9 March 2017

CINEWORLD GROUP plc

Preliminary Results for year ended 31 December 2016

Cineworld Group plc ("the Group") is pleased to announce its results for the year ended 31 December 2016.

Financial Summary

	Year ended 31 December 2016	Year ended 31 December 2015	v 2015 (statutory basis)	v 2015 (constant currency basis[1])
Group revenue	£797.8m	£705.8m	13.0%	8.7%
EBITDA[(2)]	£175.8m	£155.3m	13.2%	8.4%
Profit before tax	£98.2m	£99.7m	(1.5)%	
Adjusted profit before tax[(3)]	£111.4m	£99.0m	12.5%	
Profit after tax	£82.0m	£81.3m	0.9%	
Adjusted profit after tax	£93.8m	£79.3m	18.3%	
Diluted EPS	30.4p	30.4p	-	
Adjusted diluted EPS[(3)]	34.7p	29.7p	16.8%	
Dividend per share	19.0p	17.5p	8.6%	

Key Financial Highlights

- Group revenue growth of 13.0% on a statutory basis and 8.7% on a constant currency basis[(1)];
    - Solid UK & Ireland revenue growth of 6.0%;
    - Strong ROW[(4)] revenue growth of 26.6% on a statutory basis and 13.3% on a constant currency basis with record performances in Poland, Romania, Hungary and Czech Republic;
- EBITDA double digit growth of 13.2%, 8.4% on a constant currency basis;
- Adjusted profit after tax increased by 18.3% to £93.8m;
- Statutory profit after tax increased 0.9% to £82.0m[5];
- Adjusted diluted EPS growth of 16.8% to 34.7p;
- Final dividend increased by 8.6% to 19.0p;
- Net cash generated from operating activities of £150.1m (2015: £165.9m), and
- Net debt increased to £282.3m due to the acquisition of five Empire cinemas compared to £245.2m at 31 December 2015 with EBITDA to net debt ratio remaining at 1.6 times.

Operational Highlights

- Reached the milestone of over 100 million customers coming through our doors to watch a movie;
- Acquisition of five Empire cinemas, 64 screens, including the iconic Empire Leicester Square;
- Eight new site openings, four in the UK and four in the ROW, adding 78 screens, bringing the total number of screens to 2,115 at 31 December 2016;
- Nine major refurbishments completed in 2016, six in the UK and three in the ROW;
- Leading technological innovation with 5 new IMAX screens and 13 new 4DX screens, including the first 4DX screen in London, and
- CEO, Mooky Greidinger awarded the Global Achievement Award in Exhibition at Cinemacon 2016.

1 To provide information on a comparable basis, where % change vs. prior year information includes performance generated in currencies other than sterling, the % is presented on a constant currency basis. Constant currency movements have been calculated by applying the 2016 average exchange rates to 2015 performance.

2 EBITDA is defined as profit before interest, tax, depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets and the settlement of the defined benefit pension liability.

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

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

5 Statutory profit after tax was impacted by the following items; a one-off cost of £4.8m in relation to the buy-out of the Defined Benefit Pension Scheme, removing all risks in relation to the scheme, adverse currency movements of £6.1m compared to an exchange rate gain of £7.7m in the prior year due to the translation of the Euro Term loan at the balance sheet date, and no one off gains, such as the gain on the disposal of Cambridge for £6.4m in 2015.

Commenting on these results,

Tony Bloom, Chairman of Cineworld plc said:

"I am pleased to report that 2016 was another gratifying year for the Cineworld Group and its shareholders as we achieved an important milestone - over 100 million people came through our doors to watch a movie. I would have found this inconceivable when we first started the Company with just one multiplex in Stevenage in 1996!

The growth in admissions and EBITDA enabled the Board to declare an increased final dividend of 13.8p per share, making a total of 19.0p for the year. Pleasingly, the dividend has now been increased in seven of the past 10 years since the Company was listed.

The future looks bright and I look forward to 2017 with confidence. There is a strong film release programme planned for the year, we have an excellent estate which will continue to grow (with a further 13 cinemas due to open), and a number of major refurbishments are planned. Importantly we have a strong Balance Sheet and can undertake our strategic objectives without financial strain. We are at the forefront of providing the latest technology to our customers and most of all we have an outstanding management team with extensive experience who are continually focussed on ensuring that Cineworld is always "The Best Place to Watch a Movie!"

Mooky Greidinger, CEO of Cineworld Group plc, said:

"2016 was another record year for Cineworld. The results were driven by a focus on costs and operating efficiencies and the expansion of the estate. The Group progressed well with our strategy, we opened eight new sites, split equally between the UK and the ROW, acquired five Empire cinemas, completed nine great refurbishments, six in the UK and three in the ROW, and introduced five new IMAX screens and thirteen 4DX screens. All of this was accompanied by our professional team who provided a high level of customer service to deliver our vision of being "The Best Place to Watch a Movie!"

Our revenues grew by 13.0% and EBITDA by 13.2% and we were successful in maintaining our margins, which enabled an increase in the dividend for the year. We look forward to 2017 with confidence in our business, our plans for further expansion and refurbishment and the exciting film release schedule."

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

Date:	9 March 2017
Time:	10.30am
Dial in:	UK Number: 0203 059 8125
Web link:	https://secure.emincote.com/client/cineworld/cineworld004

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

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

Chief Executive Officer's Statement

Our Strategy

During 2016, we have made great progress in delivering our strategy and vision to be "The Best Place to Watch a Movie". We served over 100 million customers who came through our doors, and provided them with the choice of which movie to watch, the choice of format and the choice of an expanded range of retail offerings - all with great customer service.

Our strategy is to:

- Above all deliver a great cinema experience for all cinemagoers, every time;
- Expand our estate and look for profitable opportunities to grow – through consistent cash generation and our debt facility we have the financial strength to take advantage of opportunities which present themselves;
- Enhance our existing estate and new sites, ensuring we deliver a consistently high quality offering across the Group – our refurbishment and construction programme is at the heart of achieving this;
- Be leaders in the industry by offering customers the latest audio and visual technology – expanding the premium formats such as IMAX, 3D, 4DX, Superscreen and VIP auditoriums and ensuring we invest in latest innovative technology, and
- Drive value for shareholders by delivering our growth plans in an efficient and effective way.

Our main achievements in 2016 are summarised below.

Customer Experience

Our cinemas now offer up to six different formats of how to watch movies; regular screens, 3D, 4DX, IMAX, Superscreen and VIP auditoriums. Through both our expansion and refurbishment programme, we are focussed on ensuring as many of our sites as possible have a range of these choices for our customers.

As well as developing our exhibition offerings and capacity, we continue to pay particular attention to our retail products and services. Our on-site concessions aim to be best in class, providing variety of food, drink and snack options. During 2016, the Group has increased the number of Starbucks coffee outlets in our cinemas in the UK, taking the total number to 24 at 31 December 2016 with further outlets planned for 2017. We have expanded the number of VIP auditoriums where customers experience a premium offering from the moment they walk through the door. A VIP ticket includes access to a private lounge ahead of the movie screening where customers can enjoy unlimited buffet food, popcorn and soft drinks before watching the movie in a dedicated auditorium with luxurious reclining seats. Three new VIP sites were opened during the year in Glasgow Renfrew Street (UK), Beer Sheva (Israel) and Bucharest Titan (Romania). At the 31 December 2016 we had nine VIP auditoriums in the Group.

Our membership schemes, the most significant being the Cineworld Unlimited programme, continues to provide our customers with a range of benefits, and are one of the pillars of our strategy for growing revenues and admissions. The schemes also bring operational benefits by encouraging repeat visits, often at off-peak times. The Unlimited programme was launched in Poland at the end of 2015 and has performed in line with expectations during 2016.

We also focussed attention on our wider communities – the Group undertakes a range of activities and initiatives with charities, schools, and community groups. As an example, part of our schools' programme, included holding over 400 education screenings on weekday mornings with a total of over 32,000 students attending from 450 different schools across the UK. Similar activities are also undertaken in each of our ROW territories. In 2016 for the first time we were a partner with BBC's Children In Need fundraising initiative where we raised over £400,000.

Cinema Expansion

Following the record number of 18 openings in 2015, we opened a further eight cinemas during 2016, four in the UK, (Yate, Loughborough, Dalton Park and Harlow) and four in the ROW, (Beer Sheva - Israel, Timisoara Nepi, Bucharest Titan and Piatra Neamt - Romania). We have a further 441 screens scheduled to open in the next four years, 132 which are scheduled to open in 2017. New sites will be opened in both our growth markets in the ROW as well as in the more mature markets of the UK and Israel. Our growth markets still hold significant potential for the Group, as the culture of going to the cinema becomes more established and attendance increases with the rising standard of living.

During the year we announced the acquisition of the five Empire sites which has enabled the Group to increase its London presence, an area of the UK where we have previously been underrepresented. The Hemel Hempstead cinema was recently refurbished and is in-line with our "new generation" style sites. In the near future we will plan to also refurbish the Basildon and Poole sites. As the Bromley site is smaller, with four screens we feel it is more appropriate to form part of the Picturehouse circuit.

As we pro-actively focus on the management of our estate this may occasionally include closing specific sites where lease terms expire and it is not commercially beneficial or feasible to renew the lease. During 2016 we closed five sites, three in the UK, (Staples Corner, Hammersmith and Liverpool), one in Hungary, (Mammut), and one in Romania, (Arad GTC).

Refurbishments

Our refurbishment programme was a key focus for 2016, with nine major refurbishments completed, six in the UK, (Stevenage, Glasgow Renfrew Street, Crawley, Cardiff, Wandsworth and Birmingham Broad Street) and three in the ROW (Polus and Au Park - Slovakia and Campona - Hungary). As previously highlighted, the UK estate is generally older than in the ROW and we will continue to renovate the estate further in 2017 to ensure all our cinemas are of the highest quality and equipped with the latest technology.

Digital Film and Technological Innovation

We continued to expand the IMAX and 4DX formats across a selection of our sites. IMAX and 4DX are both extremely popular, especially for major releases such as "Star Wars: Rogue One" and "Fantastic Beasts and Where To Find Them". In 2017 "Fast and Furious 8", "Pirates of the Caribbean: Dead Men Tell No Tales", "Transformers: The Last Knight" and "Guardians of the Galaxy Vol. 2" are expected to be popular in both the IMAX and 4DX formats. We opened two IMAX screens during the year in Timisoara Nepi (Romania) and Beer Sheva (Israel) and also acquired three as part of the Empire acquisition in Basildon, Hemel Hempstead and Leicester Square. By the end of 2016, the Group was operating 33 IMAX screens in total and 27 4DX screens.

Towards the end of 2016 new mobile applications were soft launched to our customers across both Android and iOS platforms. The key features as well as a new look and feel were the ability to sign-up for Unlimited membership, and easier navigation to find tickets for performances across our all of our formats.

Our people

Once again, 2016 saw considerable investment in people initiatives across the Group as we recognise that motivated and engaged people are pivotal to delivering our vision to be the 'Best Place to Watch a Movie'.

Nurturing internal talent is a key part of our people strategy, we are proud that over the last 12 months over 50% of cinema management positions have been filled by internal applicants. This success rate is underpinned by our regular training programmes and talent development reviews, which link directly to our learning and development offering. We are also proud that many amongst our current senior management team have worked their way up into those positions after having started as trainees.

Another key part of our people strategy is our fair wage policy – we are amongst the highest payers in the industry and we pay more than all of our statutory obligations, across all age groups and in all territories.

Value for Shareholders

The cash generative nature of our business underpins our business model. Our priorities for the use of our cash have remained consistent; to invest in the business to support organic growth in revenue and earnings, for selective merger and acquisition opportunities and to grow the dividend. During 2016 we have been able to reward shareholders with growth in both the dividend and adjusted diluted earnings per share, 8.6% and 16.8% respectively. The total full year dividend declared for 2016 is 19.0p (2015:17.5p).

Future outlook

As a management team we will continue to devote time and energy to assessing new site opportunities and potential acquisitions, identifying key sites for renovation and ensuring we provide the latest innovative technology to our customers.

Looking forward, we are well positioned to continue delivering on our strategy in 2017. We have an excellent estate which is growing and constantly being upgraded where necessary to ensure the cinemas remain contemporary and of a high quality. We have a dedicated team who are focussed on providing the best customer service and we are investing in the latest technology to maintain our position as leaders in the industry. In addition, there is an exciting film slate for 2017, which includes a number of sequels such as “Star Wars: Episode VIII”, “Despicable Me 3”, “Justice League”, “Paddington 2”, “Fast and Furious 8”, “Pirates of the Caribbean: Dead Men Tell No Tales”, “Transformers: The Last Knight” as well as new titles such as “Beauty and the Beast”, “Wonder Woman”, “Dunkirk”, “Coco” and many more.

Whilst we remain cautious, we do not believe the expected exit of the UK from the European Union will have a significant impact on the underlying trading performance of the Group going forward based on the nature of our business which has a proven consumer appeal throughout all economic cycles.

As I have said before, team work is the secret of our success and the key to our future. Without our people we would not able to be “The Best Place to Watch a Movie”. I would like to take this opportunity to thank the whole Cineworld team for their continued hard work and dedication during 2016 and I look forward to working alongside them in 2017.

Moshe Greidinger
Chief Executive Officer
9 March 2017

Group Performance Overview

	Year ended 31 December 2016			Year ended 31 December 2015		
	UK & Ireland	Rest of the World	Total Group	Total Group	Statutory movement	Constant currency movement
Admissions	**51.8m**	**48.5m**	**100.3m**	**93.6m**	**7.2%**	**7.2%**
	£m	£m	£m	£m		
Box office	324.0	176.9	500.9	451.6	10.9%	7.0%
Retail	117.5	73.3	190.8	162.7	17.3%	12.6%
Other income	52.5	53.6	106.1	91.5	16.0%	9.8%
Total revenue	**494.0**	**303.8**	**797.8**	**705.8**	**13.0%**	**8.7%**

Cineworld Group plc results are presented for the year ended 31 December 2016 and reflect the trading and financial position of the UK & Ireland and the Rest of the World ('ROW') operating segments (the 'Group'). The five Empire cinemas acquired from Cinema Holdings Limited became part of the Group on 11 August 2016 and their results since acquisition have been included within the UK & Ireland segment.

Total revenue for the year ended 31 December 2016 was £797.8m, an increase of 13.0% on a statutory basis, and 8.7 % on a constant currency basis. Overall admissions increased by 7.2%, whilst average ticket pricing remained broadly flat on a constant currency basis at £4.99, giving an overall increase in total box office revenues of 7.0%. Spend per person increased by 5.1% to £1.90 resulting in retail revenue growth of 12.6%. Other revenues increased by 9.8%.

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

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

Unless explicitly referenced, all percentage movements which are given reflect performance on a constant currency basis to allow a year-on-year assessment of the performance of the business without the impact of fluctuations in exchange rates over time. Constant currency movements have been calculated by applying the 2016 average exchange rates to 2015 performance.

UK & Ireland

	Year ended 31 December 2016	Year ended 31 December 2015	Statutory movement	Constant currency movement
Admissions	**51.8m**	**50.9m**	**1.8%**	**1.8%**
	£m	£m		
Box office	324.0	311.9	3.9%	3.9%
Retail	117.5	107.2	9.6%	9.6%
Other Income	52.5	46.8	12.2%	12.2%
Total revenue	**494.0**	**465.9**	**6.0%**	**6.0%**

The results for the UK & Ireland include the two cinema chain brands in the UK, Cineworld and Picturehouse, and for the first time also include the five Empire cinemas acquired on 11 August 2016.

Box Office

Box office revenue represented 65.6% (2015: 66.9%) of total revenues for the UK & Ireland. Admissions in the year increased by 1.8% and combined with an increase in the average ticket price of 2.1% this resulted in revenue growth of 3.9%. This is a pleasing result as admissions in the UK & Ireland cinema industry as a whole were down 2.1% during the same period (Source: UK Cinema Association).

The overall box office performance was underpinned by a solid film slate in 2016, despite 2015 being a strong comparative. In 2016, in the UK, the top three films grossed £149.4m ("Star Wars: Rogue One" - £50.7m, "Fantastic Beasts and Where To Find Them" - £50.6m and "Bridget Jones's Baby" - £48.1m) compared to the top three films in 2015 which grossed £245.4m ("Spectre" – £93.8m, "Star Wars: The Force Awakens" – £87.3m and "Jurassic World" - £64.3m).

The average ticket price achieved in the UK & Ireland grew by 2.0% to £6.25 (2015: £6.13). The increase in average ticket price was in part due to price rises during the period, but is mainly reflective of the continued expansion and popularity of premium offerings. The most popular IMAX and 4DX films during the year were "Star Wars: Rogue One", "Fantastic Beasts and Where To Find Them" and "Star Wars: The Force Awakens".

Retail
Food and drink sales are the second most important source of revenue and represented 23.8% (2015: 23.1%) of total revenues for the UK & Ireland. Total retail revenues in the UK and Ireland were £117.5m (2015: £107.2m) increasing by 9.6%.

Net retail spend per admission increased by 7.6% in the year to £2.27 (2015: £2.11). This was partly due to the film mix, but predominantly reflects the expansion of our cinemas' retail offerings, strong promotions, growth in the Unlimited customer base and operational improvements. In addition, a further seven Starbucks outlets were opened during the year taking the total to 24 at 31 December 2016, with a number of further openings scheduled for 2017. The second VIP site offering food, drink and snacks as part of the entry price was opened in Glasgow Renfrew Street and there are plans to open additional sites where there is the appropriate market opportunity.

Other Income
Other Income includes all revenue streams other than box office and retail and represents 10.6% (2015: 10.0%) of total revenue. It increased to £52.5m (2015: £46.8m) and grew by 12.2%.

The largest single element of Other Income is screen advertising revenue. Screen advertising revenue is earned through our shareholding in Digital Cinema Media Limited ("DCM"), our joint venture screen advertising business. DCM's primary function is to sell advertising time on cinema screens on behalf of the UK cinema industry. It also engages in related promotional work between advertisers and cinemas. Screen advertising revenue varies depending on the type of films screened, the number of minutes and value of advertising sold, the number of attendees who view the film and the placement of advertisements in relation to the start of the film. As a result of the nature of the film slate and the admissions levels in 2016 the advertising revenues were broadly in-line with 2015.
Also included within Other Income is the online booking fee. The trend towards booking online continues which is supported by our investment in online and mobile booking facilities. Revenue from event hire has also continued to increase during the year.

Rest of the World ("ROW")

	Year ended 31 December 2016	Year ended 31 December 2015	Statutory movement	Constant currency movement
Admissions	**48.5m**	**42.7m**	**13.6%**	**13.6%**
	£m	£m		
Box office	176.9	139.7	26.6%	13.2%
Retail	73.3	55.5	32.1%	17.9%
Other Income	53.6	44.7	19.9%	7.6%
Total revenue	**303.8**	**239.9**	**26.6%**	**13.3%**

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

Box Office
Box office revenue represented 58.2% (2015: 58.2%) of total revenues for the ROW. Admissions in the year increased by 13.6%, while average ticket prices remained broadly flat on a constant currency basis at £3.65, resulting in an overall increase in box office revenues of 13.2%. Double digit admissions growth was seen in four of the ROW territories, Romania, Czech Republic, Poland and Hungary. These levels of growth are partly due to improvements in the local economies but largely due to significant expansion, with 33 news screens opened during the year in Romania, in addition to the 44 screens opened there in 2015 and the 15 screens opened in Poland in 2015. Growth was achieved in all other territories apart from in Slovakia where there was a marginal decrease.

The average ticket price was impacted primarily by the nature of the film slate in 2016, which included a number of family movies. In the ROW, family films with general lower ticket prices account for a higher proportion of total admissions and, with the strong family film slate in 2016 this had an impact on the overall average ticket price achieved and offset increases from the continued expansion of premium offerings where a further seven 4DX screens and two IMAX screens were opened. In addition, locally produced movies continued to be popular particularly in Poland and Czech Republic, with the top three movies in Poland for the year all being produced locally.

Retail
Food and drink sales are the second most important source of revenue and represent 24.1% (2015: 23.1%) of total revenues for the ROW. Total retail revenues were £73.3m (2015: £55.5m) increasing by 17.9%.

Retail spend per admission increased by 3.9% to £1.51 (2015: £1.30) during the year with the greatest increases achieved in Romania and the Czech Republic, which saw increases of 11.1% and 7.2% respectively. The increase was predominantly driven by the film mix but also the expansion of offerings, with two new VIP sites, one in Beer Sheva (Israel) and Titan (Poland), as well as ongoing operational improvements.

Other income
Other income includes distribution, advertising and other revenues and represents 17.7% (2015: 18.7%) of the total revenues. Forum Film is the Group's film distribution business for ROW. Forum Film operates across the ROW region and distributes films on behalf of major Hollywood studios as well as owning the distribution rights to certain independent movies. New Age Media is the Group's advertising and sponsorship arm for ROW. The main driver for the overall increase in other income was the advertising revenue which performed very strongly in 2016, predominantly as a result of the increase in admissions. The distribution revenues decreased year on year largely due to the strong comparative in 2015, when Forum Film had the distribution rights for three blockbusters, "Spectre", "Hunger Games: Mockingjay Part 2" and "Star Wars: The Force Awakens".

Financial Performance

	Year ended 31 December 2016			Year ended 31 December 2015
	UK & Ireland	**ROW**	**Total Group**	Total Group
Admissions	51.8m	48.5m	**100.3m**	93.6m
	£m	£m	**£m**	£m
Box office	324.0	176.9	**500.9**	451.6
Retail	117.5	73.3	**190.8**	162.7
Other Income	52.5	53.6	**106.1**	91.5
Total revenue	494.0	303.8	**797.8**	705.8
EBITDA(1)	97.1	78.7	**175.8**	155.3
Operating profit	60.2	52.6	**112.8**	103.1
Financial income	2.4	0.6	**3.0**	8.7
Financial expense	(15.8)	(1.8)	**(17.6)**	(12.1)
Net financing costs	(13.4)	(1.2)	**(14.6)**	(3.4)
Share from joint venture	-	-	**-**	–
Profit on ordinary activities before tax	46.8	51.4	**98.2**	99.7
Tax on profit on ordinary activities	(10.1)	(6.1)	**(16.2)**	(18.4)
Profit for the period attributable to equity holders of the Group	36.7	45.3	**82.0**	81.3

(1) The Group defines EBITDA as reported in the Consolidated Statement of Profit and Loss as Operating profit before depreciation and amortisation, onerous leases and other non-recurring charges, impairments and reversals of impairments, transaction and reorganisation costs, profit on disposals of assets and the settlement of the defined benefit pension liability. EBITDA is considered an accurate and consistent measure of the Groups trading performance, items adjusted to arrive at EBITDA are considered to be outside the Groups ongoing trading activities.

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

EBITDA and Operating Profit
Overall the Group's EBITDA increased by 13.2% to £175.8m (2015: £155.3m). EBITDA margin remained consistent with the prior year at 22.0%.

EBITDA generated by the UK & Ireland increased by 1.5% during the year to £97.1m (2015: £95.7m). The EBITDA margin of 19.7% represented a 0.8 percentage point decline from 2015, largely as a result of the cessation of VPF income during the year and the slight decrease in admissions on a like for like basis, which is consistent with the overall UK market. EBITDA generated by the ROW increased by 32.0% to £78.7m (2015: £59.6m). The EBITDA margin of 25.9% represented a 1.1 percentage point improvement from 2015 predominantly driven from the increase in admissions, increase in spend per person as well as a savings across a number of direct cost lines.

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

During 2016, the EU referendum in the UK had a significant impact on the value of the British Pound, causing it to depreciate against other foreign currencies. Whilst this had a positive benefit to the Group when translating the results of the overseas operations it had a negative impact on translation the Euro Term loan at 31 December 2016. During the year EBITDA of £175.8m was £8.1m higher than it would have been had it been translated by applying the exchange rates at the start of the year, and £8.2m higher based on the average rate for the comparable 2015 period.

Operating profit of £112.8m was 9.4% higher than the prior year (2015: £103.1m). Operating profit included a number of non-recurring and non-trade related items that have a net negative impact of £4.4m (2015: £2.8m). These primarily related to:

- The one-off cost related to the MGM Defined Benefit Pension Scheme buy-out of £4.8m (2015: nil);
- Transaction and reorganisation net costs of £1.5m (2015: £1.9m), £0.8m of costs related to the integration and re-location of head office functions and redundancy costs, £0.5m of costs incurred on the acquisition of five Empire cinemas, £1.0m incurred on the early termination of contracts and a credit £0.8m for VAT recovered on previously incurred transactions;

- A net credit of £1.5m (2015: £1.7m) of which £1.7m primarily was the release of specific onerous lease provisions due to improvements in future trading assumptions, a further release of £1.0m due the closure of a site with an onerous lease provision in place, a gain on property provisions of £0.1m and the write off of £1.3m lease related assets no longer considered recoverable, and
- A net credit in relation to impairments of £0.4m (2015: cost of £9.0m). £1.7m related to the write-back of capital expenditure for sites previously impaired which are now performing and £1.3m related to the write off of capital expenditure for sites which were not performing satisfactorily.
- There are no one off gains or losses from disposals during the year (2015: £6.4m)

The total depreciation and amortisation charge (included in administrative expenses) in the year totalled £58.6m (2015: £49.4m). Of this, £28.9m related to depreciation and amortisation in the UK & Ireland (2015: £25.6m) and £29.7m related to depreciation and amortisation in the ROW (2015: £23.8m). The increase year on year is predominantly due to the additional number of sites in the Group.

Finance Costs

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

On 29 July 2015 the Group signed an amendment and extension to its existing banking facility which was effective immediately upon signing and extends the facility to June 2020. As a result, the term loans were reduced from £157.5m and €126.0m to £130.0m and €63.0m. In August 2016 the Group extended the single currency revolving credit facility of £190.0m to £215.0m to partly fund the Empire acquisition.

The facility remains subject to the existing two covenants: the ratio of EBITDA to net debt and the ratio of EBITDAR (pre-rent EBITDA) to net finance charges. A margin, determined by the results of the covenant tests at a given date is added to LIBOR or EURIBOR. The margins currently applicable to Group are 1.40% on the term loans and 1.15% on the revolving credit facility.

The Group has hedging arrangements in place to mitigate the potential risk of a material impact arising from interest rate fluctuations. At 31 December 2016, the Group had seven (2015: six) interest rate swaps, four GBP denominated swaps which hedged 82% (2015: 59%) of the Group's variable rate GBP unsecured term loan and, the three Euro denominated swaps hedging 100% (2015:100%) of the Euro denominated unsecured loan.

Net financing costs totalled £14.6m during the year (2015: £3.4m) which is a net increase of £11.2m. The main reason for the increase is the net movement of exchange rates during the year which gave rise to a loss on the translation of the Euro Term loan at the balance sheet date of £6.1m (2015: foreign exchange gain of £7.7m).

Finance income of £3.0m (2015: £8.7m) included a gain of £1.9m (2015: £nil) primarily from hedging arrangements which have ceased during the year, £0.7m (2015: £0.3m) related to interest income and £0.4m (2015: £0.4m) related to finance income on assets held by defined benefit pension schemes.

Finance expense of £17.6m (2015: £12.1m) included £7.8m in respect of interest on bank loans and overdrafts (2015: £9.3m), with the decrease being the result of the reduction of the term loans and £6.7m primarily due to foreign currency losses on the Euro Term loan (2015: gain £8.0m). Other net finance costs of £3.1m (2015: £2.8m) included amortisation of prepaid finance costs of £1.4m (2015: £1.3m) and £1.7m (2015: £1.2m) in respect of the unwind of discount and interest charges on property-related leases.

Taxation

The overall tax charge during the year was £16.2m giving an overall effective tax rate of 16.5% (2015:18.5%).The reduction from the prior year largely results from the Group's geographical mix of profits. The corporation tax charge in respect of the current year was £12.4m (2015: £11.2m) and the deferred tax charge was £3.8m (2015: £7.2m), resulting in a current year effective tax rate of 18.1% (2015: 18.5%). The deferred tax charge principally related to temporary differences on the movements of fixed assets. In the medium term future we expect our effective tax rate to remain at a similar level.

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

Earnings

Profit on ordinary activities after tax for the year was £82.0m, (2015: £81.3m). The profit after tax has remained broadly flat as a result of the one off items in the year; the loss incurred on the Euro Term loan of £6.1m compared to a gain of £7.7m in 2015, the one-off cost of £4.8m relating to the buy-out of the MGM defined benefit Pension Scheme and no significant one-off gains in the year, such as the Cineworld Cambridge disposal in the prior year of £6.4m.

Basic earnings per share amounted to 30.8p (2015: 30.7p). Eliminating the one-off, non-trade related items described above (totalling £4.4m within operating profit), amortisation of intangibles of £4.6m, exceptional finance credits of £1.9m and net foreign exchange losses of £6.1m, adjusted diluted earnings per share were 34.7p (2015: 29.7p).

Acquisition of Empire cinemas

On 28 July 2016 the Group announced the acquisition of five Cinemas from Cinema Holdings Limited by means of an acquisition of 100% of the shares. The acquisition was completed on 11 August 2016, at which point the consideration equated to £94.5m which would be settled equally in cash, and in Cineworld Group plc ordinary shares in addition to the transfer of the trade and assets of the Group's Haymarket cinema to Cinema Holdings Limited. The shares will be issued in five instalments during a 12 month period, based on an issue price reflecting 20 days' average trading price prior to the date of each issuance. The first issue of shares took place on 18 November 2016.

The fair value of net assets acquired with the five Empire cinemas totalled £33.9m. We have attributed the fair value to the acquired assets and liabilities and as a result the acquired net assets were increased by £2.4m. The residual goodwill of £60.6m represents a number of factors including the strategic location of the sites acquired, the benefit of the sites being established sites, the value the acquired sites can add to Cineworld's existing brand and products as well as synergies expected to be realised post acquisition.

Balance Sheet

Overall, net assets have increased by £128.7m, to £663.4m since 31 December 2015. This is due to the acquisition of the five Empire cinemas, £57.5m, other movements in non-current assets of £99.5m, which predominantly relates to the foreign currency gains on translation of £86.5m and the opening of news sites and refurbishments completed during the year and movements in other net liabilities of £29.3m.

MGM Pension Scheme Buy-out
On 15 December 2016 the MGM Defined Benefit Pension Scheme was bought out by Aviva Annuity UK Limited, with all risks in relation to the scheme passing to Aviva Annuity UK Limited as of the buyout date. This transition was treated as a settlement occurring on 15 December 2016 (the inception date). Following this transaction, all members of the Scheme have had their benefits secured with Aviva Annuity UK Limited. The past service liabilities at 31 December 2016 are therefore shown as nil (2015: net asset of £10.5m).

Cash Flow and Net Debt
The Group continued to be cash generative at the operating level. Total net cash generated from operations in the period was £150.1m (2015: £165.9m). Net cash spent on investing activities during the year was £130.3m (2015: £80.3m), £47.0m for the acquisition of the five Empire cinemas, £83.7m on the development of new sites, refurbishments and technology and £0.7m related to interest received.

Net debt increased by £37.1m to £282.3m at the 31 December 2016 (2015: £245.2m). The main movements were due to the net draw down on the revolving credit facility of £28.0m during the period, offset by repayments during the year on the term loans (net of foreign exchange movements) of £6.4m, an additional finance lease liability of £8.2m and fair value gains in respect of financial instruments of £0.5m. Net debt at the period end represented 1.6 times the rolling 12 month EBITDA figure for the Group.

Dividends
The Directors are recommending to shareholders for approval a final dividend in respect of the year ended 31 December 2016 of 13.8p per share, which taken together with the interim dividend of 5.2p per share paid in September 2016 equates to a total dividend in respect of 2016 of 19.0p per share (2015: 17.5p per share). The record date for the dividend is 26 May 2017 and the payment date is 22 June 2017.

Post balance sheet events
On 7 February 2017 the Group disposed of it 100% interest in Picturehouse Entertainment Limited for £2.3m. No significant impact is expected on the Group's Statement of Profit or Loss or Balance sheet.

By order of the Board

Nisan Cohen
Chief Financial Officer
9 March 2017

Consolidated Statement of Profit or Loss

for the Year Ended 31 December 2016

	Note	**Year ended 31 December 2016 £m**	Year ended 31 December 2015 £m
Revenue	2	**797.8**	705.8
Cost of sales		**(584.8)**	(517.2)
Gross profit		**213.0**	188.6
Other operating income		**2.7**	8.7
Administrative expenses		**(102.9)**	(94.2)
Operating profit		**112.8**	103.1
Analysed between:			
EBITDA as defined in note 1:		**175.8**	155.3
• Depreciation and amortisation		**(58.6)**	(49.4)
• Onerous leases and other non-recurring charges		**1.5**	1.7
• Impairments and reversals of impairments		**0.4**	(9.0)
• Transaction and reorganisation costs		**(1.5)**	(1.9)
• Profits on disposals of assets classified as held for sale		**-**	6.4
• Settlement of defined benefit pension liability		**(4.8)**	-
Finance income	4	**3.0**	8.7
Finance expenses	4	**(17.6)**	(12.1)
Net finance costs		**(14.6)**	(3.4)
Share from jointly controlled entities using equity accounting method, net of tax		**-**	-
Profit on ordinary activities before tax		**98.2**	99.7
Tax charge on profit on ordinary activities	6	**(16.2)**	(18.4)
Profit for the year attributable to equity holders of the Company		**82.0**	81.3
Basic earnings per share (pence)	3	**30.8**	30.7
Diluted earnings per share (pence)	3	**30.4**	30.4

Consolidated Statement of Other Comprehensive Income

for the Year Ended 31 December 2016

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Profit for the year attributable to equity holders of the Group	**82.0**	81.3
Items that will not subsequently be reclassified to profit or loss		
Remeasurement of the defined benefit asset	**(5.1)**	0.2
Tax recognised on items that will not be reclassified to profit or loss	**1.0**	-
Items that will subsequently be reclassified to profit or loss		
Movement in fair value of cash flow hedge	**0.5**	1.1
Net change in fair value of cash flow hedges recycled to profit or loss	**(1.9)**	-
Movement in fair value of net investment hedge	**(1.3)**	-
Foreign exchange translation gain/(loss)	**88.2**	(16.9)
Other comprehensive income/(loss) for the year, net of income tax	**81.4**	(15.6)
Total comprehensive income for the year attributable to equity holders of the Group	**163.4**	65.7

Consolidated Statement of Financial Position

at 31 December 2016

	31 December 2016 £m	31 December 2015 £m
Non-current assets		
Property, plant and equipment	**445.4**	345.4
Goodwill	**650.6**	539.3
Other intangible assets	**54.2**	52.5
Investments in equity-accounted investee	**0.9**	0.6
Other receivables	**6.0**	6.1
Employee benefits	**–**	10.5
Total non-current assets	**1,157.1**	954.4
Current assets		
Inventories	**9.8**	9.2
Trade and other receivables	**74.0**	67.8
Cash and cash equivalents	**55.8**	62.5
Total current assets	**139.6**	139.5
Total assets	**1,296.7**	1,093.9
Current liabilities		
Interest-bearing loans, borrowings and other financial liabilities	**(16.8)**	(15.7)
Trade and other payables	**(175.8)**	(141.8)
Current taxes payable	**(10.5)**	(8.4)
Provisions	**(6.3)**	(4.7)
Total current liabilities	**(209.4)**	(170.6)
Non-current liabilities		
Interest-bearing loans, borrowings and other financial liabilities	**(321.3)**	(292.0)
Other payables	**(76.5)**	(68.8)
Provisions	**(11.6)**	(18.5)
Employee benefits	**(1.8)**	(1.3)
Deferred tax liabilities	**(12.7)**	(8.0)
Total non-current liabilities	**(423.9)**	(388.6)
Total liabilities	**(633.3)**	(559.2)
Net assets	**663.4**	534.7
Equity attributable to equity holders of the Group		
Share capital	**2.7**	2.7
Share premium	**306.4**	295.7
Translation reserves	**38.9**	(49.3)
Merger reserve	**207.3**	207.3
Hedging reserves	**(2.4)**	0.3
Retained earnings	**110.5**	78.0
Total equity	**663.4**	534.7

These financial statements were approved by the Board of Directors on 9 March 2017 and were signed on its behalf by:

Nisan Cohen
Chief Financial Officer
9 March 2017

Consolidated Statement of Changes in Equity

at 31 December 2016

	Issued capital £m	Share premium £m	Merger reserve £m	Translation reserve £m	Hedging reserve £m	Retained earnings £m	Total £m
Balance at 1 January 2015	2.6	294.9	207.3	(32.4)	(0.8)	34.7	506.3
Profit for the year	–	–	–	–	–	81.3	81.3
Other comprehensive income							
Items that will not subsequently be reclassified to profit or loss							
Remeasurement of the defined benefit asset	–	–	–	–	–	0.2	0.2
Tax recognised on items that will not be reclassified to profit or loss	–	–	–	–	–	–	–
Items that will subsequently be reclassified to profit or loss							
Movement in fair value of cash flow hedge	–	–	–	–	1.1	–	1.1
Retranslation of foreign currency denominated subsidiaries	–	–	–	(16.9)	–	–	(16.9)
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	–	–	–
Contributions by and distributions to owners							
Dividends	–	–	–	–	–	(39.0)	(39.0)
Movements due to share-based compensation	–	–	–	–	–	0.8	0.8
Issue of shares	0.1	0.8	–	–	–	–	0.9
Balance at 31 December 2015	**2.7**	**295.7**	**207.3**	**(49.3)**	**0.3**	**78.0**	**534.7**
Profit for the year	–	–	–	–	–	82.0	82.0
Amounts reclassified from equity to profit and loss in respect of cash flow hedges	–	–	–	–	(1.9)	–	(1.9)
Other comprehensive income							
Items that will not subsequently be reclassified to profit or loss							
Remeasurement of the defined benefit asset	–	–	–	–	–	(5.1)	(5.1)
Tax recognised on items that will not be reclassified to profit or loss	–	–	–	–	–	1.0	1.0
Items that will subsequently be reclassified to profit or loss							
Movement in fair value of cash flow hedge	–	–	–	–	0.5	–	0.5
Movement in net investment hedge	–	–	–	–	(1.3)	–	(1.3)
Retranslation of foreign currency denominated subsidiaries	–	–	–	88.2	–	–	88.2
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	–	–	–
Contributions by and distributions to owners							
Dividends	–	–	–	–	–	(47.0)	(47.0)
Movements due to share-based compensation	–	–	–	–	–	1.6	1.6
Issue of shares	–	10.7	–	–	–	–	10.7
Balance at 31 December 2016	**2.7**	**306.4**	**207.3**	**38.9**	**(2.4)**	**110.5**	**663.4**

Consolidated Statement of Cash Flows

for the Year Ended 31 December 2016

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Cash flow from operating activities		
Profit for the year	**82.0**	81.3
Adjustments for:		
Financial income	**(3.0)**	(8.7)
Financial expense	**17.6**	12.1
Taxation	**16.2**	18.4
Share from jointly controlled entity	**-**	-
Operating profit	**112.8**	103.1
Depreciation and amortisation	**58.6**	49.4
Non-cash property, pension and share based payment charges	**(0.1)**	(5.7)
Impairments and reversals of impairments	**(0.4)**	9.0
Surplus of pension contributions over current service cost	**(0.8)**	(1.6)
Increase in trade and other receivables	**(6.0)**	(8.3)
Increase in inventories	**(0.6)**	(1.5)
(Decrease)/increase in trade and other payables	**(2.0)**	32.1
Decrease in provisions and employee benefit obligations	**(1.6)**	(0.2)
Cash generated from operations	**159.9**	176.3
Tax paid	**(9.8)**	(10.4)
Net cash flows from operating activities	**150.1**	165.9
Cash flows from investing activities		
Interest received	**0.7**	0.3
Acquisition of subsidiaries net of acquired cash	**(47.0)**	-
Purchase of property, plant and equipment and intangible assets	**(83.7)**	(88.6)
Proceeds from disposal of property, plant and equipment	**-**	8.0
Investment in equity accounted investee	**(0.3)**	-
Net cash flows from investing activities	**(130.3)**	(80.3)
Cash flows from financing activities		
Proceeds from share issue	**0.3**	0.9
Dividends paid to shareholders	**(47.0)**	(39.0)
Interest paid	**(7.8)**	(9.4)
Repayment of bank loans	**(6.4)**	(98.6)
Proceeds from bank loans	**28.0**	89.3
Payment of finance lease liabilities	**(1.0)**	(0.9)
Net cash flows from financing activities	**(33.9)**	(57.7)
Net increase in cash and cash equivalents	**(14.1)**	27.9
Exchange gains/(losses) on cash and cash equivalents	**7.4**	(2.8)
Cash and cash equivalents at start of year	**62.5**	37.4
Cash and cash equivalents at end of year	**55.8**	62.5

Notes to the Consolidated Financial Statements
(Forming part of the Financial Statements)

1. Accounting policies

Basis of Preparation
Cineworld Group plc (the "Company") is a company domiciled in the United Kingdom. The consolidated financial statements of the Company as at and for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in jointly controlled entities.

The financial information presented in this statement have been prepared applying the accounting policies and presentation that was applied in the preparation of the Group's consolidated financial statements for the year ended 31 December 2016 and are not the Group's statutory accounts.

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

	UK & Ireland £m	ROW £m	Total £m
Year ended 31 December 2016			
Total revenues(1)	494.0	303.8	797.8
EBITDA as defined in note 1	97.1	78.7	175.8
Segmental operating profit	60.2	52.6	112.8
Net finance costs	13.4	1.2	14.6
Depreciation and amortisation	28.9	29.7	58.6
Transaction and reorganisation costs	1.5	-	1.5
Profit before tax	**46.8**	**51.4**	**98.2**
Non-current asset additions – property, plant and equipment	46.9	72.4	119.3
Non-current asset additions – intangible assets	60.6	5.4	66.0
Investment in equity accounted investee	0.6	0.3	0.9
Non-current asset – goodwill	296.8	353.8	650.6
Onerous leases and other non-recurring charges	(0.5)	(1.0)	(1.5)
Impairments and reversals of impairments	0.8	(1.2)	(0.4)
Segmental total assets	**571.4**	**725.3**	**1,296.7**
Year ended 31 December 2015			
Total revenues(1)	465.9	239.9	705.8
EBITDA	95.7	59.6	155.3
Segmental operating profit	71.3	31.8	103.1
Net finance costs	(3.0)	(0.4)	(3.4)
Depreciation and amortisation	25.6	23.8	49.4
Transaction and reorganisation costs	1.7	0.2	1.9
Profit before tax	68.3	31.4	99.7
Non-current asset additions – property, plant and equipment	57.7	41.9	99.6
Non-current asset additions – intangible assets	-	5.0	5.0
Investment in equity accounted investee	0.6	-	0.6
Non-current asset – goodwill	236.2	303.1	539.3
Onerous leases and other non-recurring charges	(1.6)	(0.1)	(1.7)
Impairments and reversals of impairments	6.3	2.7	9.0
Segmental total assets	519.4	574.5	1,093.9

(1) All revenues were received from third parties.

Entity Wide Disclosures

Revenue by country	**Year ended 31 December 2016 £m**	Year ended 31 December 2015 £m
United Kingdom & Ireland	**494.0**	465.9
Israel	**63.5**	52.0
Poland	**98.1**	78.0
Bulgaria	**11.9**	11.0
Romania	**42.6**	30.3
Hungary	**49.7**	39.0
Slovakia	**8.4**	6.7
Czech Republic	**29.6**	22.9
Total revenue	**797.8**	705.8

UK & Ireland

Revenue by product and service provided	**Year ended 31 December 2016 £m**	Year ended 31 December 2015 £m
Box office	**324.0**	311.9
Retail	**117.5**	107.2
Other	**52.5**	46.8
Total revenue	**494.0**	465.9

ROW

Revenue by product and service provided	**Year ended 31 December 2016 £m**	Year ended 31 December 2015 £m
Box office	**176.9**	139.7
Retail	**73.3**	55.5
Other	**53.6**	44.7
Total revenue	**303.8**	239.9

3. Earnings Per Share

Basic earnings per share is calculated by dividing the profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year, after excluding the weighted average number of non-vested ordinary shares held by the employee ownership trust.

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

	Year ended 31 December 2016 Total £m	Year ended 31 December 2015 Total £m
Earnings attributable to ordinary shareholders	**82.0**	81.3
Adjustments:		
Amortisation of intangible assets(1)	**4.6**	4.2
Transaction and reorganisation costs	**1.5**	1.9
Impairments and reversals of impairments	**(0.4)**	9.0
Onerous lease cost and other non-recurring charges	**(1.5)**	(1.7)
Settlement of defined benefit pension scheme	**4.8**	-
Impact of foreign exchange translation gains and losses(3)	**6.1**	(7.7)
Exceptional finance credit(2)	**(1.9)**	-
Profit on disposal of assets classified as held for sale	**-**	(6.4)
Adjusted earnings	**95.2**	80.6
Tax effect of above items	**(1.4)**	(1.3)
Adjusted profit after tax	**93.8**	79.3

	Year ended 31 December 2016 Total	Year ended 31 December 2015 Total
Weighted average number of shares in issue	**266.2**	264.7
Basic and adjusted earnings per share denominator	**266.2**	264.7
Dilutive options	**4.4**	2.5
Diluted earnings per share denominator	**270.6**	267.2
Shares in issue at year end	**267.6**	265.2

	Pence	Pence
Basic earnings per share	**30.8**	30.7
Diluted earnings per share	**30.4**	30.4
Adjusted basic earnings per share	**35.2**	30.0
Adjusted diluted earnings per share	**34.7**	29.7

(1) Amortisation of intangible assets includes amortisation of the fair value placed on brands, customer lists, distribution relationships, and advertising relationships as a result of the Cinema City business combination. It does not include amortisation of purchased distribution rights (which totalled £6.1m (2015: £6.5m)).

(2) Exceptional finance credits of £1.9m in 2016 were made up of the net change in fair value of cash flow hedges reclassified from equity, no such charges were incurred in 2015.

(3) Net foreign exchange gains and losses included within earnings comprises of £6.1m foreign exchange loss recognised on translation of the Euro term loan at 31 December 2016 (2015: £7.7m gain). 2015 Adjusted EPS has been amended, as it previously included £3.8m in foreign exchange losses recognised on translating overseas operations into the reporting currency of the Group. Management no longer consider these movements should be excluded.

4. Finance Income and Expense

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Interest income	**0.7**	0.3
Net foreign exchange gain	**-**	8.0
Defined benefit pension scheme net finance income	**0.4**	0.4
Amounts reclassified from equity to profit or loss in respect settled of cash flow hedges	**1.9**	-
Finance income	**3.0**	8.7
Interest expense on bank loans and overdrafts	**7.8**	9.3
Amortisation of financing costs	**1.4**	1.3
Unwind of discount on onerous lease provision	**0.6**	0.8
Unwind of discount on finance lease liability	**0.7**	-
Unwind of discount on market rent provision	**0.4**	0.4
Net foreign exchange loss	**6.7**	-
Other financial costs	**-**	0.3
Finance expense	**17.6**	12.1
Net finance costs	**14.6**	3.4

Recognised Within Other Comprehensive Income

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Movement in fair value of interest rate swap	**0.5**	1.1
Foreign exchange translation (loss)	**(88.2)**	(16.9)

5. Dividends

The following dividends were recognised during the year:

	2016 £m	2015 £m
Interim	**13.8**	13.3
Final (for the preceding year)	**33.2**	25.7
	47.0	39.0

An interim dividend of 5.2p per share was paid on 9 September 2016 to ordinary shareholders (2015: 5.0p). The Board has proposed a final dividend of 13.8p per share, which will result in total cash payable of approximately £37.0m on 22 June 2017. In accordance with IAS10 this had not been recognised as a liability at 31 December 2016.

6. Taxation

Recognised in the Income Statement

	Year ended 31 December 2016 £m	Year ended 31 December 2015 £m
Current tax expense		
Current year	**16.5**	11.2
Adjustments in respect of prior years	**(4.1)**	-
Total current tax expense	**12.4**	11.2
Deferred tax expense		
Current year	**1.3**	7.2
Adjustments in respect of prior years	**2.5**	-
Total tax charge in income statement	**16.2**	18.4
Effective tax rate	**16.5%**	18.5%
Current year effective tax rate	**18.1%**	18.5%

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

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

	31 December 2016 £m	31 December 2015 £m
Non-current liabilities		
Interest rate swaps	**0.6**	0.6
Unsecured bank loan, less issue costs of debt to be amortised	**307.1**	285.3
Liabilities under finance leases	**13.6**	6.1
	321.3	292.0
Current liabilities		
Interest rate swaps	**0.5**	1.0
Unsecured bank loans, less issue costs of debt to be amortised	**14.9**	14.0
Liabilities under finance leases	**1.4**	0.7
	16.8	15.7

8. Analysis of Net Debt

	Cash at bank and in hand £m	Bank overdraft £m	Bank loans £m	Finance leases £m	Interest rate swap £m	Net debt £m
At 1 January 2015	37.4	(2.1)	(307.1)	(7.4)	(2.7)	(281.9)
Cash flows	27.9	2.1	1.9	1.0	–	32.9
Non-cash movement	–	–	(1.8)	(0.4)	1.1	(1.1)
Effect of movement in foreign exchange rates	(2.8)	–	7.7	–	–	4.9
At 31 December 2015	**62.5**	**–**	**(299.3)**	**(6.8)**	**(1.6)**	**(245.2)**
Cash flows	(14.1)	–	(13.4)	1.0	–	(26.5)
Non-cash movement	-	–	(1.8)	(9.2)	0.5	(10.5)
Effect of movement in foreign exchange rates	7.4	–	(7.5)	–	–	(0.1)
At 31 December 2016	**55.8**	**–**	**(322.0)**	**(15.0)**	**(1.1)**	**(282.3)**

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

9. Capital Commitments

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

	31 December 2016 **£m**	31 December 2015 £m
Contracted	**44.7**	35.0

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

10. Related Parties

The compensation of the Directors is as follows:

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

	Salary and fees including bonus £000	Pension contributions £000	Total £000
Year ended 31 December 2015			
Total compensation for Directors	3,973	260	4,233

Share-based compensation benefit charges for Directors was £2.3m in 2016 (2015: £0.9m).

Other Related Party Transactions

Digital Cinema Media Limited ("DCM") is a joint venture between the Group and Odeon Cinemas Holdings Limited set up on 10 July 2008. Revenue receivable from DCM in the year ending 31 December 2016 totalled £18.3m (2015: £18.4m) and as at 31 December 2016 £nil (2015: £nil) was due from DCM in respect of receivables. In addition the Group has a working capital loan outstanding from DCM of £0.5m (2015: £0.5m).

During the year the Group incurred property charges of £7.8m by companies under the ownership of Global City Holdings N.V. ("GCH"), which is considered a related party of Group as Moshe Greidinger and Israel Greidinger are Directors in both groups.

11. Business Combinations

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

Consideration transferred

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

Fair Value of Consideration Transferred

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

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

Identifiable Assets Acquired and Liabilities Assumed

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

The key judgments considered were as follows:

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

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

Tax
The acquired deferred tax liability of £0.2m reflects taxable temporary differences on fixed assets at acquisition. No income tax liability is recognised on acquisition as future tax charges are not expected to arise in respect of tax positions open at the date of acquisition.

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

The revenue included in the consolidated statement of profit or loss since 11 August 2016 contributed by the acquired sites was £11.9m. The profit before tax contributed was £2.6m over the same period. Had the five cinemas been consolidated from 1 January 2016 (the commencement of the current financial period), the consolidated statement of profit or loss would show revenue of £814.5m and profit before tax of £101.9m.

Acquisition related costs of £0.5m were charged to administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2016.

12. Risk and uncertainties
The programme of on-going monitoring and reporting has continued to be undertaken to ensure the risk profile remains up-to-date, reflecting the current risk exposure and driving control improvement activity. The Board has undertaken a robust assessment of the principal risks facing the Group during the year, including those that would threaten its business model, future performance, solvency and liquidity. There has been no significant change in the Principal Risks and Uncertainties since the Interim Report.

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

13. Financial Information
The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2016 or 2015 but is derived from those accounts. Statutory accounts for 2015 have been delivered to the registrar of companies, and those for 2016 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

14. Annual Report and Accounts and Annual General Meeting
The 2016 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 18 May 2017.