

# **Associated British Cinemas Limited**

**Directors' Report and financial  
statements**

**Registered number 3167586**

**31 December 2016**

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## Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2016.

### Principal activity

The principal activity of Associated British Cinemas Limited ("the Company") is that of a holding company.

### Ownership

On 30 November 2016 AMC Entertainment Holdings Inc, a company under the control of Dalian Hexing Investment Co Ltd, acquired the entire issued share capital of Odeon & UCI Cinemas Holdings Ltd, the Company's parent undertaking, via a newly incorporated entity Odeon Cinemas Group Ltd. From this date, Dalian Hexing Investment Co Ltd, a company registered in the People's Republic of China, has the ability to exercise controlling influence over the Company.

### Directors

The following were directors of the Company during the year:

AS Alker	
PM Donovan	Resigned 30 November 2016
MJ Way	
NJ Williams	

### Financial results

The Profit and Loss Account for the year is set out on page 6. The loss after taxation for the year amounted to £1,495,000 (2015: £1,495,000).

### Proposed Dividends

The directors do not recommend the payment of a dividend (2015: *£nil*).

### Principal risks and risk management

The main risk and uncertainty to the Company is the risk of not being able to repay the loan interest. However, the directors feel that the group headed by Odeon Cinemas Group Limited ("the Group") has good future prospects and the Company continues to receive support from its parent.

### Going concern and liquidity management

Following the acquisition by AMC Entertainment Holdings (AMC) of the larger group headed by Odeon Cinemas Group Limited ("OCGL"), of which the company is a part, all external debt was extinguished. The company is now part of the largest theatre exhibitor in the world and AMC is committed to bringing innovation and investment to European theatres.

Furthermore the Group has shareholder funding in place with a maturity date of 30 November 2019.

OCGL has confirmed that it will provide support for at least twelve months from the date of signing the financial statements. With this in mind, the directors have formally considered and concluded that preparation of the financial statements on a going concern basis remains appropriate.

### Political and charitable donations

In both the current and prior years, the Company made no political or charitable donations.

### Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

## **Directors' Report** *(continued)*

### **Auditor**

The auditor, KPMG LLP, has indicated its willingness to continue in office. Elective resolutions are currently in force to dispense with holding annual general meetings, the laying of accounts before the Company in general meetings and the appointment of the auditor annually. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board



**NJ Williams**  
*Director*

14/6/17

St Albans House  
57-59 Haymarket  
London  
SW1Y 4QX

## **Statement of directors' responsibilities in respect of the Directors' Report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including *FRS 102 The Financial Reporting Standard* applicable in the UK and Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.



## KPMG LLP

One St Peter's Square  
Manchester  
M2 3AE  
United Kingdom

### **Independent Auditor's Report to the members of Associated British Cinemas Limited**

We have audited the financial statements of Associated British Cinemas Limited for the year ended 31 December 2016 set out on pages 6 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Independent Auditor's Report to the members of Associated British Cinemas Limited** *(continued)*

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

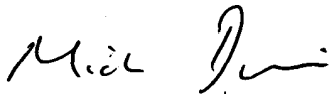
Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**Mick Davies (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
One St Peter's Square  
Manchester  
M2 3AE  
United Kingdom

16/6/2017

**Profit and Loss Account**  
*for the year ended 31 December 2016*

	<i>Note</i>	<b>2016 £000</b>	<b>2015 £000</b>
Interest receivable and similar income	5	212	212
Interest payable and similar expenses	6	(1,707)	(1,707)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>	3	<b>(1,495)</b>	<b>(1,495)</b>
Taxation	7	-	-
		<hr/>	<hr/>
<b>Loss on ordinary activities after taxation and for the financial year</b>		<b>(1,495)</b>	<b>(1,495)</b>
		<hr/>	<hr/>

All losses related to continuing activities.

The Company has no recognised gains or losses other than those shown above and therefore no Statement of Other Comprehensive Income has been presented.



**Balance Sheet**  
*at 31 December 2016*

	<i>Note</i>	<b>2016</b> <b>£000</b>	<b>2016</b> <b>£000</b>	2015 £000	2015 £000
<b>Fixed assets</b>					
Investments	8		138		138
<b>Current assets</b>					
Debtors: amounts due after one year	9	5,157		4,945	
<b>Creditors: amounts due within one year</b>	10	(127)		(127)	
<b>Net current assets</b>			5,030		4,818
<b>Total assets less current liabilities</b>			5,168		4,956
<b>Creditors: amounts due after more than one year</b>	11		(41,466)		(39,759)
<b>Net liabilities</b>			(36,298)		(34,803)
<b>Capital and reserves</b>					
Called up share capital	13		1,128		1,128
Share premium account			10,152		10,152
Profit and loss account			(47,578)		(46,083)
<b>Shareholders' deficit</b>			(36,298)		(34,803)

These financial statements were approved by the board of directors on 14 June 2017 and were signed on its behalf by:



**NJ Williams**  
 Director

The notes on pages 9-15 form an integral part of these financial statements.

## Statement of Changes in Equity

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' equity
	£000	£000	£000	£000
Balance at 1 January 2015	1,128	10,152	(44,588)	(33,308)
<b>Total comprehensive loss for the period</b>				
Loss	-	-	(1,495)	(1,495)
<b>Total comprehensive loss for the period</b>	-	-	(1,495)	(1,495)
<b>Balance at 31 December 2015</b>	<b>1,128</b>	<b>10,152</b>	<b>(46,083)</b>	<b>(34,803)</b>

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' equity
	£000	£000	£000	£000
Balance at 1 January 2016	1,128	10,152	(46,083)	(34,803)
<b>Total comprehensive loss for the period</b>				
Loss	-	-	(1,495)	(1,495)
<b>Total comprehensive loss for the period</b>	-	-	(1,495)	(1,495)
<b>Balance at 31 December 2016</b>	<b>1,128</b>	<b>10,152</b>	<b>(47,578)</b>	<b>(36,298)</b>

The notes on pages 9-15 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Associated British Cinemas Limited (the "Company") is a company limited by shares and incorporated, domiciled and registered in the UK. The registered number is 3167586 and the registered address is St Albans House, 57-59 Haymarket, London, SW1Y 4QX.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. Upon acquisition, assets are included at fair value. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's parent undertaking, AMC Entertainment Holdings Inc includes the Company in its consolidated financial statements. The consolidated financial statements of AMC Entertainment Holdings Inc are prepared in accordance with US GAAP and are available to the public and may be obtained from the address shown in note 15. Those consolidated financial statements are drawn up in a manner equivalent to consolidated accounts and consolidated annual returns drawn up in accordance with the provision of the Seventh Directive (83/349/EEC). In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### 1.1 *Measurement convention*

The financial statements are prepared on the historical cost basis.

#### 1.2 *Going concern and liquidity management*

The financial statements have been prepared on a going concern basis. The directors have formally considered and concluded that this remains appropriate.

Following the acquisition by AMC Entertainment Holdings (AMC) of the larger group headed by Odeon Cinemas Group Limited ("OCGL"), of which the company is a part, all external debt was extinguished. The company is now part of the largest theatre exhibitor in the world and AMC is committed to bringing innovation and investment to European theatres.

OCGL has confirmed that it will provide support for at least twelve months from the date of signing the financial statements. With this in mind, the directors have formally considered and concluded that preparation of the financial statements on a going concern basis remains appropriate.

## **Notes** *(continued)*

### **1 Accounting policies** *(continued)*

#### **1.3 Basic financial instruments**

##### *Trade and other debtors / creditors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings (excluding loan notes) are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

##### *Investments*

Investments held as fixed assets are stated at cost less provisions for any impairment.

#### **1.4 Impairment**

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed assets of income-generating units may not be recoverable. Indications include the recognition of an onerous lease provision in relation to specific income-generating units. If this or any other such indication exists, the recoverable amount is estimated and an appropriate impairment loss is recognised.

##### *Reversals of impairment*

An impairment loss is reversed where the recoverable amount increases as a result of a change in economic conditions or in the expected use of the asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **1.5 Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

#### **1.6 Expenses**

##### *Interest receivable and interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.7 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

### 2 Remuneration of directors

In both the current and the prior period the directors' emoluments were borne by Odeon Cinemas Limited. Remuneration is recharged across the Group based on turnover, the Company's split of Directors' remuneration is £nil (2015: £nil).

### 3 Loss before taxation

#### Auditor's remuneration

The audit costs for 2016 & 2015 were borne by a fellow subsidiary.

In 2016 the Company's share of auditor's remuneration was £1,000 (2015: £1,000).

### 4 Staff numbers and costs

Other than the directors the Company has no employees (2015: none).

### 5 Interest receivable and similar income

	2016 £000	2015 £000
Interest receivable from Group undertaking	212	212

### 6 Interest payable and similar expenses

	2016 £000	2015 £000
Interest payable to Group undertaking	1,707	1,707

## Notes (continued)

### 7 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £000	£000	2015 £000	£000
<i>Current tax</i>				
Current tax on income for the period		-		-
Adjustments in respect of prior periods		-		-
Total current tax		-		-
<i>Deferred tax</i>				
Origination and reversal of timing differences	-		-	
Total deferred tax		-		-
Total tax		-		-

#### Reconciliation of effective tax rate

	2016 £000	2015 £000
Loss for the year	(1,495)	(1,495)
Total tax expense	-	-
Profit excluding taxation	(1,495)	(1,495)
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	(299)	(303)
Interest receivable not-taxable	299	303
Total tax expense included in profit or loss	-	-

Effective from 1 April 2015, the corporation tax rate reduced from 21% to 20%. Further reductions to 19% from 1 April 2017 and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% from 1<sup>st</sup> April 2020 was subsequently enacted on 6 September 2016.

### 8 Investments

	Investments in Group undertakings £000
<i>Cost and net book value</i>	
At beginning and end of year	138

The principal undertakings in which the Company had a direct\* or indirect interest at the year end are shown below. The investments include both ordinary and preference shares.

Name	Country of incorporation	% interest	Nature of business
Hopeart Limited*	Great Britain	100% owned	Non trading company
Movitex Signs Limited	Great Britain	100% owned	Non trading company

## Notes (continued)

### 9 Debtors: amounts due after one year

	2016 £000	2015 £000
Amounts owed by Group undertaking	5,157	4,945

All debts are due after more than five years. Interest is receivable on the intra-group loan at 7%.

### 10 Creditors: amounts due within one year

	2016 £000	2015 £000
Amounts owed to Group undertaking	127	127

The intra-group loan is non interest bearing and payable on demand.

### 11 Creditors: amounts due after more than one year

	2016 £000	2015 £000
Amounts owed to Group undertaking	41,466	39,759

All debts are due after more than five years. Interest is payable on the intra-group loan at 7%.

### 12 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016 £000	2015 £000
<b>Creditors falling due after more than one year</b>		
Amounts owed to Group undertakings	41,466	39,759

#### Terms and debt repayment schedule

	Currency	Nominal interest rate	Years to maturity	2016 £000	2015 £000
Odeon Cinemas Holdings Limited	GBP	7%	8 years	41,466	39,759

<sup>(1)</sup> This loan with Odeon Cinemas Holdings Limited, the amount denominated in Sterling, including accrued interest, remained outstanding at 31 December 2016.

## Notes (continued)

### 13 Capital

#### Share capital

	2016 £000	2015 £000
<i>Allotted, called up and fully paid:</i>		
100,700 Ordinary shares of £1 each	101	101
1,027,300 Preference shares (cumulative redeemable) of £1 each	1,027	1,027
	<hr/>	<hr/>
	1,128	1,128
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to attend, speak and vote at meetings of the Company (one vote per share).

#### Dividends

After the balance sheet date no dividends (2015: £nil) were proposed by the directors.

*The principal rights attached to the share capital are set out below:*

#### Income

Any profits which the Company may determine to distribute in respect of any financial year shall belong to and be distributed amongst the holders of the preference shares and the holders of the ordinary shares as follows:

- (a) firstly, to the extent that the holders of preference shares have not then received the preferred participation of such shares, in paying to the holders of the preference shares the amount by which the aggregate amount previously paid by the Company to the holders of the preference shares (in that capacity) is less than the preferred participation of such shares. To the extent that the profits that the Company determines to distribute are less than the aggregate preferred participation of all of the preference shares, such profits shall be applied among the holders of the preference shares pro rata to the respective preferred participation of the preference shares held by them; and
- (b) after payment of the preferred participation to the holders of the preference shares, the aggregate amount of profits resolved to be distributed (or balance of them) shall be paid to the holders of ordinary shares as nearly as is practicable pro rata to the amounts paid up on their ordinary shares.

No dividend or other distribution shall be declared or paid on the ordinary shares unless or until the Company shall have paid to the holders of the preference shares the aggregate preferred participation of all of the preference shares. No dividend or distribution shall be declared or paid on any preference shares in excess of the preferred participation of that share.

#### Voting rights

The ordinary shares confer on each holder thereof the right to receive notice of and to attend, speak and vote at all general meetings of the Company.

The preference shares confer on each holder thereof the right to receive notice of, attend and speak at all general meetings, but not any right to vote.



## Notes (continued)

### 13 Capital

#### *Capital*

On a return of capital on liquidation, dissolution or winding up of the Company either voluntary or involuntary or other return of capital, the surplus assets of the Company remaining after the payment of its liabilities ("the Surplus") shall be applied as follows:

(a) first, to the extent that the holders of the preference shares have not received the preferred participation of each preference share held by them in paying to the holders of the preference shares the amount by which the aggregate amount previously paid by the Company to the holders of the preference shares (in that capacity) is less than the preferred participation of each preference share held by them and if the Surplus is less than the aggregate preferred participation of all of the preference shares, the Surplus shall be applied among the holders of the preference shares pro rata to the respective preferred participations of the preference shares held by them; and

(b) the balance (if any) of the Surplus remaining after the payments above shall belong to the holders of the ordinary shares according to the amounts paid on the nominal amount thereof.

### 14 Related parties

#### *Identity of related parties with which the Company has transacted*

AMC Entertainment Holdings Inc has the ability to exercise a controlling influence over the Company through the holding of shares in a parent of the Company. The directors therefore consider it to be a related party.

There were no transactions with related parties other than those which are 100% owned by the wider group (2015: £nil).

### 15 Ultimate parent company and controlling party

The Company is a subsidiary undertaking of Dalian Hexing Investment Co Ltd. The ultimate controlling party is Wang Jianlin.

The largest group to consolidate these financial statements is Dalian Hexing Investment Co Ltd. The registered office is 539 Changjiang Road, Xigang District, Dalian, Liaoning Province, People's Republic of China.

The smallest group in which they are consolidated is that headed by AMC Entertainment Holdings Inc. The registered office is 11500 Ash Street, Leawood, KS 66211, USA. These consolidated financial statements are available to the public and can be obtained from the Securities and Exchange Commission, 100F Street, NE Washington, USA, DC 20549.