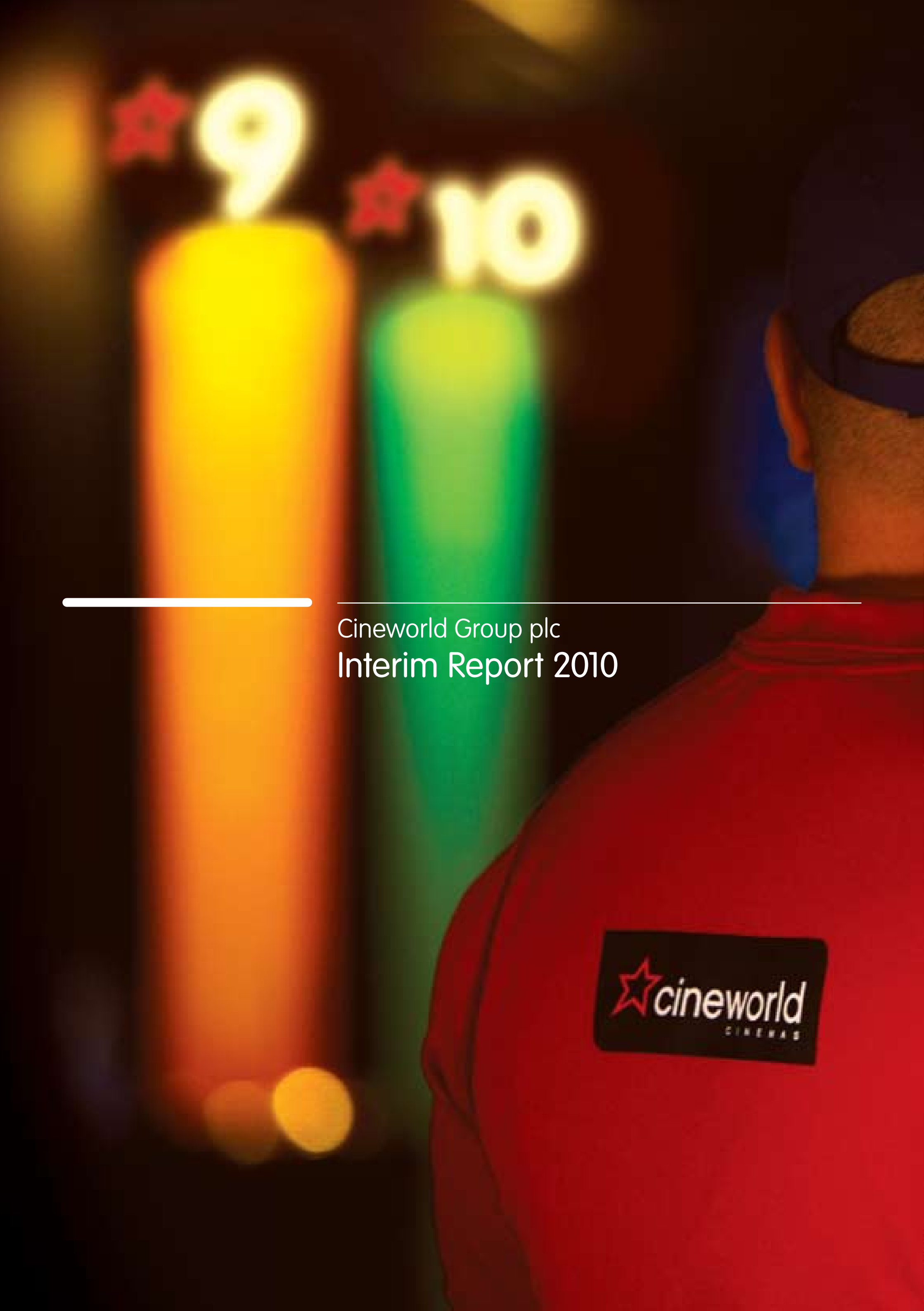
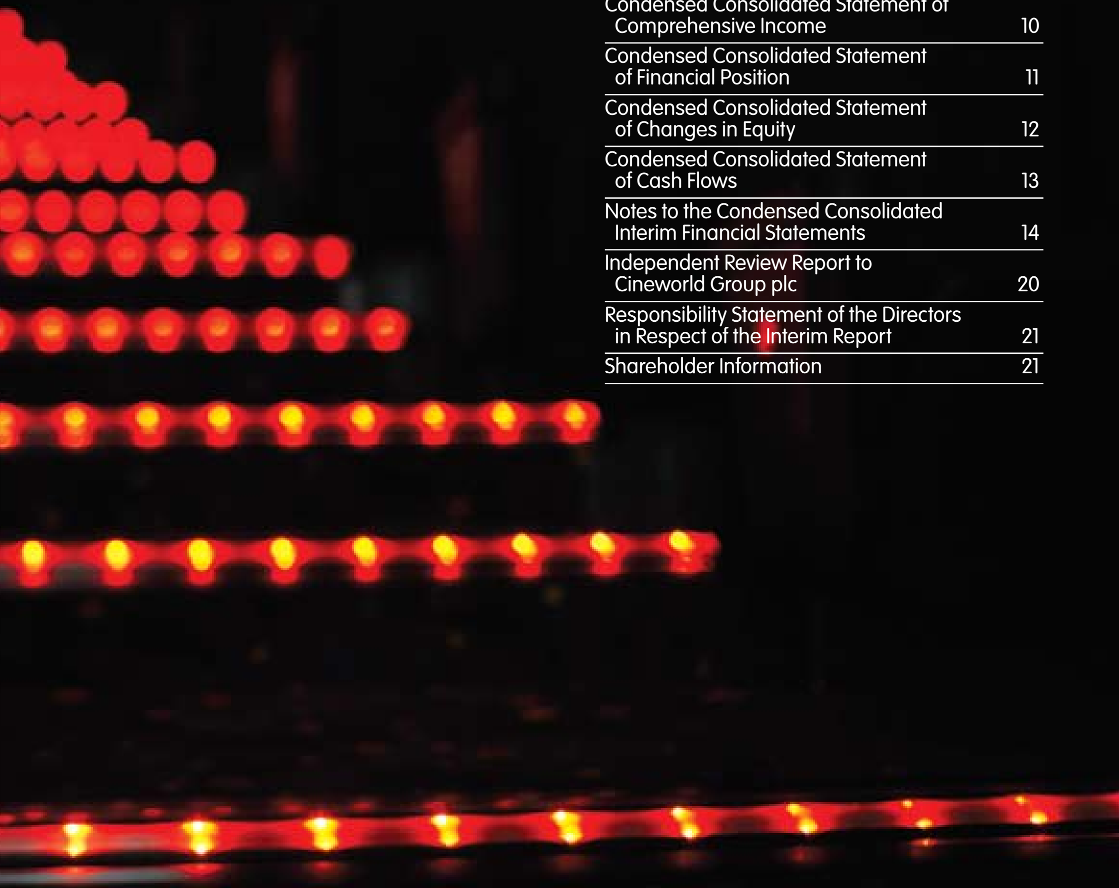


Cineworld Group plc

Interim Report 2010

Cineworld is one of the largest UK cinema operators with 801 screens over 78 sites in the UK and Ireland.

Contents



Highlights

Financial

- Group revenue of £162.0m, up 3.8% against 2009[1] (flat vs reported 2009[2] of £161.9m);
- EBITDA[3] up 5.2% to £24.4m versus 2009[1] (1.2% higher against reported 2009[2]);
- Operating profit at £14.8m (2009[1]: £15.2m);
- Net debt reduced to £115.5m from £121.4m in June 2009;
- Reported EPS: 5.6p on basic earnings (2009[2]: 7.3p) and pro forma adjusted EPS of 6.8p (2009[1]: 6.0p);
- Interim dividend of 3.4p per share (2009: 3.2p per share).

Operational

- Box office receipts up 4.1% at £111.7m against 2009[1] (0.2% against reported 2009[2]);
- Average ticket price at £4.93 per ticket (2009: £4.59);
- Average retail spend per person remained firm at £1.71 (2009: £1.71);
- Market share increased during the period to 24.2% (2009: 23.6%) (source: Rentrak/EDI);
- Admissions at 22.7 million, down 3.0% against 2009[1] as expected, principally due to football World Cup (6.6% lower against reported 2009[2]);
- Major deal agreed on 14 June 2010 with Arts Alliance Media to convert the rest of the estate to digital;
- Acquisition of the cinema operations in The O2 centre in London on 25 June 2010;
- Strong start to the second half of 2010.

1 Relates to a pro rated 26 week basis for 2009.
2 Reported basis for 2009 is 27 weeks ended 2 July 2009.
3 EBITDA is defined as operating profit before depreciation and amortisation, impairment charges, adjustments to goodwill, onerous lease and other non-recurring and non-cash property charges, transaction and reorganisation costs and profit on disposal of cinema sites.

Chief Executive Officer's Review

Stephen Wiener
Chief Executive Officer

Total Group revenues in the first half were up 3.8% on the prior year[1]. Box office was up 4.1% which compares favourably with a UK market figure of c2.7%. Admissions were down 3.0% compared with the equivalent period last year, which was to be expected given the diversion of the football World Cup tournament. Our market share in the UK and Ireland increased to 24.2% (2009: 23.5%).

The first half started very strongly, driven by "Avatar" with its outstanding box office success, grossing countrywide in excess of £90m since release in late December 2009. The film was overwhelmingly popular in 3D, with over 80% of national box office derived from this format and has played an important part in establishing 3D with the mainstream cinema audience.

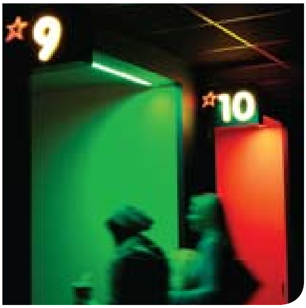
Avatar was followed by "Alice in Wonderland", another 3D success, which grossed in excess of £40m at the UK and Ireland box office. There were other notable releases in the period including "Clash of the Titans" (in 3D), "Iron Man 2" and "Sex and the City 2". The top 10 highest grossing films accounted for over half of Cineworld's box office during the period compared with 35% for the same period in the previous year.

Whilst blockbusters and 3D films delivered the majority of revenues in the first half, we continued to offer our customers the broadest range of films available, recognising the contribution that non-blockbuster films make to our overall box office, and played 180 film titles in the period. During the period we screened a number of mid-range films including "Kick Ass", "I Love You Phillip Morris", "The Crazies" and "Date Night" and also a number of foreign language films including "Girl with the Dragon Tattoo" and "The Prophet". We remained the leading exhibitor of Bollywood product in the UK, with films such as "My Name is Khan", "Housefull" and "Kites", helping maintain our box office market share of 55%.

The Group's average ticket price rose to £4.93 (2009: £4.59), facilitated largely by the premium pricing on 3D performances and also due to the audience mix during the period. This was despite our customers continuing to benefit from our "Bargain Tuesdays" and "Orange Wednesdays" promotion days.

1 Relates to a pro rated 26 week basis for 2009.

Retail revenue fell by 3.3% reflecting the lower admissions. However, retail spend per person remained unchanged from the previous year at £1.71. We remain mindful of the fact that our customers seek value from their entertainment spend and we continue to focus on attractive retail propositions.



Digital is central to our strategy of offering our customers the very best in cinema entertainment with increased choice as well as enhanced quality of films. There were seven films released in 3D during the period compared with five last year and we expect 18 films to be shown in 3D in the second half of the year. Over 20% of Cineworld's admissions for the first half was attributable to 3D films compared with c8% in H1 2009. At the end of June 2010 we had a total of 268 screens set up for digital projection of which 252 were 3D enabled.

On 14 June 2010, we announced our partnership with Arts Alliance Media ("AAM") to roll out digital projection facilities across the remainder of our cinema estate. This deal will transform Cineworld and will enable us to convert fully to digital within three years. The roll-out will cost approximately £30m, in addition to the £10m already spent in 2009 and in the first half of this year, although we expect to recoup a substantial proportion of this investment as described below.

As part of the AAM deal, Cineworld will retain full control over the acquisition, installation and operation of digital projectors, while benefiting from AAM's established systems, technical capabilities and strong track record of administering Virtual Print Fee ("VPF") agreements with film distributors and exhibitors. The VPF deal covers a 10 year period during which AAM will collect VPFs from film studios on behalf of Cineworld whenever a film is played in digital rather than in 35mm. VPFs are expected to refund a substantial proportion of the total conversion cost of £40m over a 7–10 year period before taking into account the associated benefits of 3D and digital. Under this deal, we expect to roll out approximately 150 additional digital projectors in the second half enabling the Group to capitalise on the 3D film slate through to the end of the year.

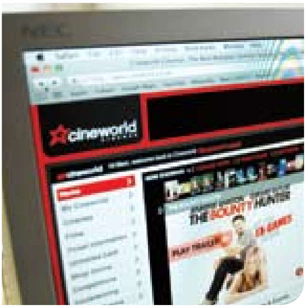
Furthermore, digital conversion will enable us to strengthen our alternative content offering in opera, theatre, music and sport. In the first half we screened, live in 3D, two England games from the Six Nations rugby and, more recently, a number of games from the later stages of the football World Cup. Customer reaction to these screenings has been positive and we plan to expand the range of live 3D screenings in order to bring a greater array of entertainment to our customers.

Digital Cinema Media ("DCM"), our joint venture screen advertising business, has made substantial progress in the period, significantly widening its range of advertisers. Whilst we

Chief Executive Officer's Review continued

are not yet seeing the significant revenue growth reported in other, earlier cycle, advertising sectors, DCM achieved similar revenue levels to the same period in 2009 and there are early signs of recovery, with recent bookings showing an improvement on last year. These results do not include bookings secured during the latter part of the period which will produce revenue in the second half of the year. In addition, with the introduction of the first generation of 3D advertising and the greater flexibility for advertisers afforded by the transition to digital, we are increasingly confident in the medium-term growth prospects for cinema advertising.

Our Unlimited card continued to build its membership which was 8% higher than the previous year. It now has a subscriber base of 245,000 people. This service is unique in the market and continues to offer excellent value to regular filmgoers whilst encouraging visits at off-peak times. In addition, our participation in the Tesco Clubcard programme has continued to expand in the first half of 2010.



Our consumer website consistently receives over one million hits per week, putting it in the top 50 most visited websites in the UK. The "My Cineworld" membership on the website continues to expand with over 65,000 new members added since the start of the year taking the total membership to 265,000. The growth of this portal is important as it enables us to engage further with our customers. This, in turn, should enable us to improve our offer helping to promote retention and to encourage more frequent visits to our cinemas. Our corporate website was upgraded and relaunched in May 2010 as part of our plan to introduce electronic communications with our shareholders in due course thereby reducing our environmental impact.

We continue to look for opportunities to expand our estate. On 25 June we agreed a 25 year lease with the Waterfront Limited Partnership, part of the Anschutz Entertainment Group ("AEG"), to operate the multiplex cinema at The O2 in London. This deal increased our estate to 78 cinemas and 801 screens with just over a third being digital. The O2 is the world's most popular music venue by ticket sales (source: Pollstar listed ticket sales) and the cinema is an 11 screen multiplex seating a total of 2,844 people with gross box office revenues of £4.1m in 2009 (source: Rentrak/EDI). On 24 May we announced an agreement for a 25 year lease for a new nine screen cinema at the Wembley City retail and leisure development which will seat 1,800 people in total and is scheduled to open in 2013.

Financial Performance

	26 week period ended 1 July 2010	26 week pro rated 2 July 2009[1]	27 week period ended 2 July 2009[2]	53 week period ended 31 December 2009
Admissions	**22.7m**	23.4m	24.3m	49.1m
	£m	£m	£m	£m
Box office	**111.7**	107.3	111.4	230.9
Retail	**38.7**	40.0	41.5	84.4
Other	**11.6**	8.7	9.0	18.1
Total revenue	**162.0**	156.0	161.9	333.4
EBITDA[3]	**24.4**	23.2	24.1	55.7
Operating profit	**14.8**	15.2	15.9	39.6

Revenue

Total revenue was £162.0m, 3.8% higher than the prior year[1] (£156.0m) and flat on the reported prior period[2]. Whilst the diversion of the football World Cup tournament depressed cinema going during the latter part of the period, overall we maintained a good level of trade during the first half. This was driven by strong 3D film product which helped to achieve higher prices and offset the fall in admissions. Average ticket prices of £4.93 were 7.4% higher than last year, resulting in box office of £111.7m being up 4.1% on last year[1] of £107.3m (0.2% higher than reported in 2009[2]).

Our retail sales continue to experience tough trading conditions. Whilst retail spend per customer of £1.71 remained unchanged from last year, a lower level of admissions has meant that retail sales of £38.7m were 3.3% lower than last year[1] and 6.7% lower compared with last year on the reported basis[2]. Through continual improvements in our retail offer, in particular our value for money offers such as combo promotions, we aim to improve our retail performance for the rest of the year despite the challenging consumer environment.

Other revenue, which includes screen advertising, ticket booking income, screen hires, sponsorships, games machine income and sales of 3D glasses, was up 34.5% to £11.6m against 2009[1] of £8.7m. Screen advertising revenues reflect the continuing stabilisation in advertising bookings and were 2.4% up on the previous year[1].

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Chief Executive Officer's Review
continued

"Overall profit before tax was higher at £11.8m against 2009 of £11.6m."

The level of bookings showed an improvement against last year. Non-screen advertising revenues, whilst being the smaller constituent of this line, were 100% higher than the previous year. This reflects the good progress made in developing ancillary revenues such as screen hire and from the sale of 3D glasses.

EBITDA[3] and Operating Profit

EBITDA[3] was 5.2% higher at £24.4m against 2009[1] of £23.2m (2009 reported[2]: £24.1m). A provision of £0.8m was made in the period to cover potential increases in dilapidations for two non-trading properties where the Group believes it probable that it will exit the leases and was charged to administrative expenses, thereby resulting in operating profit of £14.8m against £15.2m last year[1] (2009 reported[2]: £15.9m). It also included higher depreciation which was mainly due to the expenditure on digital projectors in 2009 and early 2010.

Financing Costs

The interest expense of £3.0m in the first half of 2010 (2009: £4.1m) has fallen due to a reducing loan balance and lower interest rates.

Taxation

The overall tax charge of £3.8m consists of a current tax charge of £3.0m and a deferred tax charge of £0.8m in respect of capital allowances. The total tax charge is based on a forecast effective tax rate for the 2010 full year of 32.0%, reflecting a proportion of disallowable expenditure.

Earnings

Overall profit before tax was higher at £11.8m against 2009 of £11.6m. Basic earnings per share was 5.6p (2009: 7.3p[2]) due to the dilapidations charge in the period and the low tax charge in 2009. Using a more comparable adjusted pro forma basis, earnings per share was 6.8p compared to 6.0p in 2009[1]. There were no share dilutions at the end of the period.

Cash Flow and Balance Sheet

The Group continued to be cash generative at the operating level during the first half. Cash generated from operations of £6.0m was much lower than the equivalent period in 2009 of £18.6m. The significantly lower trading levels during June 2010 compared with June 2009, meant lower creditor levels at the half year end in 2010 compared with 2009. This together with the settlement during the period of the large creditor balances at the end of 2009 inevitably resulted in an outflow of working capital. Trade and other payables at the end of June 2010 included £9.6m in respect of the 2009 final dividend. Further details can be found in Note 6 of the interim financial statements. The strong recovery in trading since the end of the half year has helped to reverse the short-term outflow of operating cash in June and it will improve further in line with continued strong trade.

Capital cash expenditure for the first six months was £10.1m and was higher than the equivalent period last year. Included in this expenditure was £2.8m in relation to the purchase of digital projectors (the balance of the cost of £5.0m was paid after the period) and £4.1m for new sites including expenses for the acquisition of the cinema at The O2. The balance of other capital expenditure of £3.2m was for replacements and refurbishments.

Net debt continued to fall, from £121.4m in June 2009 to £115.5m and bank debt at the period end was less than two times the EBITDA of 2009. In addition, the achievement of financial targets at the start of the year meant that the Group was able to benefit from a lower margin on its bank debt of 0.7% above three month LIBOR.

The employee benefits liability of £1.4m relates to the Group's defined benefit pension scheme. The deficit has increased since the end of 2009 mainly due to the lower discount rate assumptions included in the actuarial valuation which increased the value of the liabilities and by the wider economic conditions affecting investment values.

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

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

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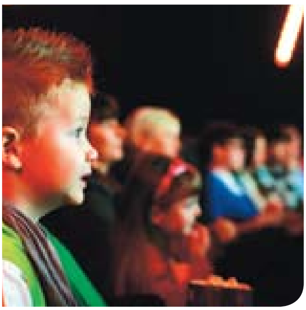
Chief Executive Officer's Review continued



A description of these risks and the actions taken by the Group to mitigate them are set out on pages 16 to 17 of the Group's Annual Report for 2009, a copy of which is available from our website www.cineworldplc.com. Despite the current uncertainty in the economic environment, these risks and uncertainties and the factors which mitigate them have not significantly changed in the period since the Annual Report was published and are not expected to change materially in the remainder of the year.

Related Party Transactions

Details of related party transactions described in the Annual Report for the 26 weeks to 1 July 2010 are set out in Note 11 of the interim financial statements.

Going Concern

The Group meets its day to day working capital requirements through its bank facilities which consist of a £106.5m term loan plus a £30m revolver which matures in 2012. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities.

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

Dividends

The Board is declaring an interim dividend of 3.4p per share (2009: 3.2p), reflecting the solid performance in the first half of the year. The dividend will be paid on 8 October 2010 to ordinary shareholders on the register at the close of business on 10 September 2010.

Appointment of Directors

On 2 July 2010, Martina King and Rick Senat were appointed to the Board as independent Non-Executive Directors. Martina King was the first managing director of Yahoo! UK and Ireland before becoming the managing director of Yahoo! Europe. Rick Senat has sat on the boards of a number of film companies and worked for 24 years at Warner Bros. Martina King and Rick Senat were also appointed to the Remuneration and Audit Committees respectively. Both Directors bring with them a wealth of experience in areas particularly relevant to Cineworld's activities, and will undoubtedly make a significant contribution to the Board.

Current Trading and Outlook

The second half has started strongly for the Group given the excellent range of blockbusters and 3D films released since the half year end.

"Shrek Forever After (3D)" performed well as the first major film of July and this has been followed by strong performances from "The Twilight Saga: Eclipse", "Inception" and "Toy Story 3 (3D)". August has a very full programme of film releases appealing to a broad audience which started with "The A Team" and Jackie Chan's new film "The Karate Kid".

The fourth quarter brings a strong line-up of releases with titles such as "Wall Street: Money Never Sleeps" and "Little Fockers" as well as a promising 3D film slate including "Harry Potter and the Deathly Hallows" (the first 3D film in this franchise), "Chronicles of Narnia: Voyage of the Dawn Treader", "Tron: Legacy", and "Gulliver's Travels". Our deal with Arts Alliance Media to roll out additional digital screens across our estate will enable us to take greater advantage of these films.

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

Stephen Wiener
Chief Executive Officer

Cautionary note concerning forward looking statements

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

Condensed Consolidated Statement of Comprehensive Income

for the period ended 1 July 2010

	Note	**26 week period ended 1 July 2010 (unaudited) £m**	27 week period ended 2 July 2009 (unaudited) £m	53 week period ended 31 December 2009 (audited) £m
Revenue		**162.0**	161.9	333.4
Cost of sales		**(126.0)**	(126.3)	(253.8)
Gross profit		**36.0**	35.6	79.6
Other operating income		**0.2**	0.5	0.7
Administrative expenses		**(21.4)**	(20.2)	(40.7)
Operating profit		**14.8**	15.9	39.6
Analysed between:				
Operating profit before depreciation and amortisation, impairment charges, onerous lease and other non-recurring property charges and transaction and reorganisation costs and profit on disposal of cinema sites		**24.4**	24.1	55.7
– Depreciation and amortisation		**(8.3)**	(7.8)	(15.3)
– Onerous leases and other non-recurring or non-cash property charges		**(1.1)**	(0.4)	(0.4)
– Transaction and reorganisation costs		**(0.2)**	–	(0.4)
Financial income	4	**0.1**	0.1	1.2
Financial expenses	4	**(3.0)**	(4.1)	(9.9)
Net financing costs		**(2.9)**	(4.0)	(8.7)
Share of loss of jointly controlled entity using equity accounting method, net of tax		**(0.1)**	(0.3)	(0.1)
Profit before tax		**11.8**	11.6	30.8
Taxation	3	**(3.8)**	(1.3)	(10.4)
Profit for the period attributable to equity holders of the Company		**8.0**	10.3	20.4
Other comprehensive income				
Foreign exchange translation (loss)/gain		**(0.2)**	(0.7)	0.3
Actuarial losses on defined benefit pension schemes		**(1.4)**	(2.1)	(0.5)
Movement in fair value of cash flow hedge		**–**	0.1	0.8
Income tax on other comprehensive income		**0.4**	0.6	(0.3)
Other comprehensive income for the period, net of income tax		**(1.2)**	(2.1)	0.3
Total comprehensive income for the period attributable to equity holders of the Company		**6.8**	8.2	20.7
Basic and diluted earnings per share		**5.6p**	7.3p	14.4p

Condensed Consolidated Statement of Financial Position

as at 1 July 2010

	1 July 2010 (unaudited)		2 July 2009 (unaudited)		31 December 2009 (audited)	
	£m	£m	£m	£m	£m	£m
Non-current assets						
Property, plant and equipment		**116.7**		112.6		114.6
Goodwill		**217.1**		216.1		216.1
Other intangible assets		**0.6**		0.7		0.6
Investment in equity-accounted investee		**0.8**		0.7		0.9
Other receivables		**1.4**		1.4		1.4
Deferred tax assets		**16.2**		18.5		16.6
Total non-current assets		**352.8**		350.0		350.2
Current assets						
Inventories	**2.0**		2.0		1.9	
Trade and other receivables	**20.6**		21.9		19.9	
Cash and cash equivalents	**1.3**		4.3		16.9	
Total current assets		**23.9**		28.2		38.7
Total assets		**376.7**		378.2		388.9
Current liabilities						
Interest bearing loans, borrowings and other financial liabilities	**(11.9)**		(10.8)		(11.9)	
Trade and other payables	**(42.6)**		(41.9)		(46.5)	
Current taxes payable	**(7.6)**		(5.3)		(8.9)	
Provisions	**(1.8)**		(2.1)		(1.2)	
Total current liabilities		**(63.9)**		(60.1)		(68.5)
Non-current liabilities						
Interest bearing loans, borrowings and other financial liabilities	**(104.9)**		(114.9)		(109.3)	
Trade and other payables	**(52.6)**		(51.2)		(53.5)	
Employee benefits	**(1.4)**		(4.0)		(0.7)	
Provisions	**(10.2)**		(9.7)		(10.6)	
Deferred tax liabilities	**(1.8)**		(1.9)		(1.8)	
Total non-current liabilities		**(170.9)**		(181.7)		(175.9)
Total liabilities		**(234.8)**		(241.8)		(244.4)
Net assets		**141.9**		136.4		144.5
Equity attributable to equity holders of the Company						
Share capital		**1.4**		1.4		1.4
Share premium		**171.4**		171.4		171.4
Translation reserve		**1.4**		1.4		1.6
Hedging reserve		**(3.9)**		(4.1)		(3.9)
Retained deficit		**(28.4)**		(33.7)		(26.0)
Total equity		**141.9**		136.4		144.5

Condensed Consolidated Statement of Changes in Equity

for the period ended 1 July 2010

	Issued capital £m	Share premium £m	Translation reserve £m	Hedging reserve £m	Retained deficit £m	Total £m
Balance at 25 December 2008	**1.4**	**171.4**	**2.1**	**(4.2)**	**(33.8)**	**136.9**
Profit for the period	–	–	–	–	10.3	10.3
Other comprehensive income						
Movement in fair value of cash flow hedge	–	–	–	0.1	–	0.1
Retranslation of foreign currency denominated subsidiaries	–	–	(0.7)	–	–	(0.7)
Actuarial loss on defined benefit scheme	–	–	–	–	(2.1)	(2.1)
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	0.6	0.6
Contributions by and distributions to owners						
Dividends paid in period	–	–	–	–	(8.9)	(8.9)
Movements due to share-based compensation	–	–	–	–	0.2	0.2
Balance at 2 July 2009	**1.4**	**171.4**	**1.4**	**(4.1)**	**(33.7)**	**136.4**
Balance at 25 December 2008	**1.4**	**171.4**	**2.1**	**(4.2)**	**(33.8)**	**136.9**
Profit for the period	–	–	–	–	20.4	20.4
Other comprehensive income						
Movement in fair value of cash flow hedge	–	–	–	0.3	–	0.3
Retranslation of foreign currency denominated subsidiaries	–	–	(0.5)	–	–	(0.5)
Actuarial gain on defined benefit scheme	–	–	–	–	0.8	0.8
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	(0.3)	(0.3)
Contributions by and distributions to owners						
Dividends paid in period	–	–	–	–	(13.5)	(13.5)
Movements due to share-based compensation	–	–	–	–	0.4	0.4
Balance at 31 December 2009	**1.4**	**171.4**	**1.6**	**(3.9)**	**(26.0)**	**144.5**
Profit for the period	–	–	–	–	8.0	8.0
Other comprehensive income						
Retranslation of foreign currency denominated subsidiaries	–	–	(0.2)	–	–	(0.2)
Actuarial loss on defined benefit scheme	–	–	–	–	(1.4)	(1.4)
Tax recognised on income and expenses recognised directly in equity	–	–	–	–	0.4	0.4
Contributions by and distributions to owners						
Dividends accrued in period	–	–	–	–	(9.6)	(9.6)
Movements due to share-based compensation	–	–	–	–	0.2	0.2
Balance at 1 July 2010	**1.4**	**171.4**	**1.4**	**(3.9)**	**(28.4)**	**141.9**

Condensed Consolidated Statement of Cash Flows

for the period ended 1 July 2010

	26 week period ended 1 July 2010 (unaudited) £m	27 week period ended 2 July 2009 (unaudited) £m	53 week period ended 31 December 2009 (audited) £m
Cash flow from operating activities			
Profit for the period	**8.0**	10.3	20.4
Adjustments for:			
Financial income	**(0.1)**	(0.1)	(1.2)
Financial expense	**3.0**	4.1	9.9
Taxation charge	**3.8**	1.3	10.4
Share of loss of equity-accounted investee	**0.1**	0.3	0.1
Operating profit	**14.8**	15.9	39.6
Depreciation and amortisation	**8.3**	7.8	15.3
Non-cash property charges	**1.1**	0.4	0.4
Surplus of pension contributions over current service cost	**(0.8)**	(0.8)	(1.6)
(Increase)/decrease in trade and other receivables	**(0.8)**	(1.4)	1.5
Increase in inventories	**(0.1)**	(0.3)	(0.2)
(Decrease)/increase in trade and other payables	**(16.1)**	(1.7)	2.1
Decrease in provisions and employee benefits	**(0.4)**	(1.3)	(2.5)
Cash generated from operations	**6.0**	18.6	54.6
Tax paid	**(4.4)**	(0.6)	(4.8)
Net cash flows from operating activities	**1.6**	18.0	49.8
Cash flows from investing activities			
Interest received	**0.1**	0.1	0.1
Acquisition of property, plant and equipment	**(10.1)**	(7.9)	(15.6)
Net cash flows from investing activities	**(10.0)**	(7.8)	(15.5)
Cash flows from financing activities			
Dividends paid to shareholders	**–**	(8.9)	(13.5)
Interest paid	**(2.3)**	(5.1)	(7.2)
Repayment of bank loans	**(4.5)**	(4.5)	(9.0)
Payment of finance lease liabilities	**(0.3)**	(0.2)	(0.5)
Net cash from financing activities	**(7.1)**	(18.7)	(30.2)
Net (decrease)/increase in cash and cash equivalents	**(15.5)**	(8.4)	4.1
Effect of exchange rate fluctuations on cash held	**(0.1)**	(0.1)	–
Cash and cash equivalents at start of period	**16.9**	12.8	12.8
Cash and cash equivalents at end of period	**1.3**	4.3	16.9

Notes to the Condensed Consolidated Interim Financial Statements

1. Basis of Preparation

Reporting Entity

Cineworld Group plc ("the Company") is a company domiciled in the UK. The condensed consolidated interim financial statements of the Company as at and for the 26 weeks ended 1 July 2010 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interests in jointly controlled entities.

The consolidated financial statements of the Group as at and for the period ended 31 December 2009 are available upon request from the Company's registered office at Power Road Studios, 114 Power Road, Chiswick W4 5PY.

Statement of Compliance

This condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the 53 weeks ended 31 December 2009.

The comparative figures for the financial year ended 31 December 2009 are not the Company's statutory accounts for that financial year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

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

Significant Accounting Policies

These condensed consolidated interim financial statements are unaudited and have been prepared on the basis of accounting policies consistent with those applied in the consolidated financial statements for the 53 weeks ended 31 December 2009 except as described below.

Business Combinations

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and had a negative impact on basic and diluted earnings per share of 0.1p in the current period as a result of being required to record transaction costs in the income statement. It has had no effect on adjusted earnings per share or adjusted pro forma earnings per share, as excluding the effect of this transaction forms one of the adjustments.

For acquisitions on or after 1 January 2010, the Group measures goodwill as the fair value of the consideration transferred (including the fair value of any previously-held equity interest in the acquire) and the recognised amount of any non-controlling interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combinations are expensed as incurred. See Note 9 for the application of the new policy to the business combination that occurred during the period.

Other new standards and interpretations were adopted effective 1 January 2010 but had no material impact on the Group financial statements.

2. Operating Segments

Determination and Presentation of Operating Segments

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

3. Taxation

The taxation charge has been calculated by reference to the expected effective corporation tax rates for the full financial year to end on 30 December 2010 applied against the profit before tax for the period ended 1 July 2010. Recognised in the income statement:

	26 week period ended 1 July 2010 (unaudited) £m	27 week period ended 2 July 2009 (unaudited) £m	53 week period ended 31 December 2009 (audited) £m
Current year tax expense			
Current year	**3.0**	2.6	7.1
Adjustments in respect of prior years	**–**	(2.0)	1.7
Total current year tax expense	**3.0**	0.6	8.8
Deferred tax charge			
Current year	**0.9**	1.2	1.6
Adjustments in respect of prior years	**(0.1)**	(0.5)	–
Total deferred tax expense	**0.8**	0.7	1.6
Total tax charge in the income statement	**3.8**	1.3	10.4
Effective tax rate	**32%**	11%	34%
Current year effective tax rate	**33%**	33%	28%

4. Finance Income and Expense

	26 week period ended 1 July 2010 (unaudited) £m	27 week period ended 2 July 2009 (unaudited) £m	53 week period ended 31 December 2009 (audited) £m
Interest income	**0.1**	0.1	0.2
Return on defined benefit pension plan assets	**–**	–	1.0
Financial income	**0.1**	0.1	1.2
Interest expense on bank loans and overdrafts	**2.2**	3.0	5.3
Amortisation of financing costs	**0.2**	0.2	0.3
Unwind of discount on onerous lease	**0.4**	0.5	1.1
Finance cost for defined benefit pension scheme	**–**	0.1	1.5
Interest charge as a result of change in discount rate relating to onerous lease provisions	**–**	–	1.2
Other financial costs	**0.2**	0.3	0.5
Financial expense	**3.0**	4.1	9.9

5. Earnings Per Share

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

Diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, after excluding the weighted average number of any non-vested ordinary shares held by the employee share ownership trust and after adjusting for the effects of dilutive options, which in 2008 and 2009 was £nil.

	26 week period ended 1 July 2010 (unaudited) £m	27 week period ended 2 July 2009 (unaudited) £m	53 week period ended 31 December 2009 (audited) £m
Profit for the period attributable to ordinary shareholders	**8.0**	10.3	20.4
Adjustments:			
Amortisation of intangible assets	**0.1**	0.1	0.1
Share-based payments	**0.2**	0.2	0.4
Transaction and reorganisation costs	**0.2**	–	0.4
Impact of straight lining operating leases	**0.3**	0.4	0.9
Impairments	**0.8**	–	–
Adjusted earnings	**9.6**	11.0	22.2
Add back tax charge	**3.8**	1.3	10.4
Adjusted pro forma profit before tax	**13.4**	12.3	32.6
Less estimated impact of 27th week in the period	**–**	(0.5)	(0.6)
Less tax at 28%	**(3.8)**	(3.3)	(9.0)
Adjusted pro forma profit after tax	**9.6**	8.5	23.0

	Number of shares m	Number of shares m	Number of shares m
Weighted average number of shares in issue	**141.7**	141.7	141.7
Basic and adjusted earnings per share denominator	**141.7**	141.7	141.7
Dilutive options	**–**	–	–
Diluted earnings per share denominator	**141.7**	141.7	141.7

	Pence	Pence	Pence
Basic and diluted earnings per share	**5.6**	7.3	14.4
Adjusted earnings per share	**6.8**	7.8	15.7
Adjusted pro forma earnings per share Share	**6.8**	6.0	16.2

6. Dividends

The Directors have declared an interim dividend of 3.4p per share, amounting to £4.8m, which will be paid on 8 October 2010 to ordinary shareholders on the register at the close of business on 10 September 2010. In accordance with IAS 10, this will be recognised in the reserves of the Group when the dividend is paid.

The final dividend for 2009 of £9.6m was approved by the shareholders at the Annual General Meeting in May 2010 for payment on 7 July 2010 and was accrued in the accounts for the half year.

7. Analysis of Net Debt

	Cash at bank and in hand £m	Bank loans £m	Finance leases £m	Interest rate swap £m	Net debt £m
Balance at 31 December 2009	16.9	(110.4)	(6.9)	(3.9)	(104.3)
Cash flows	(15.5)	4.5	0.3	–	(10.7)
Non-cash movement	–	(0.2)	(0.2)	–	(0.4)
Effect of movement in foreign exchange rates	(0.1)	–	–	–	(0.1)
Balance at 1 July 2010	1.3	(106.1)	(6.8)	(3.9)	(115.5)

8. Property, Plant and Equipment

During the 26 weeks to 1 July 2010, the Group acquired assets with a cost of £11.2m (27 weeks to 2 July 2009: £8.3m; 53 weeks ended 31 December 2009: £17.5m).

9. Purchase of Trade and Assets

On 25 June 2010 Cineworld purchased the trade and assets (largely fixtures, fittings, plant and machinery) of the cinema complex located within The O2 in Greenwich, London, for £4.0m satisfied in cash. As part of the agreement Cineworld also signed a 25 year lease on the cinema site.

The acquisitions had the following provisional effect on the Company's assets and liabilities:

	Pre-acquisition carrying amounts £'000	Fair value adjustments £'000	Provisional fair values on acquisition £'000
Acquiree's net assets at the acquisition date:			
Fixtures, fittings, plant and equipment	8.0	(5.0)	3.0
Net identifiable assets and liabilities	–	–	3.0
Goodwill on acquisition	–	–	1.0
Consideration paid, satisfied in cash	–	–	4.0
Net cash outflow	–	–	4.0

The Goodwill of £1.0m represents the opportunity for synergies from the combined operations as well as the employees transferred in connection with the business.

Transaction costs of £0.2m have been expensed in the period. The Group has provisionally assessed the fair value of the assets acquired at £3.0m based on appropriate valuation methodology.

10. Capital Commitments

Capital commitments at the end of the financial period for which no provision has been made were £2.3m at 1 July 2010 (2 July 2009: £3.7m and 31 December 2009: £2.9m).

11. Related Party Transactions

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

Total compensation for the Directors during the 26 weeks to 1 July 2010 was £707,000 (27 weeks to 2 July 2009 was £1,257,000; 53 weeks ended 31 December 2009: £1,988,000).

Digital Cinema Media (DCM) is a joint venture between the Group and Odeon Cinemas Holdings Limited set up on 10 July 2008. Revenue received from DCM in the 26 weeks to 1 July 2010 was £6.1m (27 weeks ended 2 July 2009 totalled £6.1m and 53 weeks to 31 December 2009: £11.3m) and as at 1 July 2010 £1.9m was due from DCM in respect of trade receivables (2 July 2009: £3.8m; 31 December 2009: £1.2m). In addition the Group has a working capital loan outstanding from DCM of £0.5m (53 weeks to 31 December 2009: £0.5m). The Group has guaranteed £2.75m of DCM's bank debt payable to Royal Bank of Scotland. The Group does not consider it is probable that it will be called on under the terms of the guarantee.

Independent Review Report to Cineworld Group plc

Introduction
We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the 26 weeks ended 1 July 2010 which comprises the Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Equity and the Condensed Consolidated Statement of Cash Flows and the related explanatory notes. We have read the other information contained in the interim financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

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

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

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

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

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the 26 weeks ended 1 July 2010 is not prepared, in all material respects, in accordance with IAS 34 as adopted by the EU and the DTR of the UK FSA.

M Summerfield
For and on behalf of KPMG Audit Plc
Chartered Accountants
8 Salisbury Square
London EC4Y 8BB
19 August 2010

Responsibility Statement of the Directors in Respect of the Interim Report

The Directors confirm that to the best of our knowledge:

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

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

(a) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first 26 weeks of the financial period and their impact on the condensed interim financial statements; and a description of the principal risks and uncertainties for the remaining 26 weeks of the financial period; and

(b) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first 26 weeks of the current financial period and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last Annual Report that could do so.

The Directors of Cineworld Group plc are listed in the Cineworld Annual Report 2009.

By order of the Board

Stephen Wiener
Director

Richard Jones
Director

19 August 2010

Shareholder Information

Registered and Head Office
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Public Relations Advisers
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Half-Yearly Financial Report
The half-yearly financial report as set out above can be found on www.cineworldplc.com.

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