screen cinema in Wembley, a new ten screen cinema in Gloucester Quay and the reopening of the Glasgow Science Centre IMAX as a Cineworld Cinema;
- Nine new Starbucks outlets opened in year bringing total to 11;
- On 10 January 2014, Cineworld Group announced the combination with the cinema assets of Cinema City International N.V. ("CCI") which completed on 27 February 2014.

Commenting on these results, Anthony Bloom, Chairman of Cineworld Group plc, said:

"I am pleased with the overall progress made in 2013, with revenues up despite a small national decline in box office revenues, and adjusted pro-forma diluted EPS up 7.1% from 2012. As a result, we are proposing a full year dividend of 10.1p. During the year we have opened a new nine screen cinema in Wembley, replaced our existing six screen cinema in Gloucester with a new ten screen cinema at Gloucester Quay and expanded our IMAX offering further by reopening the Glasgow Science Centre IMAX as a Cineworld Cinema. Picturehouse has now been part of the Cineworld Group for a year and has delivered in line with expectation. Unfortunately, the Competition Commission has determined that we need to dispose of three sites, however the Group have reacted positively and we are excited to be expanding the both Cineworld and Picturehouse brands further in 2014 with the planned opening of three new Cineworld Cinemas and two new Picturehouse sites."

"The new year has started in line with our expectations. On 10 January 2014 we were pleased to announce the combination with the cinema business of Cinema City International N.V. ("CCI") which completed last week. The combined Group is now the second largest cinema exhibitor in Europe (by number of screens) with 201 sites and 1,852 screens. The combination spells an exciting new chapter for the Group and I look forward to delivering continued growth and further value to Shareholders in the forthcoming year."

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[1]Picturehouse revenue growth presented on a pro-forma basis comparing 2013 to the 11 month management accounts to 6 December 2012 combined with the 22 days results consolidated in the 2012 financial statements

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

[3]Growth in Group admissions calculated on a pro-forma basis comparing 2013 admissions to 2012 admissions as if Picturehouse has been part of the Group for the full comparative period (by reference to Picturehouse's 2012 management accounts)

Chairman's statement

I am pleased to report that 2013 was another good year for Cineworld and its shareholders. There were increases in revenue, earnings and total dividend paid, and there has been a reduction in debt.

Our UK and Ireland box office market share increased to 27.4%, and box office revenue, including a full year of Picturehouse, grew by 10.8% to £279.9m. This is a particularly creditable performance given the overall decline in UK and Ireland total box office revenues of 0.3%, and the fact that 2013 was a year characterised by the absence of any blockbuster films, in contrast to the previous year when there were three.

This demonstrates the robustness of the Group's business model and the positive results achieved from the Group's philosophy of putting the customer at the heart of all it does. Cineworld Cinemas' subscription scheme ("Unlimited") and its membership scheme ("MyCineworld") were central to this growth, and the number of members of each again increased beyond our expectations.

During the year we opened two new multiplexes (in Wembley and Gloucester) and completely refurbished and launched Glasgow Science Centre IMAX as a Cineworld Cinema. We also continued our investment in our retail offerings, with the roll out of a further nine Starbucks outlets all of which are trading well.

Shareholders will recall that in December 2012 we announced the acquisition of the "Picturehouse" chain of arthouse cinemas, which cater to a different sector of the market to Cineworld Cinemas. I am pleased to report that the acquisition has met our performance objectives, although we will only now be able to achieve the undoubted synergies which exist now that the Competition Commission has issued its final report. On 31 January 2014, it confirmed its previous ruling that Cineworld would be required to divest cinemas in Aberdeen, Bury St Edmunds and Cambridge by 31 July 2014.

International expansion has been a strategic objective of the Group for a number of years. The Board set three requirements for any potential acquisition namely, that the acquisition should be earnings accretive, that the dividend should remain sacrosanct and that the Group's Balance sheet should not be strained. We identified a transaction which met all those requirements and accordingly on 10 January 2014, after the 2013 year end, the Group announced a combination with the cinema business of Cinema City International N.V. ("CCI"), by means of an acquisition funded by cash and shares. CCI is the leading chain in Central and Eastern Europe and Israel. The resultant combination is an enlarged cinema chain with 1,852 screens in nine different countries which had a combined 89 million admissions during 2013. Central and Eastern Europe is a market which is under-screened and in which significant growth potential is present, and the Group will capitalise on that opportunity with its pipeline of 377 screens in this region, together with a further 169 screens in the UK which will come on stream over the next three years. This is an exciting development for Cineworld, and one for which I have high future expectations.

The year's sound performance has enabled the Board to declare a full year dividend of 10.1p per share which represents a 6.3% growth in cash dividend for shareholders who took up their rights as part of the rights issue on 14 February 2014. Over 95% of shareholders took up their rights.

Despite the dividend increase and adherence to the Group's expansion plans, the Balance Sheet remains strong, and will remain so after the transaction with CCI.

The Board remains committed to maintaining a strong culture of the highest corporate governance standards. We continue to take note of issues concerning the environment, gender and other diversity matters and health and safety concerns, and where appropriate we review and improve our practices.

I would like to pay a particular tribute to Steve Wiener who has stepped down as Chief Executive Office ("CEO") on the completion of the combination with CCI after having founded Cineworld in 1995 and serving as its CEO for 18 years. Steve has been in the cinema exhibition business for 44 years and the Group owes its pre-eminent position in the UK industry to his vision, his passion and his years of hard work as its leader. It is a remarkable record. On behalf of the Board and everyone in the business, I would like to express our deep appreciation to him for having the foresight to create Cineworld and build it into the UK's most successful cinema chain. We wish him well for the future.

Mooky Greidinger, the former Chief Executive of CCI, was appointed CEO of the enlarged Cineworld Group on 27 February 2014. Mooky is one of the most highly regarded and experienced chief executives in the cinema exhibition business worldwide, and we are extremely fortunate to have him assume this position at Cineworld. He has all the attributes required to take the business forward and deliver the exciting plans we have for its future.

The prospects for 2014 appear good for the enlarged Cineworld Group, but as usual will be dependent in the final analysis on the film slate for that year. Once again, there are no obvious blockbusters but the film slate as a whole is more than reasonable and should deliver another satisfactory year. I look forward to the future with confidence.

On behalf of myself and the Board, I would like to express my appreciation to the Group's management and all its employees for their hard work and achievements during 2013. They are a great team to work with and I look forward to working with them to deliver our plans and continued growth and value for our shareholders.

Anthony Bloom
Chairman
6 March 2014

Strategic Report

Performance Overview

	52 week period ended 26 December 2013			52 week period ended 27 December 2012
	Cineworld	Picturehouse	Total Group	Total Group
	Total	Total	Total	Total
Admissions	48.4m	3.1m	51.5m	48.0m
	£m	£m	£m	£m
Box office	261.5	18.4	279.9	252.6
Retail	84.6	9.5	94.1	82.8
Other Income	23.4	8.7	32.1	23.3
Total revenue	369.5	36.6	406.1	358.7

Cineworld Group plc results for the 52 week period ended 26 December 2013 reflect the trading and financial position of Cineworld Cinemas and Picturehouse (the "Group"). Picturehouse Cinemas Limited and its subsidiaries ("Picturehouse") became part of the Group on 6 December 2012 and was consolidated for the final 22 days of 2012 only.

Total revenue in the 52 week period ended 26 December 2013 was £406.1m, an increase of 13.2% on the prior year comparative period (2012: £358.7m). Box office increased 10.8% to £279.9m. Average ticket price per admission increased by 3.2% to £5.43 (2012: £5.26) whilst total retail revenues of £94.1m were ahead of the previous year (2012: £82.8m). Other revenues increased by 37.8% to £32.1m (2012: £23.3m).

The Group's box office market share in the combined UK and Irish market was 27.4% (2012: 26.4%) making it the largest cinema operator in the UK and Ireland. Cineworld Cinemas' market share was 25.4% (2012: 24.7%). (All market data supplied from Rentrak).

Cineworld Cinemas

Box Office

The principal income for Cineworld Cinemas is box office revenue. Except for the revenue generated by Cineworld Cinemas' subscription services, box office revenue is a function of the number of admissions and the ticket price per admission, less VAT. An increase in admissions in the period combined with a better average ticket price contributed to a 3.9% increase in box office revenues to £261.5m. This equated to a 2.9% increase on a gross box office basis (inclusive of VAT); while the UK and Ireland cinema industry as a whole was down 0.3% against the comparative period in 2012 (Source: Rentrak).

The average ticket price per admission increased by 2.7% to £5.40 (2012: £5.26). This increase resulted in part from annual price increases, a higher proportion of adults being admitted at full price and an increased level of 3D business. The average net ticket price (excluding VAT) of 3D was £6.70 compared to 2D of £4.78. The proportion of customers attending during the weekend has increased slightly from the comparative prior year period which has also contributed to the increase in average ticket price.

Film performance during the year was underpinned by the success of "Despicable Me 2", "Les Miserables" (both grossing nationally in excess of £40m) and "Iron Man 3" (grossing nationally in excess of £30m). They were supported by a number of other good film performances including "Man of Steel", "Monsters University", "The Croods", "Star Trek into Darkness" and "Fast & Furious 6" all of which grossed nationally over £25m. "The Hobbit: The Desolation of Smaug" and "Hunger Games: Catching Fire" had achieved gross box office of over £20m and £30m respectively by the end of the year and have continued to play strongly in January 2014.

We remained the biggest exhibitor of Bollywood films in the UK with a market share in excess of 50%. Popularity of this genre remains high with films such as "Yeh Jawaani Hai Deewani" and "Race 2" released during the period. In addition, other specialised and foreign language films were played and we have continued to be leading exhibitor of Tamil films.

We also continued to make good progress during the year in developing our event cinema offering which has been made possible by our digital conversion programme. In the field of the performing arts, our core live opera and theatre product came from the New York Metropolitan Opera, The National Theatre and The Royal Opera House, all of which were well attended. Screening of these live events is increasing in popularity amongst our core customers. The screening of "National Theatre Live: The Audience" (with Helen Mirren) was the highest grossing live event during the period closely followed by "Doctor Who: The Day of The Doctor". Event cinema has continued to grow and demand for the right product is strong and overall ticket prices are more than 50% higher than for regular film screenings.

Retail

Food and drink sales to our customers are the second most important source of revenue and represent 22.9% (2012: 23.1%) of total revenues. Total retail revenues were stronger at £84.6m (2012: £82.3m).

Net retail spend per person improved 1.7% in the period to £1.75 (2012: £1.72) partly due to the film mix, but also reflecting the expansion of Cineworld Cinemas' retail offerings.

During the year we opened nine Starbucks coffee outlets, bringing the total to 11. All the outlets have traded in line with expectations and continue to grow their revenues. More openings are scheduled for 2014.

Other Income

Other Income includes all revenue streams other than box office and retail and represents about 6.3% (2012: 6.3%) of total revenues. It increased 4.9% to £23.4m (2012: £22.3m).

The largest single element of Other Income is screen advertising revenue. Trading at Digital Cinema Media Limited ("DCM"), our joint venture screen advertising business formed in July 2008, was in line with the previous comparative period.

DCM's primary function is to sell advertising time on cinema screens on behalf of Cineworld Cinemas, Picturehouse and its other clients. It also engages in related promotional work between advertisers and cinemas. The management team at DCM has been driving operational efficiencies and effectiveness and, during the period, has been working on further exploiting the benefits of digital projection. DCM is now in a position to offer a greater number and a more diverse range of campaigns to its customers.

Other Income also includes the sale of 3D glasses, ticket bookings and theatre hires. Much of the increase in income was due to sales of 3D glasses which reflected higher 3D admissions compared with the previous comparative period.

Picturehouse

On 6 December 2012 the Group acquired the Picturehouse cinema chain for £47.3m. It comprised of 21 cinemas focusing on a different audience from Cineworld Cinemas, with the cinemas being smaller (all have five or less screens) and more individual.

While blockbuster films may be shown at these cinemas, non-mainstream and specialised films are central to its programming as an arthouse cinema chain. The cinemas tend to be located in urban areas with a high student, or affluent and diverse adult orientated population. Food and drink is a key differentiator and some have bars and food operations which form a significant proportion of a cinema's total business. The Picturehouse cinemas tend to have their own individual styles reflecting their location or former purpose of their building which provides a unique ambience compared with that of a multiplex cinema. Typical Picturehouse customers will tend to visit as a social occasion or as a cultural outing rather than purely to view films and therefore require a more personal cinema going experience.

The market in which Picturehouse operates is distinct from those of Cineworld Cinemas. There is growing demand from older and from more affluent cinema goers and Picturehouse is well positioned to capitalise on this more specialised sector of the cinema market under its own brand.

Since acquisition, Picturehouse has traded in line with expectations. As stated at the time of announcing the acquisition, Picturehouse continues to be run under separate management who continue to develop the brand and pipeline of new cinemas.

	Picturehouse	Picturehouse
	52 Weeks to 26 December 2013	52 Weeks to 27 December 2012[1]
	Total	Total
Admissions	3.1m	3.0m
	£m	£m
Box office	18.4	17.8
Retail	9.5	8.4
Other Income	8.7	7.8
Total revenue	36.6	34.0

[1] Comparative information is presented for Picturehouse on a pro forma basis through summing the 11 month management accounts result to 6 December 2012 together with the 22 day period to 27 December 2012. Picturehouse is only included in the consolidated Group comparative information for 22 day period from 6 December 2012.

Overall, revenues for the period have increased by 7.6%. Box office increased by 3.4% to £18.4m – a direct result of the 3.3% increase in admissions and a marginal rise in average ticket price. Retail revenue increased by 13.1% to £9.5m and other income increased by 11.5% to £8.7m (other income includes advertising income, membership subscription income and screen-hire income). EBITDA has increased by 22.7% to £5.4m on a pro forma basis (2012: £4.4m).

On 8 October 2013, the Competition Commission published their decision on the acquisition of Picturehouse resulting in the requirement to dispose of one cinema in each of Aberdeen, Bury St Edmunds and Cambridge. The process of disposing of a cinema in each location was underway at the period end. Following the publication on 31 January 2014 of the Competition Commission's final report, the Group has until 31 July 2014 to divest itself of the cinemas at the three locations.

Total revenue in the year in respect of the three sites was £6.3m (2012: £5.8m on a pro forma basis) and EBITDA was £1.4m (2012: £1.4m on a pro forma basis).

Due to the on-going Competition Commission investigation during the period, the full extent of the potential synergies of £0.6m identified during the acquisition process have not yet been realised. Whilst continuing to retain the separate management team who are charged with developing the clearly distinct Picturehouse brand and pipeline of new cinemas, we believe that synergies will start to be realised during 2014.

Initiatives and Developments

UK Cinema Expansion

One of the key strategic priorities of the Group remains expansion. We continue to maintain the financial capability, through our debt facility available, to pursue such opportunities aided by the cash generative nature of our business model.

During the year we have opened a nine screen cinema in Wembley and a new ten screen cinema in Gloucester Quay to replace the existing six screen cinema already in place. In October, we also reopened Glasgow Science Centre's IMAX as a Cineworld Cinema. Unfortunately, due to delays in construction, the new six-screen cinema in St Neots will now open in early 2014, with new cinemas in Swindon and Telford also scheduled to open during 2014. Picturehouse is scheduled to open a further two sites during 2014.

While the uncertainty over development financing and the timing of new projects continue to be risks, we have seen improvements in confidence in the property market during the year with renewed interest in existing proposals from developers as well as new plans and ideas being tabled. Our strong financial position and our good track record of driving high footfalls through our cinemas make us an attractive partner for property developers. We have 17 further development sites signed or in legal negotiation (at least ten of which are currently scheduled for opening in 2015) and have a good pipeline of further opportunities to achieve our target of 25 new Cineworld Cinemas between 2013 and 2017.

Other Initiatives and Developments

The Unlimited programme is one of the pillars that underpin our strategy of growing other revenues and admissions. At the end of the year there were over 371,000 members (2012: 318,000), a figure which has since increased further. The Unlimited programme brings to the Group the financial benefits of regular subscription income thereby reducing the level of fluctuation in our revenues. It also brings operational benefits by encouraging repeat visits, often at off-peak times. This, in turn, enables us to improve capacity utilisation at our cinemas, provide more retail opportunities and allows us to offer a wider range of films than our competitors. As a result, we continued to enjoy significant market share among the smaller, less mainstream films during 2013.

During the prior year period we launched a 10% reduction in the price of tickets for booking online through MyCineworld and membership has since increased to over 3.5 million members by the end of the period (2012: 2.5 million).

The growth of MyCineworld is an important part of our strategy to engage further with our customers. It has enabled us to improve our customer retention and help us to encourage more frequent visits to our cinemas. By transferring bookings on-line, we aim to improve customer service by reducing queues at the box offices and to convert more space to other activities which will improve the customer experience at our cinemas and help drive incremental revenues. The addition of new sites will facilitate the expansion of our Unlimited and MyCineworld propositions into new locations, thereby growing and consolidating our business further.

Activity on our consumer website continued to increase year on year, with 2013 period to date recording over 1m visits per week. This performance has enabled our website to rise into the top 30 (2012: 40) most visited retail websites in the UK (as reported in the IMRG Experian Hitwise Hot Shops List) for the period. In addition, our successful mobile enabled web booking service is now complemented by our applications ("apps").

In terms of improving the customer experience, Cineworld Cinemas is expanding the IMAX format across a selection of our sites following its success. The IMAX screens opened in the second half of 2012 have performed well during the current year and Cineworld Cinemas' continues to operate the eight IMAX screens successfully. In October we reopened the IMAX screen at the Glasgow Science Centre ("GSC") where we offer a broader range of IMAX feature films as well as working closely with the GSC to enhance their educational IMAX offering. Cineworld Cinemas has also recently signed a new deal to open a further three IMAX screens, at least one of which is scheduled to be opened during 2014.

People and Diversity

Our people are core to the success of the Group. As in previous years, 2013 saw a considerable investment in a number of initiatives aimed at ensuring individuals are developed and supported in reaching their full potential. As at the period end, one of the seven members of the Board was female and two of the eight members of the executive leadership group were also female. Of the seven directors of our subsidiary companies, two were female.

We are an equal opportunity employer and seek to recruit, retain and promote staff on the basis of their qualifications, skills, aptitude and attitude. A wide range of applicants are encouraged to apply for all roles and we have a wide and diverse workforce. We still believe that the single most important factor is to identify, recruit and retain the people we consider, on merit, to be the best candidates for each particular role.

Key Business Relationships

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

We build relationships with developers, landlords and council planners to ensure that we maintain a pipeline of new sites for the future. We also work closely with suppliers of technological enhancements, for instance IMAX, which enables us to ensure that we are delivering best possible experience to our customers, as well as looking to maximise box office revenues. Strong relationships with our principal retail suppliers, such as Coca Cola and Starbucks, enable us to work together on promotions that help drive retail sales. We seek to manage relationships with our suppliers fairly and to work in accordance with our aspirations as set out in our ethical policy, a cornerstone of which is treating others as you expect to be treated yourself.

Cineworld Cinemas' successful participation in Tesco's Clubcard loyalty programme continued during the year, despite no longer being their only cinema partner. Cineworld remains the exclusive gift card partner with Morrisons to date.

The Environment and Health and Safety

Being a multi-site business, the Group is conscious of its total energy consumption and the amount of waste materials generated, and is actively working to reduce both energy usage and the quantity of waste materials produced that cannot be recycled. Cineworld Cinemas has consistently reduced its carbon emissions on an annual basis. The latest publication of the Carbon Reduction Commitment ("CRC") annual report released in November 2013 showed a reduction of 2.6% in carbon emissions since the launch of the scheme three years ago (excluding Picturehouse) despite the growth in the estate, increased technological offerings such as IMAX and the introduction of Starbucks outlets.

During 2013, Cineworld Cinemas has embedded an improved framework for health and safety operations including audit processes, fire risk assessments and associated documentation. As in the previous year, all cinemas were subject to Fire, Food and Health and Safety Audits on an announced basis this year by NSF International (an independent auditor). Sites achieved an average score of 95.5% (with 85% being considered the acceptable level of performance).

Key Trends and Factors Potentially Affecting the Future

Availability of appealing films and the impact on box office and retail revenues

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

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

The film slate for 2014 is expected to mirror the performance in 2013. As with 2013, whilst there is no "Skyfall" (a record box office hit), there are a number of sequels from successful franchises which are expected to perform well. The "Harry Potter" series has been replaced with "The Hobbit" trilogy which concludes in December 2014. Similarly, "The Twilight" series has been followed by "The Hunger Games" as an alternative for the same female and teenage audience ("The Hunger Games: Mockingjay Part 1" is scheduled for release in November 2014). Many such films outperform the original film or concept, so the film studios will continue to look to capitalise on proven success formulae. The outstanding success of "Iron Man 3" and "Thor: The Dark World" will provide further impetus to advance the Marvel franchises, with films including "X-Men: Days of Future Past", "Captain America: The Winter Soldier" and "Guardians of the Galaxy" all scheduled for release during 2014.

Digital film and technological innovation

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

Technical innovation has also allowed the Group to enhance the customer experience through premium formats such as IMAX, 3D and other large screen formats. Cineworld Cinemas is also continuing to trial 4D Motion Technologies in some of our cinemas with D-Box seating. D-Box seating provides additional sensory experiences for customers.

The price differential between 3D and 2D films is expected to continue, and should help support the overall revenue levels, although it is anticipated that 2014 overall will see a slightly lower number of 3D films compared with 2013. Film based on action, fantasy and animation and appealing to an older teenage and young adults audience, such as "Marvel: avengers Assemble" and "The Hobbit: An Unexpected Journey", have had the highest take up of 3D, while those which appealed to younger children tend to attract a lower proportion of 3D business.

Appeal of screen advertising

The attractiveness of cinema screen advertising, as well as the demand for advertising generally, drives the Group's revenue from DCM. Screen advertising revenue generally varies depending on the type of films screened, the minutes and value of advertising sold, the number of attendees who view the film, and the placement of the advertisement in relation to the start time of the film. Demand in the wider advertising industry is anticipated to remain challenging, which would be reflected in our screen advertising revenues. However, full digital conversion by all of DCM's major clients in 2012 has improved DCM's competitive position and continues to support its objective of gaining a larger share of advertisings' budgets, especially local retail, which is a sector largely unexploited in cinema advertising.

Expansion and improvements

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

The acquisition of Picturehouse has provided a new and additional channel for expansion in the art-house market under the Picturehouse brand and the existing pipeline of new multiplex cinemas is also increasing.

Subscription programmes

Cineworld Cinemas' and Picturehouse's subscription programmes help smooth out the level of seasonal fluctuation in the Group's revenue. They also encourage customers to come during off-peak periods as it is generally not possible to make advance bookings, thereby improving the Group's capacity utilisation. The subscription programmes also help support our Customer Relationship Management ("CRM") initiatives to improve customer segmentation, customise customer offerings and drive future revenue.

Financial Performance

	52 week period ended 26 December 2013			52 week period ended 27 December 2012 (restated)[2]
	Cineworld Cinemas	Picturehouse	Total Group	Total Group[3]
	Total	Total	Total	Total
Admissions	48.4m	3.1m	51.5m	48.0m
	£m	£m	£m	£m
Box office	261.5	18.4	279.9	252.6
Retail	84.6	9.5	94.1	82.8
Other	23.4	8.7	32.1	23.3
Total revenue	369.5	36.6	406.1	358.7
EBITDA[1]	66.9	5.4	72.3	66.9
Operating profit	35.7	1.8	37.5	44.0
Financial income	0.3	-	0.3	0.3
Financial expenses	(6.6)	(0.2)	(6.8)	(5.9)
Net financing costs	(6.3)	(0.2)	(6.5)	(5.6)
Share of loss from joint venture	(0.1)	-	(0.1)	(0.1)
Profit on ordinary activities before tax	29.3	1.6	30.9	38.3
Tax on profit on ordinary activities	(9.8)	(0.1)	(9.9)	(10.8)
Profit for the period attributable to equity holders of the Company	19.5	1.5	21.0	27.5

[1] EBITDA is defined as operating profit before depreciation, impairments, reversals of impairments and amortisation, onerous lease and other non-recurring or non-cash property charges, transaction, pensions, refinancing and reorganisation costs.
[2] Comparative information restated following the adoption of the amendments to IAS 19 "Employee Benefits".
[3] Picturehouse results consolidated for 22 days covering 6 December 2012 to 27 December 2012

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

EBITDA and Operating Profit

Group EBITDA was up 8.1% during the year at £72.3m (2012: £66.9) and was achieved through higher revenues. Gross profit margin has suffered a smaller reduction from the prior year. While the film hire rate remained flat on average, there has been an increase in concession costs and higher royalties paid following the relative success of IMAX and 3D films during the period. In addition, there were higher energy and property costs as well as general increases in other operating costs.

Operating profit at £37.5m was 14.8% lower (2012: £44.0m). Operating profit included a number of non-recurring and non-trade related costs totaling £10.8m (2012: £1.4m). During the last quarter of 2013, £6.1m of transaction costs were incurred relating to the acquisition of Cinema City Holdings N.V.. Further transaction and reorganisation costs of £1.2m related to the Competition Commission investigation into the acquisition of Picturehouse and other restructuring costs incurred during the year. As a result of the investigation, the Group is in the process of disposing of sites in Aberdeen, Bury St Edmunds and Cambridge. We are legally obliged to complete the disposals by 31 July 2014. A goodwill impairment of £0.7m in respect of Picturehouse goodwill allocated by cinema has been recognised in respect of this divestment. Other asset impairments resulting from the annual impairment review by cinema also resulted in £1.2m asset write-downs at weaker performing cinemas.

The total depreciation and amortisation charge (included in administrative expenses) in the year of £24.0m was higher than comparative prior year (2012: £21.5m). The increase includes £1.6m of amortisation in respect of brand and customer list intangible assets recognised as part of the acquisition accounting for Picturehouse. A further £1.5m of depreciation has been incurred as a result of Picturehouse being part of the Group for a full year. This has been offset in part by a £0.6m reduction in depreciation in respect of Cineworld Cinema assets.

Finance Costs

The net financing costs of £6.5m were higher than the £5.6m in the prior year. There has been an increased level of borrowing from the start of the year following the cash acquisition of Picturehouse in December 2012. The overall charge for the prior year also included £1.0m credit on the expiry of one of three interest rate swaps in May 2012, which necessitated a reclassification of the closing derivative value from equity to the income statement. Of the £0.3m financial income reported in the current year, £0.1 related to interest receivable (2012: £0.1m) and £0.2m to the actuarial valuation of the returns on the defined benefit pension plan assets (2012: £0.2m).

Earnings

Profit on ordinary activities before tax in the period was £30.9m, a decrease of 19.3% compared to the comparative period (2012: £38.3m). The decline is attributable to the £8.1m transaction and reorganisation costs incurred in the current period in respect of the acquisition of Cinema City and the Competition Commission investigation into the acquisition of Picturehouse (2012: £1.1m). Basic earnings per share amounted to 14.0p (2012: 19.2p).

Eliminating the one-off, non-trade related items described above, totaling £13.8m and the credit of £1.0m relating to the expiry of an interest rate swap (included in the comparative year net financing costs), adjusted pro-forma diluted earnings per share were 22.6p (using a normalized tax rate of 23.25%) compared with 2012 of 21.1p. The weighted average number of shares in during the year was 149.8 million including 0.3 million shares issued during the period.

Taxation

The overall tax charge during the year was £9.9m giving an overall effective tax rate of 32.0% (2012: 28.2%) which reflects the impact of one-off disallowable expenditure (acquisition costs) incurred during the period and the net impact in the current period of recognising deferred tax assets and liabilities at the lower future tax rate. The corporation tax charge in respect of the current year was £9.8m. There was a credit of £1.0m relating to prior years, which offset by £1.1m deferred tax charges principally relating to capital allowances (the difference between the tax written down value of the capital allowance and the net book value of the underlying assets).

Cash Flow and Balance Sheet

The Group continued to be cash generative at the operating level. Total cash generated from operation in the year was £65.3m compared to £67.0m in 2012. The current year suffered from a significant cash outflow at the start of the period in respect of film hire on "Skyfall", the cash inflow benefit for which occurred in the last month of 2012.

Net cash spent on capital during year was £18.9m, which is net of reverse premiums received of £3.4m. Included in this cash expenditure was £11.0m in relation to the development of new sites, £8.9m in respect of maintenance and £2.4m on other revenue generating initiatives.

Net debt decreased to £112.3m at the end of the current year (2012: £126.9m). During the year the net movement on existing facilities was a repayment of £4.5m (repayment of £29.5m and a draw-down of £25.0m). Other movements include non-cash items totaling £0.6m in respect of interest on finance leases, the unwinding of amortised finance charges and the movement on the interest rate swap. Cash in hand increased by £8.1m to £19.0m (2012: £10.9m).

Overall, net assets increased to £193.9m (2012: £188.6m). This includes the recognition of the fair value of net assets acquired with Picturehouse totaling £23.9m, and the residual goodwill recognised on acquisition of £19.8m. Due to the timing of the acquisition and its close proximity to the 2012 year-end, the fair value of acquired net assets and residual goodwill were recognised at December 2012 on a provisional basis. The acquisition accounting was finalised by June 2013 and was reported in the Cineworld Group's 2013 interim statements. Goodwill arising on acquisition increased from £19.6m as previously stated to £19.8m following a small reduction in other intangibles recognised and a corresponding adjustment to deferred tax liabilities in respect of Picturehouse.

Dividends

The Directors are recommending to shareholders for approval a final dividend in respect of the period ended 26 December 2013 of 6.4p per share, which taken together with the interim dividend of 3.7p per share paid in October 2013 equates to a total dividend in respect of 2013 of 10.1p per share (2012: 10.6p per share). The interim 2013 and total dividend per share for 2012 have been adjusted to take account of the rights issue of 8 for 25 shares on 14 February 2014, in order to present a comparator. The dividends per share as previously reported were 4.1p per share for the interim 2013 and 11.8p per share for the total dividend for 2012. Whilst the dividend per share has decreased following the rights issue, shareholders who took up their rights in full benefitted by a 6.3% increase in cash dividend received. Over 95% of shareholders took up their rights.

Combination with the cinema operations of Cinema City International N.V.

On 10 January 2014, Cineworld Group plc was pleased to announce the combination with the cinema business of Cinema City International N.V. ("CCI"), a leading cinema business in seven countries across Central and Eastern Europe ("CEE") and Israel ("Cinema City"), by means of an acquisition of the shares in Cinema City Holding N.V. ("CCH"), a subsidiary of CCI. The transaction was based on an enterprise value of CCH (on a debt free/cash free basis) of £503m plus €14.5m. The combination with Cinema City completed on 27 February 2014 and has created the second largest cinema business in Europe (by number of screens). The enlarged Group now has 201 sites and 1,852 fully digital screens.

Consideration for the transaction was settled with cash and shares. Cash consideration of £272m and €14.5m was part funded by an 8 for 25 Rights Issue which completed on 14 February 2014, raising net funds of £105m with the residual cash consideration being funded within the Group's new debt facility. Cineworld Group plc issued to CCI shares in Cineworld Group plc initially valued on 10 January 2014 at £231m representing 24.9% of the post-rights issue share capital.

As part of the combination Cineworld Group plc restructured its debt financing, an element of which was drawn to part settle cash consideration of £272m and €14.5m. The residual of the facility has been drawn to refinance the existing facilities of the combined group and to fund general working capital requirements going forward. The new facility provides funding of £400m of which £240m is term loan and £160m is a revolving credit facility. £185m (€192m) of the new facility is available in Euros, reflecting the composition of the combined group. This financing arrangement becomes effective from 27 February 2014.

On completion of the combination, Mooky Greidinger (former Chief Executive Officer of CCI) and Israel Greidinger (former Chief Financial Officer of CCI) joined the Board of Cineworld Group plc as Chief Executive Officer and Chief Operating Officer respectively. At the same time, Moshe (Mooky) Greidinger and Israel Griedinger stepped down from their position on the Board of CCI. Given the investment in Cineworld Group plc held by CCI and the relationship between Mooky Greidinger and Israel Greidinger and CCI, a Relationship Agreement has been put in place to govern the key operational arrangements between the related parties.

The full details of the transaction are detailed in the combined Class 1 circular and prospectus issued on 10 January 2014 which can be found on the Group's website: www.cineworldplc.com.

Other Board changes

Tom McGrath was a Director at the start of the period, but he did not stand for re-election at the Annual General Meeting ("AGM") and so left the Board on 15 May 2013.

On 20 November 2013, the Group announced the resignation of Stephen Weiner, Cineworld's founder and CEO, and he will leave the employment of the Group on 31 March 2014.

On completion of the combination with Cinema City, Scott Rosenblum and Arni Samuelsson joined the Board as Non-Executive Directors and Stephen Wiener stepped down from his role as CEO and as a Director at that time.

Current Trading and Outlook

The first quarter of the current financial year has started in line with expectations with films such including "The Wolf of Wall Street" and "12 Years a Slave" performing strongly at the box office. The first month of the year also benefited from the play through of "The Hobbit: The Desolation of Smaug", "American Hustle" and "Frozen". There is a solid film release programme for the remainder of 2014 which includes the next instalment from the Hunger Games franchise: ''The Hunger Games: Mockingjay—Part 1'', as well as the final film in The Hobbit franchise: ''The Hobbit: There and Back Again''. Other popular film franchises including Transformers, Spiderman and X-Men also have new releases throughout the year. This, along with a strong pipeline of Cineworld, Picturehouse and Cinema City openings, means the Group looks forward to delivering further value to Shareholders in the forthcoming year.

By order of the Board

Anthony Bloom	Philip Bowcock
Chairman	Chief Financial Officer

Consolidated Statement of Profit or Loss
for the Period Ended 26 December 2013

	Note	**52 week period ended 26 December 2013 £m**	52 week period ended 27 December 2012 £m (restated[1])
Revenue	2	**406.1**	358.7
Cost of sales		**(293.3)**	(263.9)
Gross profit		**112.8**	94.8
Other operating income		**0.5**	0.3
Administrative expenses		**(75.8)**	(51.1)
Operating profit		**37.5**	44.0
Analysed between:			
Operating profit before depreciation, impairments, reversals of impairments and amortisation, onerous lease and other non-recurring or non-cash property charges, transaction and reorganisation costs, defined benefit pension scheme indexation gain, and refinancing costs		**72.3**	66.9
• Depreciation and amortisation		**(24.0)**	(21.5)
• Onerous leases and other non-recurring charges		**(0.7)**	(1.6)
• Impairments and reversals of impairments		**(2.0)**	(0.3)
• Other non-recurring income		**-**	2.0
• Transaction and reorganisation costs		**(8.1)**	(1.1)
• Defined benefit pension scheme past service costs		**-**	(0.4)
Finance income	4	**0.3**	0.3
Finance expenses	4	**(6.8)**	(6.9)
Net change in fair value of cash flow hedges reclassified from equity		**-**	1.0
Net finance costs		**(6.5)**	(5.6)
Share of loss of jointly controlled entities using equity accounting method, net of tax		**(0.1)**	(0.1)
Profit on ordinary activities before tax		**30.9**	38.3
Tax charge on profit on ordinary activities	6	**(9.9)**	(10.8)
Profit for the period attributable to equity holders of the Company		**21.0**	27.5
Basic earnings per share	3	**14.0p**	19.2p
Diluted earnings per share	3	**13.8p**	19.0p

[1] Comparative information restated following the adoption of the amendments to IAS 19 “Employee Benefits”. Please refer to Note 11

Consolidated Statement of Other Comprehensive Income
for the Period Ended 26 December 2013

	52 week period ended 26 December 2013 £m	52 week period ended 27 December 2012 £m (restated[1])
Profit for the period attributable to equity holders of the Company	**21.0**	**27.5**
Items that will not subsequently be reclassified to profit or loss		
Remeasurement of the defined benefit asset	(0.7)	1.2
Tax recognised on items that will not be reclassified to profit or loss	(0.1)	(0.2)
Items that will subsequently be reclassified to profit or loss		
Movement in fair value of cash flow hedge	(1.6)	(0.1)
Foreign exchange translation loss	(0.4)	(0.5)
Tax recognised on income and expenses recognised directly in equity	0.3	(0.7)
Other comprehensive income for the period, net of income tax	(2.5)	(0.3)
Total comprehensive income for the period attributable to equity holders of the Company	18.5	27.2

[1] Comparative information restated following the adoption of the amendments to IAS 19 “Employee Benefits”. Please refer to Note 11

Consolidated Statement of Financial Position
at 26 December 2013

	26 December 2013		27 December 2012	
	£m	£m	£m	£m
Non-current assets				
Property, plant and equipment		162.1		160.0
Goodwill		236.2		236.7
Intangible assets		13.8		15.7
Investments in equity-accounted investee		0.6		0.7
Other receivables		1.4		1.4
Employee benefits		5.3		4.4
Deferred tax assets		8.1		9.9
Total non-current assets		427.5		428.8
Current assets				
Inventories	3.5		3.8	
Trade and other receivables	34.6		34.3	
Assets classified as held for sale	2.3		-	
Cash and cash equivalents	19.0		10.9	
Total current assets		59.4		49.0
Total assets		486.9		477.8
Current liabilities				
Interest-bearing loans, borrowings and other financial liabilities	(6.3)		(8.1)	
Trade and other payables	(82.7)		(72.7)	
Current taxes payable	(3.9)		(4.7)	
Liabilities classified as held for sale	(0.1)		-	
Provisions	(1.1)		(0.3)	
Total current liabilities		(94.1)		(85.8)
Non-current liabilities				
Interest-bearing loans, borrowings and other financial liabilities	(125.0)		(129.7)	
Other payables	(54.8)		(53.3)	
Government grants	(1.8)		(1.9)	
Provisions	(10.4)		(11.1)	
Deferred tax liabilities	(6.9)		(7.4)	
Total non-current liabilities		(198.9)		(203.4)
Total liabilities		(293.0)		(289.2)
Net assets		193.9		188.6
Equity attributable to equity holders of the Company				
Share capital		1.5		1.5
Share premium		188.2		188.1
Translation reserves		1.7		1.3
Hedging reserves		(1.9)		(3.5)
Retained earnings		4.4		1.2
Total equity		193.9		188.6

These financial statements were approved by the Board of Directors on 6 March 2014 and were signed on its behalf by:

Anthony Bloom Chairman

Philip Bowcock Director

Consolidated Statement of Changes in Equity

for the Period Ended 26 December 2013

	Issued capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained deficit £m (restated[1])	Total £m
Balance at 29 December 2011	1.4	171.8	1.8	(3.4)	(11.3)	160.3
Profit for the period	–	–	–	–	27.5	27.7
Other comprehensive income						
Items that will not subsequently be reclassified to profit or loss						
Remeasurement of the defined benefit asset	–	–	–	–	1.2	1.2
Tax recognised on items that will not be reclassified to profit or loss	–	–	–	–	(0.2)	(0.2)
Items that will subsequently be reclassified to profit or loss						
Movement in fair value of cash flow hedge	–	–	–	(0.1)	–	(0.1)
Retranslation of foreign currency denominated subsidiaries	–	–	(0.5)	–	–	(0.5)
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	(0.6)	(0.6)
Contributions by and distributions to owners						
Dividends	–	–	–	–	(16.0)	(16.0)
Movements due to share-based compensation	–	–	–	–	0.6	0.6
Issue of shares	0.1	16.3	–	–	–	16.4
Balance at 27 December 2012	1.5	**188.1**	**1.3**	**(3.5)**	**1.2**	**188.6**
Profit for the period	–	–	–	–	21.0	21.0
Other comprehensive income						
Items that will not subsequently be reclassified to profit or loss						
Remeasurement of the defined benefit asset	–	–	–	–	(0.7)	(0.7)
Tax recognised on items that will not be reclassified to profit or loss	–	–	–	–	0.1	0.1
Items that will subsequently be reclassified to profit or loss						
Movement in fair value of cash flow hedge	–	–	–	1.6	–	1.6
Retranslation of foreign currency denominated subsidiaries	–	–	0.4	–	–	0.4
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	(0.3)	(0.3)
Contributions by and distributions to owners						
Dividends	–	–	–	–	(18.1)	(18.1)
Movements due to share-based compensation	–	–	–	–	1.2	1.2
Issue of shares	–	0.1	–	–	–	0.1
Balance at 26 December 2013	**1.5**	**188.2**	**1.7**	**(1.9)**	**4.4**	**193.9**

[1] Comparative information restated following the adoption of the amendments to IAS 19 “Employee Benefits”. Please refer to Note 11

Consolidated Statement of Cash Flows

for the Period Ended 26 December 2013

	52 week period ended 26 December 2013 £m	52 week period ended 27 December 2012 (restated[1]) £m
Cash flow from operating activities		
Profit for the period	21.0	27.5
Adjustments for:		
Financial income	(0.3)	(0.3)
Financial expense	6.8	6.9
Net change in fair value of cash flow hedges reclassified from equity	-	(1.0)
Taxation	9.9	10.8
Share of loss of equity-accounted investee	0.1	0.1
Operating profit	37.5	44.0
Depreciation and amortisation	24.0	21.5
Non-cash property charges	-	1.6
Impairments and reversals of impairments	2.0	0.3
Non-cash pension gain following change in indexation	-	0.4
Surplus of pension contributions over current service cost	(1.6)	(1.6)
Increase in trade and other receivables	(0.1)	(5.3)
(Increase)/decrease in inventories	0.3	(1.3)
Increase in trade and other payables	2.3	10.4
Decrease in provisions and employee benefit obligations	0.9	(3.0)
Cash generated from operations	65.3	67.0
Tax paid	(9.7)	(9.4)
Net cash flows from operating activities	55.6	57.6
Cash flows from investing activities		
Interest received	0.1	0.1
Acquisition of subsidiaries net of acquired cash	-	(43.3)
Acquisition of property, plant and equipment	(18.9)	(31.1)
Net cash flows from investing activities	(18.8)	(74.3)
Cash flows from financing activities		
Proceeds from share issue	-	16.4
Dividends paid to shareholders	(18.1)	(16.0)
Interest paid	(5.2)	(4.9)
Repayment of bank loans	(29.5)	(5.0)
Proceeds from bank loans	25.0	32.3
Payment of finance lease liabilities	(0.9)	(0.6)
Net cash from financing activities	(28.7)	22.2
Net increase in cash and cash equivalents	8.1	5.5
Exchange gains/(losses) on cash and cash equivalents	-	(0.1)
Cash and cash equivalents at start of period	10.9	5.5
Cash and cash equivalents at end of period	19.0	10.9

[1] Comparative information restated following the adoption of the amendments to IAS 19 “Employee Benefits”. Please refer to Note 11

Notes to the Consolidated Financial Statements

(Forming Part of the Financial Statements)

1. Accounting Policies

Basis of Preparation

The financial information has been prepared applying the accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the 52 week period ended 26 December 2013 and are not the Company's statutory accounts.

The comparative figures for the 52 week period ended 27 December 2012 are not the Company's statutory accounts for that financial period. Those accounts have been reported on by the Company's auditors and delivered to the registrar of companies. The report of the auditor was (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) 498 (3) of the Companies Act 2006.

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

2. Operating Segments

Determination and presentation of operating segments:

Following the acquisition of Picturehouse in 2012, the Group has determined that it has two operating segments: Cineworld Cinemas and Picturehouse.

	Cineworld Cinemas (restated[1]) £m	Picturehouse £m	Total (restated[1]) £m
52 weeks to 26 December 2013			
Total revenues	369.5	36.6	406.1
Segmental operating profit	35.7	1.8	37.5
Net finance costs	(6.3)	(0.2)	(6.5)
Share of loss of jointly controlled entities using equity method, net of tax	(0.1)	-	(0.1)
Profit before tax	**29.3**	**1.6**	**30.9**
Segmental total assets	**469.0**	**17.4**	**486.4**
52 weeks to 27 December 2012			
Total revenues	356.2	2.5	358.7
Segmental operating profit	43.9	0.1	44.0
Net finance costs	(5.6)	-	(5.6)
Share of loss of jointly controlled entities using equity method, net of tax	(0.1)	-	(0.1)
Profit before tax	**38.2**	**0.1**	**38.3**
Segmental total assets	**441.2**	**36.6**	**477.8**

[1] Comparative information relating to 2012 has been restated following the adoption of the amendments to IAS 19 "Employee Benefits". Please refer to Note 11

Revenue by destination and by origin from countries other than the UK in all financial periods was not material. Likewise non-current assets located in other countries other than the UK in all financial periods are not material.

Entity Wide Disclosures:

Cineworld Cinemas

Revenue by product and service provided	**52 week period ended 26 December 2013 Total £m**	52 week period ended 27 December 2012 Total £m
Box office	**261.5**	251.6
Retail	**84.6**	82.3
Other	**23.4**	22.3
Total revenue	**369.5**	356.2

Picturehouse

Revenue by product and service provided	**52 week period ended 26 December 2013 Total £m**	52 week period ended 27 December 2012 Total £m
Box office	**18.4**	1.0
Retail	**9.5**	0.5
Other	**8.7**	1.0
Total revenue	**36.6**	2.5

All revenue streams are driven by admissions. The Group's internal management reporting and operations are not separated into these categories.

3. 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 pro-forma 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, any other one-off income or expense as shown in the table below, and 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 non-vested ordinary shares held by the employee share ownership trust and after adjusting for the effects of dilutive options.

	52 week period ended 26 December 2013 £m	52 week period ended 27 December 2012 £m (restated[1])
Earnings attributable to ordinary shareholders	**21.0**	27.5
Adjustments:		
Amortisation of intangible assets	**1.7**	0.2
Share-based payments	**1.3**	0.9
Transaction and reorganisation costs	**8.1**	1.1
Impairments	**2.0**	1.0
Defined benefit scheme past service costs	**-**	0.4
Other non-recurring charges	**0.7**	–
Onerous lease cost	**-**	1.6
Income relating to VAT reclaim	**-**	(2.0)
Refinancing (income)/expenses	**-**	(1.0)
Adjusted earnings	**34.8**	29.7
Add back tax charge	**9.9**	10.8
Adjusted pro-forma profit before tax	**44.7**	40.5
Less tax at statutory rate 23.25% (2012: 24.5%)	**(10.4)**	(9.9)
Adjusted pro-forma profit after tax	**34.3**	30.6

[1] Comparative information restated following the adoption of the amendments to IAS 19 “Employee Benefits”. Please refer to Note 11

	52 week period ended 26 December 2013 Number of shares (m)	52 week period ended 27 December 2012 Number of shares (m)
Weighted average number of shares in issue	**149.8**	143.1
Basic and adjusted earnings per share denominator	**149.8**	143.1
Dilutive options	**2.1**	1.6
Diluted earnings per share denominator	**151.9**	144.7
Shares in issue at period end	**149.9**	149.6

	Pence	Pence
Basic earnings per share	**14.0**	19.2
Diluted earnings per share	**13.8**	19.0
Adjusted pro-forma basic earnings per share	**22.9**	21.4
Adjusted pro-forma diluted earnings per share	**22.6**	21.1

As required by IAS 8.28 *Accounting Policies*, changes in accounting estimates and errors, the impact of the restatement on the current and comparative information on EPS, following the adoption of IAS 19, *Employee Benefits* is as follows:

	Pence	Pence
Basic earnings per share	**(0.2)**	(0.2)
Diluted earnings per share	**(0.2)**	(0.2)
Adjusted pro-forma basic earnings per share	**(0.1)**	(0.1)
Adjusted pro-forma diluted earnings per share	**(0.1)**	(0.1)

4. Finance Income and Expense

	52 week period ended 26 December 2013 £m	52 week period ended 27 December 2012 £m (restated 1)
Interest income	**0.1**	0.1
Defined benefit pension scheme net finance income (Note 18)	**0.2**	0.2
Finance income	**0.3**	0.3
Interest expense on bank loans and overdrafts	**5.2**	4.9
Amortisation of financing costs	**0.4**	0.4
Unwind of discount on onerous lease provision	**0.8**	0.8
Interest charge as a result of change in discount rate relating to onerous lease provisions	**-**	0.4
Other financial costs	**0.4**	0.4
Finance expense	**6.8**	6.9
Amounts reclassified from equity to profit and loss in respect of cash flow hedges	**-**	(1.0)
Total financial expense	**6.8**	5.9

5. Dividends

The following dividends were recognised during the period:

	2013 £m	2012 £m
Interim	**6.1**	5.4
Final (for the preceding period)	**12.0**	10.6
	18.1	16.0

An interim dividend of 4.1p per share was paid on 4 October 2013 to ordinary shareholders (2012: 3.8p). The Board has proposed a final dividend of 6.4p per share, which will result in total cash payable of approximately £17.0m on 3 July 2014. The final dividend has been bonus-adjusted to reflect the rights issue on 14 February 2014 (2012: 8.0p per share, total final dividend £12.0m). In accordance with IAS10 this had not been recognised as a liability at 26 December 2013.

6. Taxation

Recognised in the Income Statement

	52 week period ended 26 December 2013 £m	52 week period ended 27 December 2012 £m
Current tax expense		
Current year	9.8	10.0
Adjustments in respect of prior years	(1.0)	(0.6)
Total current tax expense	8.8	9.4
Deferred tax expense		
Origination and reversal of temporary differences	1.1	1.4
Total tax charge in income statement	9.9	10.8

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.

	26 December 2013 £m	27 December 2012 £m
Non-current liabilities		
Interest rate swaps	0.9	2.2
Unsecured bank loan, less issue costs of debt to be amortised	118.1	121.3
Liabilities under finance leases	6.0	6.2
	125.0	129.7
Current liabilities		
Interest rate swaps	1.0	1.3
Unsecured bank loans, less issue costs of debt to be amortised	4.6	6.0
Liabilities under finance leases	0.7	0.8
	6.3	8.1

8. Analysis of Net Debt

	Cash at bank and in hand £m	Bank loans £m	Finance leases £m	Interest rate swap £m	Net debt £m
At 29 December 2011	5.5	(95.7)	(6.7)	(4.5)	(101.4)
Acquisition of subsidiary undertakings	0.4	(3.9)	(0.4)	–	(3.9)
Cash flows	5.0	(27.3)	0.6	–	(21.7)
Non-cash movement	–	(0.4)	(0.5)	1.0	0.1
At 27 December 2012	10.9	(127.3)	(7.0)	(3.5)	(126.9)
Cash flows	8.1	4.9	0.9	-	13.9
Non-cash movement	-	(0.4)	(0.6)	1.6	0.6
Transferred to Liabilities classified as held for sale	-	0.1	-	-	0.1
At 26 December 2013	**19.0**	**(122.7)**	**(6.7)**	**(1.9)**	**112.3**

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

9. Capital Commitments

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

	26 December 2013 £m	27 December 2012 £m
Contracted	**10.3**	7.5

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

10. Related Parties

The compensation of the Directors is as follows:

	Salary and fees including bonus £000	**Compensation for loss of office £000**	**Pension contributions £000**	**Total £000**
52 weeks ended 26 December 2013				
Total compensation for Directors				

	Salary and fees including bonus £000	Compensation for loss of office £000	Pension contributions £000	Total £000
52 weeks ended 27 December 2012				
Total compensation for Directors	1,548	–	144	1,692

Share-based compensation benefit charges for Directors was £0.5m in 2013 (2012: £0.2m).

Other Related Party Transactions

Digital Cinema Media Limited ("DCM") is a joint venture between the Group and Odeon Cinemas Holdings Limited set up on 10 July 2008. Revenue receivable from DCM in the 52 week period ending 26 December 2013 totalled £14.2m (2012: £14.4m) and as at 26 December 2013 £nil (2012: £0.2m) was due from DCM in respect of receivables. In addition the Group has a working capital loan outstanding from DCM of £0.5m (2012: £0.5m).

11. Change in Accounting Policies

The Group has adopted the amendments to IAS 19 'Employee Benefits' during the period which have been applied retrospectively and has resulted in the restatement of some comparative information.

Under IAS 19 revised, the Group determines the net interest income for the period on the net defined benefit asset by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit asset at the end of the period, taking into account any changes in the net defined benefit asset during the period as a result of contributions and payments. Consequently, the net interest income on the net defined benefit asset now comprises: interest on the defined benefit obligation and interest income on plan assets. Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

Pension administrative expenses previously netted off against the return on defined benefit pension plan assets have been reclassified to Administrative expenses.

The impact of the adoption of these amendments is not considered significant in either of the periods presented. Specifically, net finance income on the defined benefit pension scheme for the 52 week period to 26 December 2013 has decreased by £220,000 to £209,000. The impact on the 52 week period to 27 December 2012 is a £229,000 decrease in net pension return to £187,000.

Pension administrative expenses for the 52 week period to 26 December 2013 were £193,000. Pension administrative expenses reclassified from net finance income to administrative expenses for the 52 week period to 27 December 2012 were £194,000.

The net impact on the 52 week period to 27 December 2012 is a decrease of £35,000 which is made up of an increase of £194,000 due to pension administration costs being reclassified offset by the decrease in net finance income of £229,000.

There is no impact on the adoption of IAS 19 revised on the Statement of Financial Position. The re-measurement of the defined benefit asset in Other Comprehensive Income has been reduced by £229,000 in 2012 and by £220,000 in 2013.

12. Risk and uncertainties

The following is a summary of the principal business specific risks and uncertainties facing the Group at the end of the period rather than all risks. If any of these risks or other unforeseen risks materialise, they could have a serious adverse effect on the Group's business and its financial condition, in turn impacting upon the value of its securities in issue. Where possible and appropriate, the Group seeks to mitigate these risks and uncertainties.

Some factors which may mitigate particular risks and uncertainties are also set out below. In determining whether a risk is principal or not regard has been taken of the Group's risk register, the probability of a particular risk crystallising and the impact it would have if it did.

Availability and Performance of Film Content	Cinema-going in the UK is driven primarily by output from Hollywood, which is dominated by six film studios. There is a risk that the Group may not be able to obtain licences for certain films from the film studios. There is also a risk that these studios may not reach agreement on film hire terms with the Group, or may seek to negotiate film hire terms less favourable to the Group. Any such moves could be countered in part by the Group's negotiating position due to its market share in the UK and Irish markets. During periods where there are fewer or no major films to drive cinema attendance, or if the Group was unable to licence a certain major film, the Group's box office revenues may decline. Cineworld's Unlimited card subscription service generates regular box office revenues which helps to offset lower box office receipts during quieter trading periods. It is also part of Cineworld's wider strategy to promote interest in a range of films beyond the traditional Hollywood blockbuster in such areas as Bollywood, other foreign language and small and mid-range films. There is a further risk that a major film may be released late or may not perform at the box office in line with expectations. The Group has an experienced team liaising closely with distributors and forecasting the likely performance of films based on historically precedent and their knowledge of the film industry.
Release Window, Alternative Media and Advancement of Technology	Film studios may seek to reduce or eliminate the release window (the period between the film being released at the cinema and the film being released through other distribution channels), which could lead to increased competition from alternative film delivery methods such as streaming, DVD, cable and pay television and the internet. This increased competition could reduce cinema admissions and adversely impact box office sales. The window is currently agreed at 16 weeks and three days in the UK, to capitalise on box office awareness and success. Cinema exhibitors have, historically, mitigated this threat by refusing to screen films with reduced release windows or insisting on paying reduced film rentals which has minimised reductions to date. Film studios may also choose to release their films through other channels instead of primarily through exhibition at cinemas. The box office success of a film is often, however, an important factor in establishing its value in subsequent film distribution channels such as streaming, DVD, cable and pay television and the internet. The existence of DVD (and video before that) has proven the ability of cinema to co-exist with alternative media. Additionally the increase in use of digital and 3D technology in cinemas should encourage the film studios to continue to use cinemas as the primary release channel. The continuing development of existing and new technology (such as 3D television and internet streaming) may introduce new competitive forces for the film-going audience. The cinema does, however, provide a unique social experience that to date cannot be matched by watching films at home. Also trials by studios to release films on the internet during the theatrical release window have, so far, not proved to be commercially successful.
Revenue from Retail Sales	Retail sales form a significant part of the Group's revenue. Retail sales generally fluctuate in line with admissions, therefore if admissions were to fall, revenue from retail sales could decrease. Retail spend may also decrease due to changes in customer preferences, decreased disposable income or other economic and cultural factors. The Group runs promotions, makes offers and changes its retail offerings to keep them attractive to customers.
Film Piracy	Film piracy (aided by technological advances) has long-term implications for the business and industry as it may decrease cinema admissions, reduce ticket prices and even eventually force film studios to invest less in films resulting in the release of fewer films and lower quality films with less commercial appeal and/or an increase in the use of other channels for releasing films. The quality of copies pirated by recording from a cinema screen have improved and can be of a similar quality to films pirated from other media and copies made in the earlier manufacture and distribution stages. It is, however, currently not possible to produce a 3D pirated version of the original film from a portable recording device used in a cinema. So far, the impact of piracy has been higher on alternative media (especially on DVD) than on cinema. The Group works with and continues to be a strong supporter of initiatives by The Federation Against Copyright Theft.
Competition	Competition among cinema providers exists in acquiring attractive cinema sites, acquiring new cinemas, attracting customers and licensing films. Existing competitors could also change their strategies, invest in new technologies or a new competitor could enter the market at a local or national level reducing trade. Costs generally, and in particular in developing new sites or acquiring existing cinemas are, however, barriers to entry as are the lack of readily available cinemas for acquisition. Cinemas also compete for customers against other leisure and entertainment attractions. This competition could increase as a result of reduction in consumer confidence or in levels of disposable income in general or, over the longer term, the ageing of the UK population. Cinemas also face competition from major events, such as the Olympics, which may impact attendance levels for their duration.
Availability of New Locations, Poor Location Selection and Construction of Cinemas	The Group's strategy includes expanding operations through new openings and the acquisition of existing cinemas. The availability of attractive locations for new openings and the acquisition of existing cinemas are subject to local conditions (such as availability of space or increase in demand for real estate, demographic changes and changes in planning laws) and competition. The Group seeks to maintain good relations with potential key partners and monitors changes likely to impact such matters The selection of the wrong location for the development of a new cinema, poor or delayed construction, unanticipated expenses in connection with new locations, or underperformance of a new cinema could result in lower than expected returns and a series of poor decisions on location, or poorly constructed cinemas, could seriously impact the Group. Each potential site is reviewed carefully and the management team are experienced in the choice of location for, and development of, new sites.
Screen Advertising Revenue	Screen advertising accounts for a proportion of the Group's profits and the level of revenues earned will be affected by the overall demand for advertising and the competitive pressures for that advertising spend. In addition, lower levels of admissions may impact the level of advertising which the business can attract resulting in reduced screen advertising revenues. The formation of Digital Cinema Media Limited in 2008, with a joint venture partner, was a positive step towards taking closer control of future screen advertising revenues. The advantages of screening advertisements to a captive audience in cinemas and the flexibility of digital media to deliver more and varied advertising are potential opportunities to attract more advertisers and to

generate higher revenues.

Extreme Weather Conditions	Unusual weather patterns such as unseasonably warm summers or extreme snowfalls in winter can impact attendances at cinemas and, particularly where this coincides with a major film releases, could have a significant effect on revenues. Most of the Group's cinemas are air conditioned. Historically, in periods of extreme warm weather, audience levels have returned to near-normal seasonal levels after a while.
UK and Global Economy	The main driver of cinema-going is the film, although it is recognised that macro-economic influences may affect cinema-going and the level of retail spend per customer on each visit. In addition, the price of such items as energy and foodstuffs has a direct impact on costs which we may not be able to pass on to customers. With cinema being a less expensive form of entertainment and leisure, economic downturns may benefit cinemas at the expense of other entertainment and leisure activities.
Government Regulations and Actions	The Group's business and operations are affected by central and local regulations covering such matters as planning, the environment, health and safety, licensing, food and drink retailing, data protection and the minimum wage. Failure to comply with this type of legislation may result in fines and/or suspension of the activity or entire business operation. In addition, changes to pension legislation such as automatic enrolment and regulation relating to the Group's defined benefit schemes, could result in additional costs from funding pension obligations or from changes in the way pension schemes are administered
Digital Conversion Cost Recovery	All of the Group's cinemas have been converted to digital projection. Film studios helped to finance this conversion and the Group expects to recover up to 90% of the total costs of conversion over a 7-10 year period. At completion of the rollout, the Group had incurred the costs of converting 100% of its projection facilities to digital, which was approximately £40m. There is a risk that payments are not received, or that full recovery of the costs does not happen within the ten year term of the agreed arrangements. There are binding contracts, put in place by Arts Alliance Media ("AAM") from which the Group benefits, for the recovery of these payments. The Group chose AAM because of the quality of its systems and experience in administering this type of contract and, to date, all payments have been received in accordance with the contractual terms. As time passes, the risk of non-recovery of this expenditure reduces.
Failure of IT Systems or Data Controls	The failure of the Group's IT systems or data controls, whether because of cyber attack or otherwise, could impact the profitability and reputation of the Group. All suppliers are monitored and the Group employs an appropriately qualified team to maintain its in-house systems with external experts being employed to oversee, and help manage, major projects involving the upgrading or replacement of such systems.
Availability of Capital	The cost and availability of finance may affect the Group's ability to expand. Limited availability of capital has impacted property developers who have not been able to proceed with developments which would have included new cinemas. The Group has a promising pipeline of potential new sites and its strong covenant is attractive to developers and places Cineworld as a preferred tenant in many proposed new leisure developments. Reduced lending may also affect the financing of film productions which could reduce the supply of films and/or delay their production and releases in cinemas.

Following the Group's acquisition of Cinema City Holding N.V. (the "Combination", and the combined Group and Cinema City Holding B.V. together the "Enlarged Group") which completed on 27 February 2014. The following principal business specific risks and uncertainties apply to the Enlarged Group in addition to the above risks and uncertainties. The following is a summary of the additional principal business specific risks and uncertainties facing the Enlarged Group rather than all risks.

Acquisitions	There is a risk that due diligence undertaken during an acquisition process fails to accurately identify ongoing profitability and other issues that may seriously affect the valuation of a business. In addition, costs and expenses in connection with any acquisition may be more than anticipated. After completion, an acquired business may not perform as expected, integration may be problematic or anticipated benefits or synergies may not be realised. As part of any acquisition process professional advisors are retained and report to the Board, or the appropriate Committee, on pertinent aspects of any target business. This risk is especially pertinent following the Combination as the Board recognises that there will be considerable execution risk around the merger of the two groups. Specifically there are two particular risks associated with the Combination; the first being the integration of the finance systems and related processes and controls, and the second the fact that the Enlarged Group is operating outside of the UK for the first time, having roughly 40% of its operations in six Eastern European countries and Israel. The Board, together with its senior management team, is in the process of developing a detailed integration plan and will retain appropriate advisors and resources to enable the effective integration, which the Board will closely monitor through the next financial period.
Exclusive Distribution Relationships	The Enlarged Group has exclusive distribution relationships with certain film studios in some Central and Eastern European ("CEE") countries and Israel. There is a risk that the Enlarged Group may not be able to retain these exclusive relationships or that the film studios otherwise seek to negotiate distribution terms less favourable to the Enlarged Group. Any such moves could be countered in part by the Enlarged Group's negotiating position due to its market share in the relevant CEE countries and Israel.
Doing Business in Countries in Emerging Markets	A significant part of the Enlarged Group's revenue is attributable to operations in CEE and, additionally, the Enlarged Group may look to expand into countries in South-Eastern Europe. Political, economic and legal systems in emerging market economies can be unpredictable and the risks of doing business in those markets can be high. Before expansion into any further countries is undertaken, the future prospects of those countries will be carefully investigated to ensure that an appropriate balance of risk and reward is maintained.
Doing Business in Israel	Israel is one of the Enlarged Group's countries of operation, which will subject the Enlarged Group to risks relating to the political and military situation in that country.

13. Financial Information

The financial information in this preliminary announcement represents non-statutory accounts within the meaning of Section 435 of the Companies Act 2006. The statutory accounts for the year ended 26 December 2013, upon which an unqualified audit opinion has been given and which did not contain a statement under Section 498 (2) or 498 (3) of the Companies Act 2006, will be sent to the Registrar of Companies following the Company's Annual General Meeting.

14. Annual Report and Accounts and Annual General Meeting

The 2013 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 6 May 2014.