Odeon Cinemas Holdings Limited

Strategic Report, Directors' Report and financial statements

Registered number 3878148

31 December 2019

Contents

Strategic Report

Business review

Odeon Cinemas Holdings Limited ("the Company") is an investment holding company with trading subsidiaries. It is part of AMC Entertainment Holdings, Inc. ("AMC"), which includes other companies in the UK including Odeon Cinemas Group Limited, Odeon Cinemas Limited and United Cinemas International Acquisitions Limited, and companies elsewhere in Europe. Consolidated accounts, which contain a business review and description of KPIs relating to this group of companies, are prepared for AMC and are available at http://investor.amctheatres.com/sec-filings.

Financial results and KPIs

The loss after taxation for the year was £nil *(2018: loss after taxation of £56,568,000).*

Principal risks and risk management

Cinema is a well established and popular out of home leisure activity.

The principal risk are that the underlying entities that the Holding company holds investments in do not perform as expected and the key risk impacting the trading activities is a reduction in attendance levels. This is affected by factors including competition and film production. The company mitigates this risk through our strategies to create the best possible guest experience, drive attendance and loyalty, as well as strategically managing a direct relationship between attendance levels, film costs, and fixed costs.

The likelihood of a general economic downturn impacting the businesses has been significantly increased by the COVID-19 pandemic. The impact and response of the company to this has been outlined within the company's Going concern and liquidity management section of the Strategic Report. The Company will continue to monitor this situation and respond as appropriate

Going concern and liquidity management

In common with many other businesses, the COVID-19 pandemic had a major impact on Odeon Cinemas Group (the "Group"), causing temporary closures of cinemas, adversely impacting liquidity and giving rise to material uncertainty about the future. By the time of writing, significant improvements in the prospects of the Group had been seen: most of its cinemas had reopened; and several successful fundraising activities had been completed by the Group and AMC, materially increasing cash balances by the second quarter of 2021. Nevertheless, the pandemic was ongoing and uncertainty remained about the future. Further information is set out in Note 1 to the financial statements.

By order of the board

NJ Williams
Director

C/O Shoosmiths LLP
100 Avebury Boulevard
Milton Keynes
MK9 1FH

Directors' Report

The directors present their report and the audited financial statements for the year ended 31 December 2019.

Principal activity

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

Directors

The following were directors of the Company during the year:

AS Alker
MJ Way
NJ Williams

Dividends

The directors do not recommend the payment of a dividend *(2018: nil)*.

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.

By order of the board

NJ Williams
Director

C/O Shoosmiths LLP
100 Avebury Boulevard
Milton Keynes
MK9 1FH

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 Republic of 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and 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.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ODEON CINEMAS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Odeon Cinemas Holdings Limited ("the company") for the year ended 31 December 2019 which comprise the profit and loss account, the statement of other comprehensive income, the balance sheet, the statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its results for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 1 to the financial statements which indicates that, based on the forecasts prepared by the Directors, the company is reliant on financial support from its indirect shareholder Odeon Cinemas Group Limited ('OCGL') and its ultimate parent undertaking, AMC Entertainment Holdings Inc ("AMC"). The availability of this support is dependent upon both OCGL and AMC achieving their forecasts and continuing to have sufficient free cash available. The ability of OCGL and AMC to provide this financial support is therefore uncertain. These events and conditions, along with the other matters explained in note 1, constitute material uncertainties that may cast significant doubt on the company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ODEON CINEMAS HOLDINGS LIMITED *(continued)*

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 4, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

David Morritt

David Morritt (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Sovereign Square
Leeds
LS1 4DA
United Kingdom

25 June 2021

Profit and Loss Account
for the year ended 31 December 2019

	Note	**2019 £000**	2018 £000
Distribution costs, administration expenses and other operating income		-	(46,004)
Operating profit / (loss) analysed as:			
Before exceptional items:		-	-
Exceptional costs	*4*	-	(46,004)
		-	(46,004)
Profit / (Loss) before interest and taxation		-	(46,004)
Interest receivable and similar income	*6*	-	40
Interest payable and similar expenses	*7*	-	(10,604)
Profit / (Loss) before taxation	*3*	-	(56,568)
Tax on profits / (losses)	*8*	-	-
Profit / (Loss) for the financial year		-	(56,568)

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

The notes on pages 9-17 form an integral part of these financial statements.

Balance Sheet
at 31 December 2019

	Note	**2019**	**2019**	2018	2018
		£000	**£000**	£000	£000
Fixed assets					
Investments	*9*		**433,094**		336,808
Creditors: amounts due within one year	*10*	**(126,878)**		(126,878)	
Net current liabilities			**(126,878)**		(126,878)
Net assets			**306,216**		209,930
Capital and reserves					
Called up share capital	*12*		**9,506**		-
Share premium reserve			**222,942**		535,762
Profit and loss account			**73,768**		(325,832)
Shareholders' funds			**306,216**		209,930

These financial statements were approved by the board of directors on 22nd June 2021 and signed on its behalf by:

NJ Williams
Director

The notes on pages 9-17 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 2018	-	950	(269,664)	(268,714)
Total comprehensive income for the period				
Loss	-	-	(56,568)	(56,568)
Total comprehensive income for the period	-	-	(56,568)	(56,568)
Issue of share capital	-	535,212	-	535,212
Reduction of share premium		(400)	400	-
Total contributions by and distributions to owners	-	534,812	400	535,212
Balance at 31 December 2018	**-**	**535,762**	**(325,832)**	**209,930**

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' equity
	£000	£000	£000	£000
Balance at 1 January 2019	-	535,762	(325,832)	209,930
Total comprehensive income for the period				
Profit / (Loss)	-	-	-	-
Total comprehensive income for the period				
Issue of share capital *(see note 12)*	9,506	86,780	-	96,286
Reduction of share premium	-	(399,600)	399,600	-
Total contributions by and distributions to owners	9,506	(312,820)	399,600	96,286
Balance at 31 December 2019	**9,506**	**222,942**	**73,768**	**306,216**

The notes on pages 9 -17 form an integral part of these financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Odeon Cinemas Holdings Limited (the "Company") is a company limited by shares and incorporated, domiciled and registered in the UK. The registered number is 3878148 and the registered address is C/O Shoosmiths LLP, 100 Avebury Boulevard, Milton Keynes, MK9 1FH.

The Company is exempt by virtue of s401 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"*). 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 COVID-19 pandemic has had and will continue to have a significant and adverse impact on the business of the Odeon Cinemas Group (the "Group") of which Odeon Cinemas Holdings Limited (the "Company") is a member. As a result of the pandemic, from March 2020 the Group's cinemas were closed and operations were temporarily suspended during the periods of local and national lockdown, generating no revenue from admissions, food and beverage sales, with other revenues materially reduced, which represent substantially all revenue and cash flow from operations. During periods of re-opening during the second half of 2020, in response to the low levels of attendance due to capacity restrictions, adjustments to cinema operating hours were also made to align cinema operating costs with attendance for each cinema. The Group expects to reopen cinemas when it is safe to do so and permissible under local and national guidelines. By early June 2021, this had happened in most countries in which the Group operates.

In the UK, lockdown restrictions eased on 17 May 2021 allowing cinemas to reopen. On this date the Group reopened 106 out of 112 cinemas across the UK and expects to reopen further cinemas in the UK by the end of June 2021. Capacity limits remain in force.

In response to the COVID-19 pandemic, the Group promptly adopted important measures aimed at preserving liquidity and eliminating those costs deemed non-essential for operational management. In particular, during periods of closure and reopening in a limited capacity, the Group has suspended non-essential operating expenses and reduced operating expenses; deferred all non-essential capital expenditures; implemented measures to reduce employment costs, including full or partial furlough of employees; worked with landlords and suppliers to manage, defer, and/or abate rent and operating expenses; adopted an active cash management process which requires senior management approval of all outgoing payments; and utilised government assistance where possible.

Notes *(continued)*

1 Accounting policies *(continued)*

1.2 Going concern and liquidity management (continued)

The ultimate duration of the pandemic and of responsive governmental regulations is uncertain. It is unknown whether further government led lockdowns will be required to help prevent the spread of COVID-19 which could require cinemas to close again or impose other restrictions such as capacity limits.

The Company is funded via another UK Group company, Odeon Cinemas Limited ("OCL"), which is in turn funded by a loan facility with its indirect shareholder OCGL.

On 15 February 2021, Odeon Cinemas Group Limited ("OCGL") entered into a new £140m and €296m term loan facility agreement. The facility was fully drawn on 19 February 2021. This facility contains financial covenants which are tested on a quarterly and annual basis. Approximately £100m of the net proceeds were used to discharge in full the Group's obligations under the existing Revolving Credit Facility (including principal, interest, fees and to cash collateralise letters of credit) with the remaining net proceeds available for the general corporate purposes of the Group.

OCGL also has a £130m loan facility in place, dated 19 February 2021, with its shareholder, AMC Entertainment Holdings, Inc. ("AMC"), also an indirect shareholder of the Company, which is a publicly traded company on the New York Stock Exchange. As at the date of this report this facility remains undrawn.

The Directors have prepared cash flow forecasts for a period of over 12 months from the date of approval of these financial statements, including scenarios that take into account severe but plausible downsides of the COVID-19 pandemic, including further lockdowns and a reduced film slate. These forecasts indicate that, as a result of the adverse impact of the COVID-19 pandemic on the Company's business activities, the Company will require funding from its indirect shareholder, OCGL, in order to meet its liabilities as they fall due for that period and that, should one of the downside scenarios occur, then OCGL may require further funding.

Taking into account the proceeds of the new term loan and the AMC shareholder loan facility available to OCGL, the Directors have prepared these financial statements on a going concern basis. However, the Directors acknowledge that ongoing support is subject to OCGL continuing to have sufficient available free cash which is dependent on achieving forecasts and also dependent upon AMC having sufficient available free cash. AMC has indicated, subject to it having free cash flow for such purposes, its intention to continue to make available such funds as are needed by the Group.

During the first quarter of 2021 AMC resumed operations in approximately 99% of its cinemas in the United States, with limited seating capacities. Following multiple successful fundraising activities in 2020 and early 2021, as at 31 March 2021 AMC reported group cash (including that of Odeon Cinemas Group) of $813m and, taking into account availability on AMC's debt facilities, group liquidity of approximately $1.0bn.

The liquidity position of AMC further improved significantly in the second quarter of 2021: on 13 May 2021, AMC announced the completion of an at-the-market equity programme which raised $428m of new equity funding; on 1 June 2021, AMC announced $230m of new equity funding raised from a sale of shares to Mudrick Capital; and on 3 June 2021, AMC announced that $587m had been raised in a further at-the-market equity offering. At the time of writing, this meant that the total new cash raised in equity offerings was over $1.2bn for the second quarter alone. AMC continues to explore further opportunities.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue to be available, a risk which is exacerbated by the COVID-19 related matters set out above. However, at the date of approval of these financial statements, the Directors believe that the support will continue to be available, particularly given the recent resumption of operating activities and the strong liquidity position of AMC.

Nevertheless, the Directors consider that these circumstances resulting directly from the impact, and potential continuing impact, of the COVID-19 pandemic represent material uncertainties that may cast significant doubt over the Company's ability to continue as a going concern and, therefore, to continue to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

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 in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss

Preference shares issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

1.5 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. 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.

1.6 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 is it 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 *(2018: £nil)*.

3 Loss before taxation

Auditor's remuneration

The audit costs for 2019 & 2018 were borne by a fellow subsidiary.

In 2019 the Company's share of Auditor's remuneration was £8,000 (*2018: £11,000*).

4 Exceptional costs

There were no exceptional costs during 2019.

In the prior year an intercompany receivable from a non-trading entity was written off to the value of £46,003,524. This write-off was part of a wider group restructuring exercise during the year to reduce complexity, remove unnecessary legal entities and reduce administration costs.

5 Staff numbers and costs

Other than the directors the Company has no employees *(2018: nil)*.

Notes *(continued)*

6 Interest receivable and similar income

	2019 £000	2018 £000
Interest on joint venture loans	-	40

7 Interest payable and similar expenses

	2019 £000	2018 £000
Interest payable to Group undertakings	-	10,604

8 Taxation

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

	2019 £000	£000	2018 £000	£000
Current tax				
Current tax on income for the period		-		-
Adjustments in respect of prior periods		-		-
Total current tax		-		-
Deferred tax				
Origination and reversal of timing differences	-		-	
Total deferred tax		-		-
Total tax		-		-

Reconciliation of effective tax rate

	2019 £000	2018 £000
Profit / (Loss) for the year	-	(56,568)
Total tax expense	-	-
Profit / (Loss) excluding taxation	-	(56,568)
Tax using the UK corporation tax rate of 19% *(2018: 19%)*	-	(10,748)
Group relief claimed for nil payment	-	2,007
Non-deductible expenses	-	8,741
Total tax expense included in profit or loss	-	-

A change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS and UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%.

Notes *(continued)*

9 Investments

	Investments in Group undertakings £000
Cost and net book value	
Balance at 1 January 2019	336,808
Investment in Odeon Cinemas Limited	96,286
Balance at 31 December 2019	**433,094**

During the year the company recognised an additional investment in Odeon Cinemas Limited, as part of a transaction with another company in the Group where debt was passed down in exchange for shares.

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	**Registered office address**	**% interest**	**Nature of business**
Odeon Cinemas Limited*	C/O Shoosmiths LLP 100 Avebury Boulevard Milton Keynes MK9 1FH	100% owned	Operation of cinemas
United Cinemas International (UK) Limited*	C/O Shoosmiths LLP 100 Avebury Boulevard Milton Keynes MK9 1FH	100% owned	Operation of cinemas
ABC Cinemas Limited*	C/O Shoosmiths LLP 100 Avebury Boulevard Milton Keynes MK9 1FH	100% owned	Operation of cinemas
Odeon Cinemas (RL) Limited	C/O Shoosmiths LLP 100 Avebury Boulevard Milton Keynes MK9 1FH	100% owned	Operation of cinemas
Bookit Limited*	C/O Shoosmiths LLP 100 Avebury Boulevard Milton Keynes MK9 1FH	100% owned	Credit & debit card transaction processing
Odeon and UCI Digital Operations Limited	C/O Shoosmiths LLP 100 Avebury Boulevard Milton Keynes MK9 1FH	100% owned	Administration & technical support services
Odeon and Sky Filmworks Limited	C/O Shoosmiths LLP 100 Avebury Boulevard Milton Keynes MK9 1FH	50% owned	Film distribution

Notes *(continued)*

10 Creditors: amounts due within one year

	2019	2018
	£000	£000
Amounts owed to Group undertakings	**126,878**	126,878

11 Interest-bearing loans and borrowings

As at 31 December 2019, the Company had no interest-bearing loans and borrowings.

12 Capital

Share capital

Ordinary shares of £1 each	**Share Capital No. ('000)**	**£000**
Allotted, called up and fully paid:		
At 1 January 2019	-	-
Issued during the year	9,506	9,506
At 31 December 2019	**9,506**	**9,506**

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 *(2018: nil)* were proposed by the directors.

13 Related parties

Identity of related parties with which the Company has transacted

The Company has taken advantage of the exemption in paragraph 33.1A of FRS 102 *Related Party Disclosures* not to disclose transactions with wholly owned subsidiaries within the same group.

Related party transactions

	Interest charged	Interest charged	**Expenses incurred from**	Expenses incurred from
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Joint Venture	-	40	-	-

	Receivables outstanding	Receivables outstanding	**Creditors outstanding**	Creditors outstanding
	£000	£000	**£000**	£000
Joint Venture	-	-	-	-

Notes *(continued)*

14 Commitments

The Company is party to a group revolving credit facility entered into on 7 December 2017. The facility is secured by way of a fixed and floating charge over the assets of the company. The balance on the facility at 31 December 2019 was £nil *(2018: £9,357,000)*.

15 Post balance sheet events

COVID-19 Pandemic

The COVID-19 pandemic has had and will continue to have a significant and adverse impact on the business of the Odeon Cinemas Group (the "Group") of which Odeon Cinemas Holdings Limited (the "Company") is a member. As a result of the pandemic, from March 2020 the Group's cinemas were closed and operations were temporarily suspended during the periods of local and national lockdown, generating no revenue from admissions, food and beverage sales, with other revenues materially reduced, which represent substantially all revenue and cash flow from operations. During periods of re-opening during the second half of 2020, in response to the low levels of attendance due to capacity restrictions, adjustments to cinema operating hours were also made to align cinema operating costs with attendance for each cinema. The Group expects to reopen cinemas when it is safe to do so and permissible under local and national guidelines. By early June 2021, this had happened in most countries in which the Group operates.

In response to the COVID-19 pandemic, the Group promptly adopted important measures aimed at preserving liquidity and eliminating those costs deemed non-essential for operational management. In particular, during periods of closure and reopening in a limited capacity, the Group has suspended non-essential operating expenses and reduced operating expenses; deferred all non-essential capital expenditures; implemented measures to reduce employment costs, including full or partial furlough of employees; worked with landlords and suppliers to manage, defer, and/or abate rent and operating expenses; adopted an active cash management process which requires senior management approval of all outgoing payments; and utilised government assistance where possible.

The ultimate duration of the pandemic and of responsive governmental regulations is uncertain. It is unknown whether further government led lockdowns will be required to help prevent the spread of COVID-19 which could require cinemas to close again or impose other restrictions such as capacity limits.

As a result of this uncertainty, it is not possible to reliably estimate the impact the COVID-19 pandemic may have on the value of assets or liabilities held by the Company on its balance sheet. Whilst investment balances, intercompany receivables and assets relating to specific cinemas across the wider Odeon Cinemas group may become impaired as a result of the current trading conditions, it is not possible to estimate with any certainty the longer term impact or trading outlook which would determine the need for additional impairments or provisions at this time.

Re-financing

On February 15, 2021, Odeon Cinemas Group Limited (OCGL), an indirect shareholder of the Company, entered into a new £140m and €296m term loan facility agreement. The facility was fully drawn on 19 February 2021. Approximately £100m of the net proceeds were used to repay in full Odeon Cinema Group's obligations (including principal, interest, fees and cash collateralized letters of credit) under its existing revolving credit facility on 19 February 2021 with the remaining net proceeds being used for general corporate purposes. The new term loan facility has a maturity of 2.5 years from the date on which it is first drawn. Borrowings bear interest at a rate equal to 10.75% per annum during the first year and 11.25% thereafter. OCGL has the ability to elect to pay interest in cash or in PIK interest for each interest period. All obligations under the new term loan facility are guaranteed by certain subsidiaries of the Odeon Cinemas Group, including the Company.

Notes *(continued)*

15 Post balance sheet events (continued)

Brexit

The UK's departure from the European Union ("Brexit") occurred on the 31st January 2020. This was followed by a year long transition period during which the UK government and the European Commission entered into talks to determine a trade deal between the two parties. On the 1st January 2021 this period came to an end and new laws took effect with regards to trade between the EU and the UK. The Company has considered the impacts of the changes to trading regulation upon the business and has determined that there are minimal implications to our ability to operate effectively.

Odeon Cinemas Group, including the Company, trades in the UK and other European countries, however, there is minimal cross border activity. Film content is distributed electronically; food and beverage products are sourced in each local market; and staff are generally local. Discussions have been held with our suppliers to identify and manage any adjustments that are required to our supply channels or processes.

Ultimate parent company and controlling party

Since the balance sheet date, following changes in AMC shareholdings and new equity raises, Dalian Hexing Investment Co. Limited is no longer the ultimate controlling party and no one entity or individual now has overall control.

16 Ultimate parent company and controlling party

As at the balance sheet date, the Company was a subsidiary undertaking of Dalian Hexing Investment Co Ltd. The ultimate controlling party was 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.

Since the balance sheet date, following changes in AMC shareholdings and new equity raises, Dalian Hexing Investment Co. Limited is no longer the ultimate controlling party and no one entity or individual now has overall control.