CINEMAONE

IMAX GEMSTONE 4DX

2021 annual report

IMAX
GODZILLA vs. KONG
IN THEATRES
MARCH 31
EXPERIENCE IT IN IMAX

MAX
QUENCES SHOT WITH IMAX FILM CAMER
WW84
WONDER WOMAN 1984

CINEMAONE

IMAX GEMSTONE 4DX

ASPIRATION

To positively serve and inspire our communities by delivering thrilling exhilaration, rich enlightenment, deep empathy and fantastic escapism.

CORPORATE INFORMATION

Registered Office

CinemaONE Limited

One Woodbrook Place,

189 Tragarete Road,

Port of Spain

(T): 868 389 6925

(E): investors@cine1.biz

(W): www.cinemaonett.com

Auditors

PricewaterhouseCoopers Limited

11-13 Victoria Avenue

Port of Spain

Trinidad and Tobago

West Indies

(T)): 868 299 0700

(F): 868 623 6025

(W): www.pwc.com/tt

Attorneys-at-Law & Legal Advisors

Pollonais, Blanc, de la Bastide & Jacelon Attorneys-at-Law

Pembroke Court 17-19 Pembroke Street,

Port of Spain

Trinidad and Tobago

(T) (868) 623 5461

(F) (868) 625 8415

Principal Bankers

CIBC First Caribbean International Bank

Corporate Banking - CIBC FirstCaribbean Financial Center

74 Long Circular Road,

Maraval, Trinidad

(T) 868 628 4685

(F) 868-622 4989

(W) www.cibcfcib.com

First Citizens Bank Limited

One Woodbrook Place,

Port of Spain, Trinidad

(T): (868) 628-6305

(F): 623-9686

(W): www.firstcitizenstt.com

Guardian Group

Trust Limited

1 Guardian Drive

Westmoorings, Trinidad

(T): 868-226-2754

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Mr Brian Jahra, Chairman

CHAIRMAN'S STATEMENT

FOR THE 12 MONTH PERIOD ENDED SEPTEMBER 30, 2021

Overview

In Fiscal 2021 CinemaONE endured protracted periods of forced closure as the Government of Trinidad and Tobago sought to contain waves of Covid-19 outbreaks in the interest of public health and safety. The Covid-19 pandemic significantly disrupted CinemaONE's operations as mandatory cessation orders for entertainment venues such as theatres and cinemas extended for a period of 196 days, or almost 7 months in Fiscal 2021, and exacerbated the closure period experienced in Fiscal 2020. As a result of theatre closures on a global scale in response to the Covid-19 pandemic, movie studios postponed the theatrical releases of most major movie titles until the second half of the Fiscal 2021 period, during which time cinemas in Trinidad and Tobago were unfortunately still experiencing a closure order.

By reducing cash outlays, the Company maintained a fiscal year end cash balance of TT $2.1M (2020 $3.1M) and positive working capital of TT $1.1M (2020 TT$ 4.1M)

With each of the three successive lockdowns, CinemaONE focused on liquidity management and swiftly responded to the Covid-19 induced financial challenges. Again, the Company implemented temporary layoffs and 70% salary reductions for a significantly downsized administrative team and negotiated modified timing and/or an abatement of contractual payments with landlords, key financial partners and other major suppliers. The Company also adhered to suspension orders on construction and generally maintained its phased approach to new theatre projects. In an effort to promote the timely and safe reopening of cinemas, the Company continued to collaborate with local industry participants in its government advocacy efforts.

Financial Performance

Although CinemaONE only enjoyed major movie releases in Fiscal 2021 from one of the five major Hollywood studios, Warner Brothers, the Company was encouraged by the performance for *Godzilla vs. King Kong*. At a mid year period when Covid-19 vaccine availability was still scant, *Godzilla vs. King Kong* heralded the resilience of movie theatre audience demand.

However, government's mandate on April 29th for a third lockdown in response to a local surge in Covid-19 infections triggered another unfortunate cinema shutdown which extended beyond the end of the financial year, and engendered the following Covid-19 impacted financial performance for the year ended September 30, 2021:

Revenue decreased by -65% to TT $2.1M (2020 TT$6.3M) Gross Profit declined by -75% to TT $1.0M (2020 TT $3.8M) and the Company experienced a fiscal year Operating Loss of TT -$6.5M (2020 TT -$4.5M), despite expense savings of .5M, and a Net Loss of TT -$7.0M (2020 TT -$4.9M).

By reducing cash outlays, the Company maintained a fiscal year end cash balance of TT $2.1M (2020 $3.1M) and positive working capital of TT $1.1M (2020 TT$ 4.9M) The Company's gearing ratio was similarly maintained through an increase to 67% (2020 60%), inclusive of IFRS 16 lease liabilities.

Future Outlook

While the impact of the Covid-19 pandemic remains complex and is continuously evolving, CinemaONE is happy to report that the Company re-opened immediately upon the government's initiation of the new Safe Zone regulations on October 11, 2021. In short the Trinidad and Tobago Safe Zone regulations allow cinemas to reopen to fully vaccinated patrons only and at 50% capacity. Following the government's November 2021 termination of the state of emergency's 10PM curfew and relaxation of the ban on the consumption of alcoholic beverages on premises, CinemaONE remains optimistic. Most importantly, CinemaONE reopened with content from all major movie studios including Disney, Sony, Universal,

Paramount and Warner Brothers, each of whom has committed to theatrical exclusivity periods, albeit reduced from an average of 90 days to an average of 45 days.

In this context of more normalized operating conditions, CinemaONE has been uplifted by the initial results of movies such as *No Time To Die* and *Venom* while the December opening week performance of *Spider-man No Way Home* has already exceeded that of 2017's Spider-man Homecoming as well as 2019's Spider-man Far From Home. By outpacing pre-Covid-19 box office releases despite continuing Covid-19 constraints, 2021's *Spider-man No Way Home* is demonstrating the perpetual appeal of the big screen movie experience.

Conclusion

I firstly thank our Shareholders and Employees for their patience and belief in the long-term viability of the entertainment industry. I also extend my gratitude to the Directors of CinemaONE who retired from the Board in Fiscal 2021, Michael Quamina and Adrian Bharath, for their steadfast stewardship amidst an existential global crises. Similarly, I'd like to welcome CinemaONE's newly elected Directors, Keston McQuilkin, Attorney-at Law, Nadine Darmanie, Chartered Accountant and Kurt Valley, Senior Finance Executive all of whom bring new-found insights and perspectives to CinemaONE as the Company embarks on its mission to safely re-invigorate the shared experience of movie going.

Brian Jahra, Chairman
CinemaONE Limited
December 24, 2021

CinemaONE is happy to report that the Company re-opened immediately upon the government's initiation of the new Safe Zone regulations on October 11, 2021

IMAX

Mrs Ingrid Jahra, CEO

CHIEF EXECUTIVE OFFICER'S STATEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In Fiscal 2021, the Covid-19 global pandemic continued its unprecedented impact on the world and on the international cinema exhibition industry. Cinemas are spaces where patrons gather in proximity and therefore the cinema sector, like other segments of the entertainment industry, has been significantly impacted by the Covid-19 pandemic.

Since March 17, 2020 CinemaONE has been subject to three mandatory government lockdowns. In Q1 of Fiscal 2021 the Company reopened in mid November 2020 following the second lockdown and there was great anticipation for audiences to return to cinemas for *Godzilla vs. King Kong* in December 2020. Following progressively increasing audiences up to Godzilla versus King Kong in March 2021, the sector faced a third lockdown in April 2021 which lasted almost six months.

Against this context, CinemaONE's performance highlights for the Fiscal 2021 period were as follows for the opening period which ended in April 2021:

- Solid performances of re-opening in Q1 audience attendances for *Wonder Woman 1984* in December 2020/ January 2021 (3,011) and *Godzilla vs. Kong* in March / April (5,500) which showed great promise for the upcoming months
- Per capita total spend (ticket spend + food and beverage spend) maintained/ on par with historical average despite the mid April constraint on consumption on premises (TTD123 vs. TTD124 per patron)
- Gemstone VIP Cinemas continue to experience success with private bookings
- Positive EBITDA achieved in the first few months of reopening (prior to the 3rd lockdown)
- Cash Balance in excess of $2M and positive working capital

Key challenges for Fiscal 2021, which continued from the prior year, were as follows:

- Extended cinema sector closure periods for consecutive months: the 2nd lockdown from August 17, 2020 lasted until November 9, 2020; the 3rd lockdown commenced from 29th April, 2021 and lasted until 11th October, 2021
- 80% of global cinemas were open as of June 15, 2021 thereby studios released major movie titles during the 3rd national lockdown period
- No GORTT economic relief afforded to SMEs and the Hospitality/ Entertainment Sector in general during the Fiscal Year period.

Financial Performance

Pre COVID-19 Financial Highlights

	2019 Audited (Restated)	5 YR CAGR
Revenue	19,014,163	9.1%
Gross Profit	10,804,122	5.7%
EBITDA	5,162,366	2.6%
Net Profit	871,047	21.8%
Total Assets	59,604,540	26.2%
Total Equity	35,445,281	72.2%

* CAGR: Cumulative Average Growth Rate

Additional Key Performance Highlights over the Company's historical five (5) year period are as follows:

- Attendance of over 120,000 patrons annually peaking at 134,000 in 2019
- Screen expansion – increased from one IMAX screen to six total screens including new movie experiences such as Gemstone Luxury Cinemas with seat side service in Fiscal 2017 and 4DX technology in Fiscal 2019
- IPO – Raised TT$14M in ordinary share capital to emerge as the first SME to be listed on the Trinidad and Tobago Stock Exchange in Fiscal 2019
- Initiated second site expansion at Gulf City Mall, San Fernando
- Significantly increased food and beverage revenues over the historical five year period, delivering a CAGR of 27.4%

Fiscal 2021 Financial Performance

For Fiscal 2021, CinemaONE confronted another year of the sustained impact of the Covid-19 Pandemic. The Company's theatre facilities were fully operational with all of its theatre formats, IMAX, Gemstone and 4DX, for only a limited period of approximately 4.5 months during the Fiscal Year. Moreover, given the staggered global roll-outs of Covid-19 immunization programs, most movie studios delayed releases of major motion pictures until the spring and summer of 2021. As such, CinemaONE could only exhibit the major theatrical releases from one of the six large entertainment studios, Warner Brothers, during the truncated opening periods of Fiscal 2021.

With a diligent focus on cash and liquidity management. . . Cash generated from operating activities increased by 71% to TT $2.5M (2020: TT $1.4M).

In addition, the Government of Trinidad and Tobago maintained its restrictions in the interest of public health and safety throughout the entire limited opening period during Fiscal 2021. These restrictions included:

- a capacity limitation of 50%
- closure at 10PM, which was further compounded by a State of Emergency and the associated curfew
- no alcohol consumption on premises
- a complete ban on food and beverage consumption on premises during the month of April.

In this context of significant operating restrictions, the Covid-19 Pandemic materially distorted the Company's financial performance for Fiscal 2021.

Revenue

CinemaONE reported Gross Revenue of TT$2.1M, which represents a (65%) decrease over the previous year's audited results of TT$6.3M. The significant decrease in Gross Revenue was again attributed to the extended cinema closure period combined with the absence of movie releases from all studios except Warner Brothers during the Company's opening period of Nov-April 2021. Unfortunately major releases from all of the other studios: Disney, Universal, Paramount, Sony, and Fox commenced after the Government's imposition of a its third lockdown in late April in the interest of public health and safety and Trinidad's cinema sector was unfortunately disallowed from opening for the balance of the fiscal year.

Gross Profit

The Company's Gross Profit of TT $1.0M was below prior year performance of TT $3.8M by -75%. The Company also absorbed some one-time cost of sales expenditures during the period which reduced its gross profit margins on a one-time basis.

Direct Expenses

Direct expenses were reduced by -7.3% to TT $6.7M (2020: $7.2M). At the onset of each government mandated Covid-19 closure period, CinemaONE immediately implemented stringent cost containment measures. In particular, the Company drastically reduced its HR component by implementing temporary lay-offs. Senior and

middle management compensation was reduced by 70% during closure periods and all non-essential operating expenditures were eliminated.

Operations were similarly scaled downwards for the phased reopening periods permitted by the government. Through a collaborative approach with the Company's landlords, CinemaONE also achieved significant Covid-19 induced lease payment waivers and concessions. The 7.3% reduction in Direct Expenses was achieved despite a $.4M impairment charge resulting from the Fiscal 2021 termination of sponsorship and advertising agreements.

The Company's Working Capital was maintained with a positive balance of TT $1M

Operating Profit

For Fiscal 2021 the Company recorded an Operating Loss of TT -$6.5M (2020:TT -$4.5M), a further decline of -45% in Fiscal 2021 given the worsening of the Covid-19 impact on operations due to the protracted closure period.

Net Profit

CinemaONE similarly recorded a Net Loss of TT -$7.0M, a decline over prior year 2020 which reported a Net Loss of TT -$4.9M.

Cash Flows and Liquidity

With a diligent focus on cash and liquidity management so as to enable the Company to both sustain prolonged Covid-19 closure periods and to be poised to immediately re-open upon the cessation of the government closure mandate, Cash generated from operating activities increased by 71% to TT $2.5M (2020: TT $1.4M). Net cash used in investing activities was also rationalised to TT $3.1M (2020: TT $16.3M) The investing activities comprise capital expenditures on movie theatre expansion for the new CinemaONE Cineplex at Gulf City Mall which decelerated during periods when the closure orders and state of emergency restrictions were extended to the construction sector.

The Company's Working Capital was maintained with a positive balance of TT $1M. Although down from 2020's balance of TT $4.9M, Working Capital was still ahead of the pre-Covid 2019 negative balance of (TT $1M).

Overall Cash held at the end of the year was TT $2.1M (2020: TT $3.1M). The Company's cash balance at the end of Fiscal 2021 positioned the Company to rapidly re-open to patrons on the first day permitted by government under its new Safe Zone implementation in mid October 2021.

Loan Facilities

Through a collaborative, long term approach with its lender, Guardian Group Trust Limited (GGTL), CinemaONE succeeded in securing both loan payment deferrals and loan covenant waivers. Lender concessions strengthened the Company's capacity to endure what became a further and more protracted extension of the Covid-19 global public health crisis. The Company's leverage increased to a manageable Total Debt / Total Capital Ratio of 63.7% (2020: 57.3%).

Following consistent advocacy efforts, the Trinidad and Tobago Cinema Sector reopened 11th October 2021 as a government mandated Safe Zone. The Safe Zone protocols require:

- fifty percent (50%) occupancy
- fully vaccinated patrons and employees only

As of November 2021 Safe Zones were allowed to sell alcohol to dine in patrons and the 10pm curfew was lifted with the termination of the State of Emergency.

CinemaONE immediately re-opened when permitted and most fortunately showcased movie content from all major studios with notable re-opening performances from MGM's *No Time to Die*, Sony / Columbia's *Venom* and Disney's *Shang-Chi*.

Cinema Industry Outlook

Management continues to be cautiously optimistic against a global reopening of the cinema industry, with over 90 percent of cinemas worldwide now opened for business. Additionally, based on the strong movie content being released, Management forecasts a redounding of the cinema industry in Fiscal 2022. Movie titles released in Q3 2021 delivered strong box office performances globally, notably Disney's Black Widow -US$379,631,351, the Fast and Furious series F9: The Fast Saga - USD$726,229,501, and Free Guy - USD$331,503,757.

Other positive industry signals include movie studios relinquishing pandemic programming models of same day release dates on both streaming platforms and in cinemas. For example, as of August 2021 Warner Brothers was the first major studio to reintroduce a 45 day theatrical exclusivity window for all of its 2022 movie releases. This was further reinforced with Sony's *Spider-man- No Way Home's* epic theatrical performance in December 2021 with over USD$1B in global box office receipts as of January 2022. For CinemaONE, as of the date of this report more than 10,000 patrons viewed *Spider-man-No Way Home* at CinemaONE across all of the Company's movie formats, effectively ranking *Spider-man-No Way Home* No. 14 on the Company's all time top performers, marginally ahead of 2019's *Captain Marvel*.

For CinemaONE, as of the date of this report more than 10,000 patrons viewed *Spiderman-No Way Home* at CinemaONE. . . ranking *Spiderman-No Way Home* No. 14 on the Company's all time top performers. . .

With more than 1.7B persons in the world having received a Covid-19 vaccine, and almost 50 percent (48.5%) of the national population fully vaccinated, CinemaONE remains confident that the progression of Covid-19 to the status of an endemic disease will have a positive impact and gradually propel the entertainment industry towards a sustainable recovery.

Movie Slate 2022 and Beyond

THE BATMAN March 4 Warner Bros.	DOCTOR STRANGE IN THE MULTIVERSE OF MADNESS May 6 Disney	THOR LOVE AND THUNDER July 8 Disney
AVATAR December 16 Disney	MORBIUS January 28 Sony	JURASSIC WORLD June 10 Universal
ILLUMINATION PRESENTS MINIONS THE RISE OF GRU July 1 Universal	BLACK PANTHER WAKANDA FOREVER November 11 Disney	Disney PIXAR TURNING RED March 11 Disney
Disney PIXAR LIGHTYEAR June 17 Disney	BLACK ADAM July 29 Warner Bros.	AQUAMAN December 16 Warner Bros.
DOWNTON ABBEY 2 March 18 Focus	TOM CRUISE TOP GUN MAVERICK May 27 Paramount	M:I-7 September 30 Paramount
SCREAM January 14 Paramount	SONIC 2 April 8 Paramount	NOPE July 22 Universal
CREED III November 25 United Artist		

THE BOARD

Mr Brian Jahra, BA, MSc
Executive Chairman and Chief Financial Officer

Mr. Jahra is a co-founder of CinemaONE and has served as its Chairman since inception. He has been directly responsible for negotiating IMAX and 4DX Licensing Agreements, structuring and raising debt and equity capital totalling over TT $50 million for the launch of IMAX Trinidad, Gemstone and 4DX.

From April 2006 to July 2017 he was the co-founder and CEO of Massy Communications, formerly Three Sixty Communications Limited and recently re-branded to Amplia Communications Limited, where he led teams responsible for constructing and successfully monetizing a Trinidad and Tobago nationwide fibre optic network with subsea cable links to Miami, Florida and delivered successive years of profitable growth.

In 2017 Mr. Jahra played a key role in the successful sale of Massy Communications to Telecommunications Services of Trinidad and Tobago Limited for TT $215,000,000. Prior to Massy Communications, Mr. Jahra was the founder of eFREENET Limited, a multimedia software development company and Internet Service Provider which developed many of Trinidad and Tobago's first corporate websites and collaborated with ABC-TV in New York for multimedia software development.

Mr. Jahra was a finalist in Ernst and Young's 1998 Entrepreneur of the Year Award for his innovation.

Mr. Jahra has a longstanding background in entertainment and media. He was a former financial analyst at Credit Suisse First Boston and Keystone Financial Advisory in Los Angeles specializing in the entertainment industry where he conducted a range of transactions including, motion picture finance, cinema exhibition start-up, cable-tv valuations and international film licensing. He holds a BA in International Economics with Honors from the University of California at Los Angeles (UCLA), a MSc in Economics from the University of the West Indies, St. Augustine, and has conducted MBA studies in finance and marketing at the Wharton School of Business in Philadelphia PA. He is fluent in Spanish and Portuguese.

the board

Mrs Ingrid Jahra, BA, MBA
Chief Executive Officer and Director

Mrs. Jahra is a co-founder of CinemaONE and has been CinemaONE's Chief Executive Officer and Director since inception.

She has been directly responsible for IMAX and Gemstone theatre construction, the building of an IMAX theatre operations team, negotiation of theatre programming agreements with all major Hollywood studios and the execution of various multiyear sponsorship agreements with large regional corporations.

She has held senior positions in the ANSA-McCal Group of Companies in the areas of public relations and new media development from 1994 to 1996 and from 2005-2007, respectively.

During the interim she was a Director of eFREENET Limited responsible for sales and marketing and played a pivotal role in the establishment of Three Sixty Communications as a joint venture with Massy Holdings in 2006.

Mrs. Jahra is currently the Chairperson of The Board of Film Censors of Trinidad and Tobago. Mrs. Jahra holds a BSc degree in Tourism Management from the University of the West Indies, Bahamas and an Executive MBA with Distinction from the Arthur Lok Jack Graduate School of Business.

THE BOARD (CONTINUED)

Mr Christian Hadeed, BA
Director

Mr. Christian Hadeed is a Trinidadian businessman who joined CinemaONE's Board in 2014. Mr. Hadeed emerges from an insurance background having worked with Beacon Insurance Company Limited since 2005. He held several positions within the company ranging from Claims Executive, to Licensed Loss Adjuster before joining the Beacon Insurance Board of Directors in 2010 where he served as its Chairman from 2013-2015. Mr. Hadeed has been an active member of Beacon's Executive Management Team, as well as the Claims, Re-insurance, and Investment committees.

He has recently Co-founded the newly refurbished St. Christopher's Service Station and Quick Shoppe Plus located on Wrightson Road in Port of Spain, and holds an influential seat on its Board of Directors. Additionally, Mr. Hadeed is at the forefront of emerging and influential small enterprises serving as a Director of One Yoga Trinidad & Tobago as well as Float Trinidad. He holds a Bachelor's Degree in Business Administration (International Business Major) from Chapman University, California, and brings extensive retail and operational experience to CinemaONE.

Nadine Darmanie, FCCA:
Non-Executive Independent Director

Nadine Darmanie is currently the Chief Financial Officer of the Desalination Company of Trinidad and Tobago Limited (Desalcott) where she has worked since 2004. Over this period Nadine has achieved several milestones most notably, working on the negotiating and financing team for the buy-out of General Electric (GE) shareholding in 2012, making the Company 100% locally owned. Shortly thereafter, she worked on financing the expansion of the plant capacity at Desalcott by nearly two thirds, thereby making it one of the largest desalination plants in the western hemisphere.

Prior to Desalcott, Nadine was with Point Lisas Industrial Port Development Corporation (PLIPDECO) from 1998 to 2003. There she held the positions of Management Accountant then that of Finance Manager. During that time she participated in transforming the Company's port operations through financing the purchase of new port equipment, and the expansion of the berthing facilities.

She started her career in 1985 in the field of auditing, where she spent several years before moving into industry. She also work with the Small Business Development Company Limited (SBDC) in charge of the Accounting Function for six years.

Nadine is a Fellow of the Association of Chartered Certified Accountants (FCCA) and member of the Institute of Chartered Accountants of Trinidad and Tobago.

the board (continued)

Keston McQuilkin, BA, LLB: Non-Executive Independent Director

Keston McQuilkin was called to the Bar, Trinidad & Tobago in 2008. He joined Bethany Chambers upon completing his legal studies and being admitted to the Bar. In the last decade he has proven himself to be a dynamic, thoughtful and well-prepared civil advocate. He has built up a comprehensive practice in matters concerning insurance, construction and general commercial litigation, together with property, estates, employment/industrial relations, occupational health and safety as well as judicial review and other public law matters. In addition to his court matters, he has appeared as junior counsel in several arbitrations and mediations; he has also appeared before the Equal Opportunities Commission and the Industrial Court. He is also the Vice Chairman of HDC.

Notable cases:

- Wayne Wills v Unilever Caribbean Ltd [CA No 56 of 2009]; damages, personal injuries, appeal against assessment; fresh evidence on appeal; loss of future earnings.
- Commission of Inquiry into the construction sector of Trinidad & Tobago chaired by Professor John Uff [2008-2010], acted on behalf of Education Facilities Company of Trinidad & Tobago.

Kurt Valley, MBA, BA: Non-Executive Director

Kurt Valley has over 20 years of experience in diverse financial services institutions. He has substantial experience in a range of banking and corporate finance functions including investment banking, securities trading, investment management, market risk analysis, and treasury management. He is currently the Vice President of Operations and Strategy at Aspire Fund Management Company Limited.

Prior to Aspire, he held the position of General Manager of First Citizens Asset Management for the period January 2010 - December 2019. During this time, he oversaw the growth in assets under management by 54% from $9.68 billion to over $14.9 billion in September 2019; among other noteworthy accomplishments.

Kurt has also served as the Chairman of the Trinidad and Tobago Mutual Fund Association and was a director on the First Citizens Costa Rica Board.

DIRECTORS' REPORT

The Directors submit their Report and Audited Financial Statements for the year ended September 30, 2021 as follows:

Financial Results

	2021	2020
Profit Before Tax	(8,066,231)	(5,222,298)
Taxation	1,068,748	299,437
Profits for the Year	(6,997,483)	**(4,922,861)**
Profits Attributable to:		
-- Non-Controlling Interest	(2,021,311)	(1,427,630)
-- Owners of the Parent	**(4,976,172)**	**(3,495,231)**
Earnings Per Share	$(1.09)	($.77)

AUDITORS

The Auditors, PricewaterhouseCoopers, retire and being eligible offer themselves for re-appointment.

By Order of the Board

Ingrid E Jahra

Ingrid Jahra, Company Secretary

DIRECTORS' AND SENIOR OFFICERS' INTERESTS AND MAJOR SHAREHOLDERS

Directors

The interests of the Directors holding office as at September 30, 2021 in the Ordinary Shares of the Company were as follows:

	Direct Interest	Connected Persons
Brian Jahra	13,512	4,676,112*
Ingrid Jahra	8,575	4,676,112*
Christian Hadeed	Nil	4,655,756**
Nadine Darmanie***	Nil	Nil
Keston McQuilkin***	Nil	Nil
Kurt Valley***	Nil	Nil

*As at September 30, 2021, Brian Jahra and Ingrid Jahra jointly control Jahra Ventures Limited which owns 60% of Giant Screen Entertainment Holdings Limited. Both Jahra Ventures Limited and Giant Screen Entertainment Holdings Limited owned 120,356 and 4,555,756 shares respectively in CinemaONE Limited as at September 30, 2021.

**As at September 30, 2021, Christian Hadeed owns 33.4% of CGH Limited, while his father Gerald Hadeed owns 66.6%. CGH Limited owns the majority stake in The Beacon Insurance Company Limited and similarly owns 40% of Giant Screen Entertainment Holdings Limited. Both The Beacon Insurance Company Limited and Giant Screen Entertainment Holdings Limited owned 100,000 and 4,555,756 shares respectively in CinemaONE Limited as at September 30, 2021.

***Newly Elected Board Members

Senior Officers

The interests of the Senior Officers holding office at the end of September 30, 2021 in the Ordinary Shares of the Company were as follows:

	Direct Interest	Connected Persons
Brian Jahra*	13,512	4,676,112*
Ingrid Jahra*	8,575	4,676,112*
Khadin Moreno	4,506	Nil
Navean Sahadeo	2,808	Nil
Kristina Celestine	2,266	Nil

*As at September 30, 2021, Brian Jahra and Ingrid Jahra jointly control Jahra Ventures Limited which owns 60% of Giant Screen Entertainment Holdings Limited. Both Jahra Ventures Limited and Giant Screen Entertainment Holdings Limited owned 120,356 and 4,555,756 shares respectively in CinemaONE Limited as at September 30, 2021.

Substantial Interests / 10 Largest Shareholders

As at September 30, 2021 the Substantial Interests in CinemaONE Limited were as follows:

	Direct Interest	Ownership Percentage
Giant Screen Entertainment Holdings Limited	4,555,756	71.1%
KCL Capital Market Brokers Limited	607,880	9.5%
The Unit Trust Corporation	300,000	4.7%
Jahra Ventures Limited	120,356	1.9%
The Beacon Insurance Company Limited	100,000	1.6%
First Citizens Investment Services Limited	100,000	1.6%
Murphy Clark Financial Limited	56,209	.9%
David Chin Wah Koi	39,500	.6%
Dr. Clarence and Barbara Shields	23,712	.4%
Kelvin Mahabir	20,000	.3%

Ingrid E Jahra

Ingrid Jahra
Corporate Secretary
CinemaONE Limited
December 28, 2021

DIRECTORS' REPORT

The Board held nine meetings for the fiscal year ended Sept 30, 2021 to discharge its responsibilities.

Board Meetings

The follow table indicates the number of Board Meetings held and attendance of Directors during the year:

	Positions	Present	Excused	Absent
Brian Jahra	Chairman and CFO	8	0	0
Ingrid Jahra	Director and CEO	8	0	0
Christian Hadeed	Director	8	0	0
Michael Quamina	Independent Director*	6	2	0
Adrian Bharath	Independent Director*	7	1	0
Keston McQuilkin	Independent Director*	1		
Nadine Darmanie	Independent Director*	1		
Kurt Valley	Director*	1		

*At CinemaONE's Annual General Meeting held on July 20, 2021, Michael Quamina and Adrian Bharath retired from the Board of Directors and Keston McQuilkin and Nadine Darmanie were elected as new Independent Directors and Kurt Valley was elected as a new Director.

Audit Committee

The Audit Committee convened on three occasions during the Fiscal Year and provided guidance and oversight of the PricewaterhouseCoopers' Audit engagement. On August 24, 2021, Nadine Darmanie was elected Chairwoman of CinemaONE's Audit Committee.

CINEMAONE
GEMSTONE
CINEMA MADE SPECIAL

ANNUAL REPORT 2021

CINEMAONE

IMAX GEMSTONE 4DX

FINANCIAL STATEMENTS

30 September 2021

(Expressed in Trinidad & Tobago Dollars)

ANNUAL REPORT 2021

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of CinemaONE Limited (the Company) which comprise the statement of financial position as at 30 September 2021 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and significant accounting policies and other explanatory information;
- Ensuring that the Company keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Company's assets, detection/prevention of fraud, and the achievement of Company operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Company will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.

_____ Chairman
17 December 2021

_____ Director
17 December 2021

pwc

Independent auditor's report

To the Shareholders of CinemaONE Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CinemaONE Limited (the Company) as at 30 September 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 30 September 2021;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Our audit approach

Overview

Overall materiality: $403,312, which represents 5% of loss before tax.*

- In addition to determining materiality, we also assessed, amongst other factors, the following in designing our audit:
  - the risk of material misstatement in the financial statements
  - significant accounting estimates
  - the risk of management override of internal controls

Basis of preparation – impact of COVID-19

* All dollar values stated in this opinion are in Trinidad and Tobago dollars.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	$403,312
How we determined it	5% of loss before tax
Rationale for the materiality benchmark applied	*We chose loss before tax as the benchmark because, in our view, it is the most appropriate benchmark against which the performance of the Company will be measured by users given the impact of COVID-19 and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds.*

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $20,166, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Basis of preparation – impact of COVID-19 *Refer to notes 11 and 24 to the financial statements for disclosures of related accounting policies and balances.* The Company prepares its financial statements using International Financial Reporting Standards. The financial statements are prepared on a going concern basis. We focused on the appropriateness of using the going concern basis of accounting given the continued adverse impact of the COVID-19 virus on the industry and the negative affect on the Company's operating results and cash flows. The Company was again impacted by COVID-19 for a significant portion of the year under audit and continuing through to the date of approval of these financial statements. This included government mandated closure of the Cinema from 17 August 2020 to 8 November 2020 and again from 29 April 2021 to 11 October 2021. The Company is subject to several debt covenants pertaining to non-current borrowings. As such, management's going concern assessment included an evaluation of the impact of the pandemic on their projected cash flows for the period to 30 September 2022 to assess whether the Company will be able to continue to meet its liabilities as they fall due and its debt covenant requirements. The cash flow projections are dependent on significant management judgement, particularly in respect of forecasted revenue levels and growth rates, and can be influenced by management bias as well as factors outside the Company's control, such as government-imposed restrictions.	Our approach to addressing the matter involved the following procedures, amongst others: • Obtained management's going concern cash flow projections and assessment of its compliance with existing loan agreements. • Compared the key assumptions to externally derived data where available including market expectations of the outlook for the global box office. • Assessed management's historic ability to accurately budget and meet budget expectations by comparing past results with historical budgeted projections. • Reperformed management's sensitivity analysis to assess the impact of changes in management's revenue growth rates on the future cash flow projections. • Tested the mathematical accuracy, including verifying spreadsheet formulae, of the cash flow model. • Obtained written confirmation from the relevant financial institution that the Company has received a waiver of its existing covenants as at the reporting date and to 30 September 2022. • Considered subsequent events and any associated impact on the Company's cash flows and forecast. • Evaluated whether disclosures appropriately reflected the financial impact of COVID-19 on the Company. Based on the procedures performed, we determined that management's use of the going concern basis of accounting was not unreasonable.

Other information

Management is responsible for the other information. The other information comprises CinemaONE Limited's Annual Report (but does not include the financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read CinemaONE Limited's Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kerry-Ann Chevalier.

PricewaterhouseCoopers

Port of Spain
Trinidad, West Indies
17 December 2021

Statement of Financial Position

(Expressed in Trinidad and Tobago dollars)

	Notes	As at 30 September 2021 $	2020 $
Assets			
Non-current assets			
Plant and equipment	4	63,620,671	64,372,637
Right of use assets	14	6,000,336	6,417,819
Due from parent company	7	2,900,897	3,115,792
Deferred tax asset	10	3,160,141	1,282,858
		75,682,045	75,189,106
Current assets			
Inventories	5	98,412	108,712
Prepayments and other receivables	6	2,973,589	3,673,752
Taxation recoverable		1,869	--
Cash and cash equivalents	8	2,085,776	3,104,068
		5,159,646	6,886,532
Total assets		80,841,691	82,075,638
Shareholders' equity and Liabilities			
Shareholders' equity			
Share capital	9	32,579,503	32,579,503
Accumulated losses		(10,056,767)	(3,059,284)
		22,522,736	29,520,219
Non-current liabilities			
Deferred tax liability	10	2,310,757	1,523,223
Borrowings	11	38,752,511	38,725,134
Shareholder loans	12	670,942	699,390
Accruals and other payables	13	5,493,503	2,816,734
Lease liabilities	14	7,010,936	6,827,400
		54,238,649	50,591,881
Current liabilities			
Shareholder loans	12	143,270	143,270
Accruals and other payables	13	3,552,634	1,461,345
Lease liabilities	14	375,282	347,492
Deferred revenue	15	9,120	9,120
Taxation payable		--	2,311
		4,080,306	1,963,538
Total liabilities		58,318,955	52,555,419
Total shareholders' equity and liabilities		80,841,691	82,075,638

The notes on pages 11 to 41 are an integral part of these financial statements.

These financial statements were authorised for issue by the Board of Directors on 17 December 2021.

_____ Director _____ Director

Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2021 $	2020 $
Revenue	16	2,072,424	6,003,954
Cost of sales	17	(1,111,636)	(2,221,278)
Gross profit		960,788	3,782,676
Expenses			
Administrative expenses	17	(6,655,130)	(7,182,447)
Marketing expenses		(774,041)	(1,066,059)
Total expenses		(7,429,171)	(8,248,506)
Operating loss		(6,468,383)	(4,465,830)
Finance costs		(1,859,131)	(1,271,237)
Other income	18	261,283	514,769
Net finance costs		(1,597,848)	(756,468)
Loss before taxation		(8,066,231)	(5,222,298)
Taxation credit	10	1,068,748	299,437
Loss for the year		(6,997,483)	(4,922,861)
Other comprehensive income		--	--
Total comprehensive loss for the year attributable to equity holders of the Company		(6,997,483)	(4,922,861)
Loss per share for loss attributable to the equity holders of the Company	19	$(1.09)	$(0.77)

The notes on pages 11 to 41 are an integral part of these financial statements.

Statement of Changes in Equity

(Expressed in Trinidad and Tobago dollars)

	Notes	Share capital $	(Accumulated losses)/ retained earnings $	Shareholders' equity $
Year ended 30 September 2021				
Balance at 1 October 2020		32,579,503	(3,059,284)	29,520,219
Total comprehensive loss for the year		--	(6,997,483)	(6,997,483)
Balance at 30 September 2021		32,579,503	(10,056,767)	22,522,736
Year ended 30 September 2020				
Balance at 1 October 2019		32,579,503	2,865,778	35,445,281
IFRS 16 – initial application adjustments	14(ii)	--	(1,113,557)	(1,113,557)
IFRS 16 – deferred tax initial application adjustment	10	--	111,356	111,356
Balance at 1 October 2019		32,579,503	1,863,577	34,443,080
Total comprehensive loss for the year		--	(4,922,861)	(4,922,861)
Balance at 30 September 2020		32,579,503	(3,059,284)	29,520,219

The notes on pages 11 to 41 are an integral part of these financial statements.

Statement of Cash Flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2021 $	2020 $
Cash flows from operating activities			
Loss before taxation		(8,066,231)	(5,222,298)
Adjustments for:			
Depreciation	4,14	4,263,678	4,295,303
Interest expense		1,859,131	1,271,237
		(1,943,422)	344,242
Changes in:			
Decrease in inventories		10,300	70,767
Increase in prepayments and other receivables		(590,845)	(113,337)
Decrease/(increase) in due from parent company		214,895	(572,751)
Increase in accruals and other payables		4,768,058	1,868,985
Decrease in deferred revenue		--	(159,492)
Cash generated from operating activities		2,458,986	1,438,414
Taxation paid		(21,658)	(135,926)
Net cash generated from operating activities		2,437,328	1,302,488
Cash flows from investing activities			
Purchase of plant and equipment		(3,094,229)	(16,261,554)
Cash flows from financing activities			
Repayment of loans and borrowings		(62,448)	(19,383,258)
Proceeds from loans and borrowings		61,377	38,725,134
Leases		(226,089)	(962,725)
Interest paid		(134,231)	(1,045,739)
Net cash (used in)/generated from financing activities		(361,391)	17,333,412
(Decrease)/increase in cash and cash equivalents for the year		(1,018,292)	2,374,346
Cash and cash equivalents at beginning of year		3,104,068	729,722
Cash and cash equivalents at end of year	8	2,085,776	3,104,068

The notes on pages 11 to 41 are an integral part of these financial statements.

Notes to the Financial Statements
30 September 2021
(Expressed in Trinidad and Tobago dollars)

1 General information

CinemaONE Limited ("CinemaONE" or "the Company"), formerly Giant Screen Entertainment Limited, was incorporated in the Republic of Trinidad and Tobago on 11 December 2009. The registered office of the Company is situated at One Woodbrook Place, 189 Tragarete Road, Port of Spain. CinemaONE is a subsidiary of Giant Screen Entertainment Holdings Limited ("GSEHL"), the Parent Company. GSEHL is registered in Trinidad and Tobago.

CinemaONE offers differentiated and innovative digital cinema entertainment in multiple, premium movie formats. In August 2011, CinemaONE launched the first large format IMAX movie theatre in the Caribbean featuring IMAX's patented, immersive 3D technology on the region's largest, giant screen. CinemaONE is the exclusive Trinidad licensee of the patented IMAX Technology of the IMAX Corporation that affords advanced high-resolution imagery, dual projection systems, patented theatre geometry, laser aligned surround sound and the world's largest movie screens.

In 2016, CinemaONE continued its innovation in movie entertainment with the launch of its luxury, designer theatre format branded Gemstone. CinemaONE's Gemstone theatre offers in-theatre dining inclusive of cocktail, wine and beer service combined with convenient push button seat side service. CinemaONE's Gemstone facilities are equipped with digital projector systems, surround sound and fully reclining seats.

In September 2018, CinemaONE constructed the first 4D theatre in Port of Spain. The 4DX theatre introduces environmental effects such as fog, lightning, motion, rain and scents to the movie going experience. The introduction of the 4DX theatre auditorium effectively marked the Company's emergence as a 6-screen multiplex at its flagship location at One Woodbrook Place, Port of Spain.

In the first quarter of fiscal 2019, CinemaONE consummated its Initial Public Offering (IPO) to emerge on 21 November 2018 as the first Company listed on the Small and Medium Enterprise Exchange of the Trinidad and Tobago Stock Market. CinemaONE's ordinary shares have since that date been publicly traded on the Trinidad and Tobago Stock Market under the symbol "CINE1".

In the first quarter of fiscal 2020, CinemaONE secured a 15 Year $40M loan facility with Guardian Group Trust Limited (GGTL) (Note 11). This debt financing strengthened the Company's capacity to endure what has become an unprecedented and extended COVID-19 global public health crisis commencing in March 2020 (Note 24) and adversely distorting CinemaONE's financial performance in fiscal 2020 and fiscal 2021, given the government's mandated closure of the Company's theatre operations for protracted periods in the interest of public safety. Despite the continued impact of COVID-19 in fiscal 2021, GGTL's continued collaborative and long-term approach to key covenant waivers and loan deferments has aided the Company's liquidity and positioned CinemaONE for a sustained and progressive return to normalcy.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the adoption of new and amended standards as set out in Note 2 (x). The new accounting policies applied from 1 October 2020 are stated in the relevant notes.

(a) *Basis of accounting*

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

See Note 24 Impact of COVID-19 for a detailed explanation on the effects of the global pandemic over the Company.

(b) *Basis of measurement*

These financial statements have been prepared on the historical cost basis.

(c) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Trinidad and Tobago dollars which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Foreign currency differences arising on retranslation are recognised in profit or loss.

(d) *Use of estimates and judgements*

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Information about judgements made in applying policies that have the most significant effect on the amounts recognised in the financial statements is included in the Note 2 (y) Critical Accounting Estimates and Judgments in applying policies.

The Company has applied the accounting policies as set out below to the financial statements. These policies have been consistently applied to all years presented, unless otherwise stated.

Notes to the Financial Statements (continued)
30 September 2021
(Expressed in Trinidad and Tobago dollars)

2 **Significant accounting policies (continued)**

(e) *Plant and equipment*

(i) *Recognition*

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of the equipment.

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing plant and equipment are recognised in profit or loss as incurred.

The Company has no dismantlement costs regarding the operation of its fixed assets.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is calculated for the following items using the reducing balance basis over the estimated useful lives of each item of plant and equipment at the following rates:

Motor vehicle	- 25%
Computers	- 33.3%
Concession equipment	- 25%
Theatre equipment	- 25%
Furniture and fixtures	- 15%

Depreciation is calculated for the following items using the straight-line basis for the remaining life of the lease agreement:

Leasehold improvement	- Life of lease – 20 years (2020: 20 years)
Theatre systems	- Life of the agreement – 15 years (2020: 15 years)

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iii) *Disposals*

The gain or loss on disposal of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the plant and equipment and is recognised net within other income/other expenses in profit or loss.

2 **Significant accounting policies (continued)**

(f) *Inventories*

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business.

(g) *Financial instruments*

(i) *Classification*

The Company classifies its financial assets as those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on the trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(iii) *Measurement*

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The following is the measurement category into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

(h) *Impairment*

The Company assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Financial Statements (continued)
30 September 2021
(Expressed in Trinidad and Tobago dollars)

2 **Significant accounting policies (continued)**

(i) *Trade and other receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in Note 3 (a) (ii).

(j) *Cash and cash equivalents*

For the purposes of the statement of cash flows, cash and cash equivalents are presented net of any bank overdraft. Cash comprise cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

(k) *Impairment of non-financial assets*

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indicator of impairment. If such an indicator exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(l) *Borrowings*

Borrowings are recognised initially at fair value less attributable transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowing using the effective interest rate method.

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale, is capitalised. Other borrowing costs are recognised as an expense.

(m) *Trade and other payables*

Trade and other payables are recognised initially at fair value and are subsequently measured at amortised cost.

2 **Significant accounting policies (continued)**

(n) *Deferred revenue*

Sponsorship income that compensates the Company for expenses incurred is initially recorded as deferred income on the statement of financial position and is recognised as revenue in profit or loss on a systematic basis over the period of the sponsorship in the same periods in which the expenses are incurred.

(o) *Provisions*

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(p) *Leases*

In accordance with the IFRS 16 standard, the Company has separated the lease components from non-lease components for each of the lease contracts. In general, activities that do not transfer a good or service to the lessee are not components in the respective lease contracts.

The variable lease payments for all of the Company's leases are not based on an index or rate. Instead, they are linked to a percentage of the Company's sales, meaning that these payments are derived from the lessee's performance from the underlying asset and therefore not considered to be components of the lease.

The Company's lease agreement for the Gemstone and 4DX theatre spaces at One Woodbrook Place includes common area maintenance (CAM) costs, under which the Company is charged for its proportionate share of CAM within the multi-unit real estate development of One Woodbrook Place. Such CAM costs are inclusive of utilities, security and real estate cleaning, hence the variability does not arise from an index and therefore charges are expensed to profit or loss in the period to which they relate due to both their variability in nature and because they represent a non-lease component that transfers a good or service other than the right of use to the demised premises.

The IFRS 16 standard defines initial direct costs as incremental costs that would not have been incurred if a lease had not been obtained. The Company has included all initial direct costs, such as legal fees and stamp duty fees directly attributable to lease execution, in the initial measurement of the right-of-use asset.

Notes to the Financial Statements (continued)
30 September 2021
(Expressed in Trinidad and Tobago dollars)

2 **Significant accounting policies (continued)**

(p) *Leases (continued)*

The Company has considered the lease term for each of its lease contracts to be:

- the non-cancellable period of the lease, together with
- optional renewable periods if the tenant is reasonably certain to extend; and
- periods after an optional termination date if the tenant is reasonably certain not to terminate early.

In considering the determination of its respective lease terms, the Company has considered all relevant facts and circumstances that create an economic incentive to exercise options to renew.

As a practical expediency given variations in dates such as:

- the date on which respective landlords have made underlying assets fully available for use, albeit to initiate a rent-free, significant tenant outfitting period
- the execution dates of leases (which in the case of One Woodbrook Place, were subsequent to the opening date of the respective theatres)
- the Opening Date from when rent payments would commence,

The Company has determined the commencement date of each lease to uniformly be the opening date of each of its respective cinema sites, which is also when payment obligations commence for the lessees.

In accordance with the IFRS 16 standard, the tenant discounts its future lease payments using the interest rate implicit in the leases if this can be readily determined. Otherwise, the tenant uses its incremental borrowing rate. Due to the lack of information that is required to assess the implicit interest rate in its leases such as the fair value of the underlying assets and any initial direct costs incurred by the landlord, CinemaONE has judged that the Company is unable to determine the interest rate implicit in its leases. Therefore, the Company has used its incremental borrowing rate.

The incremental borrowing rates can be defined as the rate of interest that the Company would have to pay to borrow, over a similar term and with a similar security, the funds necessary to obtain an asset of a similar value to the cost of the right-of-use asset in a similar economic environment.

2 **Significant accounting policies (continued)**

(q) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

(r) *Revenue recognition*

The following specific recognition criteria must also be met before revenue is recognised:

- *Film revenue*

  Revenue is generated from sales of box office tickets purchased at the theatre for the exhibition of movies from film studios. Revenue is recognised on sale of box office tickets.

  The performance obligation is satisfied by showing the movie to customers when they obtain control via the purchase of a ticket.

- *Food and beverage revenue*

  Revenue is also received from the delivery of food and beverages, including alcoholic beverages for consumption on site. Revenue is recognised on sale of concession items.

- *Sponsorship revenue*

  Sponsorship revenue is allocated by business categories including but not exclusive to Title sponsor, Educational Sponsor and Financial sponsor categories. Sponsorship revenue is recognised as the service is rendered over the period of the sponsorship.

  The performance obligation is satisfied by fulfilling the contractual obligations to the sponsor.

- *Gift certificates revenue*

  Gift certificates are purchased to be used as box office tickets and/or food and beverages. Revenue is recognised on the redemption of the gift certificates.

Notes to the Financial Statements (continued)
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2 **Significant accounting policies (continued)**

(s) *Taxation*

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax asset and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(t) *Employee benefits*

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(u) *Dividend policy*

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(v) *Earnings per share*

Basic earnings per share is calculated by dividing: the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(w) *Comparative information*

Where necessary, comparative data has been adjusted to conform with changes in presentation in the current year.

2 **Significant accounting policies (continued)**

(x) (i) *New, revised and amended standards and interpretations adopted*

The following standards and interpretations have been adopted by the Company for the first time for the financial year beginning on or after 1 October 2020.

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Revised Conceptual Framework for Financial Reporting

The Company also elected to adopt the following amendments:

- Annual Improvements to IFRS Standards 2018-2020 Cycle.
- Covid-19-Related Rent Concessions – amendments to IFRS 16

The amendments listed above, did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The significant impact of COVID-19 Related Rent Concessions-amendment to IFRS 16 is described below.

On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees to assess whether a rent concession related to COVID-19 is a lease modification.

Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this has resulted in accounting for the concession as variable lease payments in the periods in which the event or condition that triggers the reduced payment occurred.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the following conditions are met:

a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b. any reduction in lease payments affects only payments due on or before 30 June 2021; and
c. there is no substantive change to other terms and conditions of the lease.

The Company recognised a credit to profit or loss of $345,530 (2020: $452,178) as a result of the application of the practical expedient. See Note 14.

Notes to the Financial Statements (continued)
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2 **Significant accounting policies (continued)**

(x) (ii) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2021 reporting periods and have not been early adopted by the Company. These standards are not expected to have any material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(y) *Critical accounting estimates and judgements in applying policies*

The development of estimates and the exercise of judgement in applying accounting policies may have a material impact on the Company's reported assets, liabilities, revenues and expenses. The items which may have the most effect on these financial statements are set out below:

Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Current and deferred income tax balances are disclosed in the statement of financial position. Details of the expense for the year are shown in Note 10.

Deferred tax asset

The deferred tax assets of $3,160,141 includes an amount of $2,952,258 which relates to carried-forward tax losses of the Company. The Company has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Company. The Company is expected to generate taxable income from 2023 onwards. The losses can be carried forward indefinitely and have no expiry date.

Impairment

The Company tests annually whether any non-financial assets/ cash generating units have suffered impairment. For the purposes of the impairment test, the cash-generating unit was determined to be at the Company level. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates. The significant assumptions and sensitivity analysis are disclosed in Note 24.

3 Financial risk management

a. *Financial risk management objectives*

The Company's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. Risk management is carried out in line with policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as market risk, credit risk, and the investment of excess liquidity.

(i) *Market risk*

This comprises foreign exchange risk, cash flow and fair value interest rate risk and price risk.

(a) *Foreign exchange risk*

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities. The Company currently holds a USD Loan and a USD Monthly Income Fund with Guardian Group Trust Limited. If the currency had weakened/strengthened by 1% against the US dollar with all other variables held constant, the loss for the year would have been $281,539 (2020: $271,823).

(b) *Price risk*

The Company's exposure to securities price risk arising from investments is nil.

(c) *Interest rate risk*

The Company had no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. Interest rate risk arises on interest-bearing financial instruments recognised in the statement of financial position.

The Company's exposure to changes in market interest rates relates primarily to the long-term debt obligation, with the interest rate being TT Dollar prime minus 1.90% with a floor between 7% and 9%. The exposure to interest rate risk on cash held on deposit is not significant. Non-interest bearing borrowings were on 2% of borrowings in 2021 (2020: 2%) and the balance of borrowings were secured at fixed rates.

The exposure of the Company's borrowings to interest rate changes are as follows:

	2021 $	2020 $
Less than one year	143,270	143,270
Between 1 - 5 years	9,182,583	18,419,212
	9,325,853	18,562,482

The Board of Directors is ultimately responsible for the establishment and oversight of the Company's risk management framework. The main financial risks of the Company relate to the availability of funds to meet business needs, the risk of default by counterparties to financial transactions. The Company monitors the financial risks that arise in relation to underlying business needs and operates within clear policies and stringent parameters. The Company's principal financial liabilities comprise bank loans (Note 11). There have been no changes to the way the Company manages this exposure compared to the prior year.

Notes to the Financial Statements (continued)
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(Expressed in Trinidad and Tobago dollars)

3 **Financial risk management (continued)**

a. *Financial risk management objectives (continued)*

(ii) *Credit risk management*

Credit risk arises from deposits into bank as well as credit exposures for receivables related to sponsorship arrangements and special events. The Company has policies in place to ensure that the delivery of sponsorship services and events are made to customers with an appropriate credit history. Credit exposures arise from the delivery of services to customers, including outstanding receivables. Deposits are only made to reputable commercial banks.

The due from parent company balance arises mainly from administrative services provided by the Company.

In assessing credit losses associated with receivables, such as sponsorship arrangements and special events, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The credit quality of customers, their financial position, past experience and other factors are taken into consideration in assessing credit risk and are regularly monitored through the use of credit terms. Management does not expect any losses from non-performance by counterparties.

There have been no changes to the way the Company manages this exposure compared to the prior year.

Maximum exposure to credit risk

The accounting policies for financial instruments have been applied to the line items below:

	2021 $	2020 $
Other receivables (Note 6)	80,729	648,833
Due from parent company (Note 7)	2,900,897	3,115,792
Cash at bank and on hand (Note 8)	2,085,776	3,104,068
	5,067,402	6,868,693

Collateral is not held for any balances exposed to credit risk, with the exception of a guarantee held for the due from parent company balance, which can be found in Note 7.

The simplified approach

The Company applies the IFRS 9 simplified approach to measuring expected credit losses for Trade and other receivables. The simplified approach eliminates the need to calculate 12-month Expected Credit Loss and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Company first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors.

3 **Financial risk management (continued)**

a. *Financial risk management objectives (continued)*

(ii) *Credit risk management (continued)*

Incorporation of forward-looking information

Historical loss rates for trade and other receivables are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company uses indicators such as, concentration risk and macroeconomic fundamentals of the country in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Assets written off

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a receivable for write off when a debtor fails to make contractual payments, even after several attempts at enforcement and/or recovery efforts. Where receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in statement of profit or loss and other comprehensive income.

Summary of ECL calculations

a) *The simplified approach (trade and other receivables)*

A summary of the assumptions underpinning the Company's expected credit loss model under the simplified approach is further analysed below showing:

- Specific provisions using the Company's internal grading system

Trade and other receivables assessed for specific provisions are identified based on certain default triggers (e.g. customers with significant cash flow issues, business model issues and other relevant factors). Once the population for specific provisions is identified, it is segregated from the rest of the portfolio and an ECL is calculated based on an individual rating assignment.

The following is a summary of the ECL on trade and other receivables from specific provisions:

Aging Bucket	**Average ECL rate %**	**Estimated EAD $**	**Expected credit loss $**
3-12 months due	--	80,729	--

Notes to the Financial Statements (continued)
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(Expressed in Trinidad and Tobago dollars)

3 **Financial risk management (continued)**

a. *Financial risk management objectives (continued)*

(iii) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and short-term funds and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

The Company's liquidity risk management process is measured and monitored by senior management. This process includes monitoring current cash flows on a frequent basis, assessing the expected cash inflows as well as ensuring that the Company has adequate committed lines of credit to meet its obligations. There have been no changes to the way the Company manages this exposure compared to the prior year.

Due to the COVID-19 global pandemic, the Company has experienced a reduced revenue level and as such management have taken appropriate measures to reduce the operating expenses to minimise the financial risk.

The table below analyses the Company's financial liabilities based on the remaining period at the financial position date to the contractual maturity date.

Financial liabilities

	Carrying amount	Contractual cash flow	Less than 1 year	Between 1 to 5 years
	$	$	$	$
At 30 September 2021				
Borrowings	38,752,511	38,752,511	--	9,182,583
Shareholder loans	814,212	814,212	143,270	670,942
Deferred revenue	9,120	9,120	--	--
Accruals and other payables (excluding statutory liabilities)	8,342,171	8,342,171	3,221,851	5,120,320
At 30 September 2020				
Borrowings	38,725,134	38,725,134	--	18,419,212
Shareholder loans	842,660	842,660	143,270	699,390
Deferred revenue	9,120	9,120	--	--
Accruals and other payables (excluding statutory liabilities)	3,496,297	3,496,297	1,350,032	2,146,265

3 **Financial risk management (continued)**

b. *Capital risk management*

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure. In order to maintain or adjust the capital structure the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes compared to the financial year ended 30 September 2020.

There are no particular strategies to determine the optimal capital structure. There are externally imposed capital maintenance requirements to which the Company is subjected, and with which it was in compliance for the year ended 30 September 2021 and 30 September 2020.

The gearing ratios as at 30 September 2021 and 30 September 2020 were as follows:

	2021 $	2020 $
Borrowings (Note 11)	38,752,511	38,725,134
Lease liabilities (Note 14)	7,386,218	7,174,892
Shareholder loans (Note 12)	814,212	842,660
Less: cash on hand and at bank (Note 8)	(2,085,776)	(3,104,068)
Net debt	44,867,165	43,638,618
Total equity	22,522,736	29,520,219
Total capital	67,389,901	73,158,837
Gearing ratio	67%	60%

The Company's high gearing ratio is mainly due to the effect of IFRS 16 and the facility from Guardian Group Trust Limited.

c. *Fair value estimation*

Fair value is the amount for which as asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market (such as a recognised stock exchange) exists as it is the best evidence of the fair value of a financial instrument. The standard requires disclosure of fair value measurement by level using the following fair value measurement hierarchy:

(i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

(iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Due to the short-term nature of prepayments and other receivables and accruals and other payables, their carrying amounts are considered to be the same as their fair values. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.
All of the Company's financial assets and liabilities are carried at amortised cost.

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4 **Plant and equipment**

	Leasehold improvements $	Theatre equipment $	Computers $	Concession equipment $	Furniture and fixtures $	Work in progress $	Total $
Year ended 30 September 2021							
Cost							
Balance at 1 October 2020	45,314,891	21,679,402	220,801	1,394,689	121,288	17,088,646	85,819,717
Additions	--	--	--	--	--	3,094,229	3,094,229
Balance at 30 September 2021	45,314,891	21,679,402	220,801	1,394,689	121,288	20,182,875	88,913,946
Accumulated depreciation							
Balance at 1 October 2020	11,033,635	9,127,568	182,154	1,039,772	63,951	--	21,447,080
Charge for the year	2,325,410	1,410,586	12,870	88,729	8,600	--	3,846,195
Balance at 30 September 2021	13,359,045	10,538,154	195,024	1,128,501	72,551	--	25,293,275
Year ended 30 September 2020							
Cost							
Balance at 1 October 2019	45,314,891	21,170,943	220,801	1,394,689	86,150	2,661,698	70,849,172
Additions	--	508,459	--	--	35,138	14,426,948	14,970,545
Balance at 30 September 2020	45,314,891	21,679,402	220,801	1,394,689	121,288	17,088,646	85,819,717
Accumulated depreciation							
Balance at 1 October 2019	8,708,225	7,718,226	162,859	921,466	58,484	--	17,569,260
Charge for the year	2,325,410	1,409,342	19,295	118,306	5,467	--	3,877,820
Balance at 30 September 2020	11,033,635	9,127,568	182,154	1,039,772	63,951	--	21,447,080

Notes to the Financial Statements (continued)
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4 **Plant and equipment (continued)**

	Leasehold improvements $	Theatre equipment $	Computers $	Concession equipment $	Funiture and fixtures $	Work in progress $	Total $
Net book amount							
Balance at 30 September 2021	31,955,846	11,141,248	25,777	266,188	48,737	20,182,875	63,620,671
Balance at 30 September 2020	34,281,256	12,551,834	38,647	354,917	57,337	17,088,646	64,372,637
Balance at 30 September 2019	36,606,666	13,452,717	57,942	473,223	27,666	2,661,698	53,279,912

Work-in-progress as at 30 September 2021 represents capital expenditure for construction activity associated with construction of a new movie auditorium in Gulf City Mall, San Fernando.

Interest on borrowings in the amount of $2,058,546 (2020: $1,931,000) was capitalised during the year.
Work in progress of $1,291,009 was classified under prepayments to reflect deposits on items that have not yet been received nor installed.

See Note 11 for the assets pledged as security for borrowings.

Notes to the Financial Statements (continued)
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5 Inventories

	2021 $	2020 $
Food and beverage	98,412	108,712

The cost of inventories recognised as an expense and included in cost of sales amounted to $192,786 (2020: $721,315). (Note 17)

6 Prepayments and other receivables

Prepayments	1,688,060	1,680,915
Value Added Tax recoverable	1,204,800	1,344,004
Other receivables	80,729	648,833
	2,973,589	3,673,752

As at 30 September 2021, there was an impairment of other receivable balances of $547,918. (2020: $165,539). (Note 17)

Given the nature of operations, goods and services are paid immediately (see Revenue Recognition Accounting Policy Note). Other receivables balances are related to sponsorship agreements that have not been impaired, therefore the expected lifetime credit loss is deemed to be nil.

Details about the Company's classification and the calculation of the loss allowance are provided in Note 2 (k). Due to the short-term nature of the current prepayments and other receivables, their carrying amounts are considered to be the same as their fair value. Information about the impairment of prepayments and other receivables and the Company's exposure to credit risk, market risk and liquidity risk can be found in Note 3.

7 Related party transactions

(i) *Due from parent company*

Giant Screen Entertainment Holdings Limited	2,900,897	3,115,792

This balance relates to transactions paid by the Company for satisfaction of parent company obligations. Such obligations include financing, legal and other professional service fees, foreign travel and general business expenses. The receivable was converted to a loan with effect from 2 January 2020. This loan bears interest at 4% per annum with a one (1) year moratorium from 2 January 2020. The principal repayment is due at maturity on 2 January 2023.

(ii) *Key management personnel*

Key management personnel receive compensation in the form of short-term employee benefits and post-employment benefits.

Key management personnel received compensation of $576,659 (2020: $1,008,885) for the year.

Notes to the Financial Statements (continued)
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8 Cash and cash equivalents

	2021 $	2020 $
Cash on hand and at bank	39,661	86,330
Short-term deposit	2,046,115	3,017,738
	2,085,776	3,104,068

The short-term deposit represents a USD Monthly Income Fund held at Guardian Asset Management Limited.

9 Share capital

Authorised capital		
Unlimited ordinary shares of no par value		
Issued and fully paid capital		
6,406,295 (2020: 6,406,295) ordinary shares of no par value	32,579,503	32,579,503

Analysis of ordinary shares movement is as follows:

	2021		2020	
	No. of Shares	Amount $	No. of Shares	Amount $
Balance at start of year	6,406,295	32,579,503	6,406,295	32,579,503
Balance at end of year	6,406,295	32,579,503	6,406,295	32,579,503

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends at the Company's discretion and are entitled to one vote per share at meetings of the Company.

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10 **Taxation**

(i) *Composition of deferred tax asset and liability*

The analysis of deferred tax asset and (liability) is as follows:

Deferred tax asset

	Accumulated tax losses $	IFRS 16 $	Total $
At 1 October 2020	1,207,150	75,708	1,282,858
Credited to profit or loss	1,745,108	132,175	1,877,283
At 30 September 2021	2,952,258	207,883	3,160,141
At 1 October 2019	602,979	--	602,979
Adjustment on adoption of IFRS 16	--	111,356	111,356
Credited/(charged) to profit or loss	604,171	(35,648)	568,523
At 30 September 2020	1,207,150	75,708	1,282,858

Deferred tax liability

	Accelerated tax depreciation $	Total $
At 1 October 2020	(1,523,223)	(1,523,223)
Credited/(charged) to profit or loss	(787,534)	(787,534)
At 30 September 2021	(2,310,757)	(2,310,757)
At 1 October 2019	(1,310,960)	(1,310,960)
Credited/(charged) to profit or loss	(212,263)	(212,263)
At 30 September 2020	(1,523,223)	(1,523,223)

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 15% (2020: 10%).

(ii) *Taxation*

	2021 $	2020 $
Deferred tax credit	(1,089,749)	(356,260)
Business levy	14,000	37,884
Green fund levy	7,001	18,939
	(1,068,748)	(299,437)

10 Taxation (continued)

(iii) *Reconciliation of effective tax rate*

	2021 $	2020 $
Loss for the year	(8,066,231)	(5,222,298)
Tax at the statutory tax rate – 15% (2020: 10%)	(1,209,935)	(522,230)
Business levy	14,000	37,884
Green fund levy	7,001	18,939
Disallowed expense	--	725
Prior year adjustment – deferred tax	--	120,958
Effect of deferred tax of change in tax rate	120,186	--
Other differences	--	44,287
	(1,068,748)	(299,437)

For the year ended 30 September 2021, the Company was not liable to corporation tax as a result of accumulated tax losses of $19,681,724 (2020: $12,071,504). The corporation tax expense is therefore based on business and green fund levy.

As a result of the Company being listed on the Small and Medium Enterprise Exchange of the Trinidad and Tobago Stock Market in 2018, section 3(2) of the Corporation Tax Act provides for companies listed to be assessed with a corporation tax rate of 15% instead of 10% as per amendment of the Corporation Tax Act, Chap 75:02 dated 24 December 2020.

11 Borrowings

Guardian Group Trust Limited-TTD	28,752,511	28,725,134
Guardian Group Trust Limited-USD	10,000,000	10,000,000
Total borrowings	38,752,511	38,725,134
Less current portion	--	--
Long term portion	38,752,511	38,725,134

The Guardian Group Trust Limited Loan agreement was executed on 31 October 2019 and comprises Tranche A of $30,000,000 and Tranche B of USD1,500,000. The proceeds were used to refinance facilities at First Caribbean International Bank (Trinidad and Tobago) Limited (CIBC) and to finance construction costs of new theatre development at Gulf City Mall.

Interest: Tranche A: Each series will compound interest annually at their respective interest rate, (the overall weighted interest rate of this facility is fixed at 8.438% per annum but adjusted to reflect issue costs resulted in and effective interest rate (EIR) of 9%.
Tranche B: Fixed at 7% per annum (2020: 7%).

Repayment: Tranche A principal will be paid upon maturity of each series commencing October 31, 2022 and ending on 31 October 2035. Interest will be similarly due from 31 October 2022, after the extended COVID-19 moratorium period ends. Tranche B principal is due at maturity 30 January 2026, and interest is due from 30 January 2022 after the extended COVID-19 moratorium period ends. The security for these loans is noted below.

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11 Borrowings (continued)

(i) Debenture over the fixed and floating assets of the Company.

(ii) Assignment of all insurance(s) over the fixed and floating assets of the Company.

(iii) First demand mortgage over leasehold properties located at One Woodbrook Place and Gulf City Mall.

(iv) Deed of assignment over IMAX and 4DX trademark licenses.

(v) Deed of charge over 4,704,646 ordinary shares of CinemaONE Limited held by Giant Screen Entertainment Holdings Limited.

(vi) Assignment of key man insurance over Brian and/or Ingrid Jahra for a minimum of TT$6,000,000 each. Guardian Life of the Caribbean to be given first preference to provide.

Covenants:

Within the financial period, Guardian Group Trust Limited granted a waiver of the debt service coverage ratio for fiscal years 2020, 2021 and 2022, and any other additional covenant in which compliance is likely to be adversely impacted due to the COVID-19 pandemic. The waiver for 2022 was granted on 2 December 2021 (see Note 25).

(i) A minimum debt service coverage ratio of 1.2x must be maintained throughout the entire tenor of the facility.

(ii) A maximum leverage ratio of 70%. Such ratio to be calculated as the sum of all interest-bearing debt divided by total assets.

Guardian Group Trust Limited also amended the loan agreement to additionally allow the facilities to be used for the Company's operational expenses and working capital in support of the COVID-19 pandemic.

12 Shareholder loans

	2021 $	2020 $
Due to EFREENET Limited	403,110	466,112
Due to Jahra Ventures Limited	411,102	376,548
	814,212	842,660
Less current portion	(143,270)	(143,270)
Net long-term debt	670,942	699,390

Amount due to EFREENET Limited in the amount of $376,548 is repayable in full at maturity on 31 December 2022. There is no interest on this loan. The amount due to Jahra Ventures Limited in the amount of $376,548 is repayable in full, inclusive of interest of 4.9%, at maturity on 30 April 2023. These shareholder loans do not carry any security.

13 Accruals and other payables

	2021 $	2020 $
Current portion		
Accruals	2,096,793	566,641
Interest payable	722,177	451,311
Other payables	402,880	332,081
Statutory payable	330,784	111,312
	3,552,634	1,461,345
Non-current portion		
Interest payable	5,120,320	2,146,265
Statutory payable	373,183	670,469
	5,493,503	2,816,734

The non-current portion of the interest payable represents the interest due on the Guardian Group Trust Limited loan which was deferred to October 2022 by Guardian Group Trust Limited as a result of approved deferments to offset the impact of COVID-19.

The non-current portion of the statutory payable relates to contributions due to the National Insurance Board within three to six years.

The total amount of the statutory payable as at 30 September 2021 is $703,967 of which $330,784 is due within twelve months.

Notes to the Financial Statements (continued)
30 September 2021
(Expressed in Trinidad and Tobago dollars)

14 Leases

	2021 $	2020 $
Right of use assets		
Buildings	6,000,336	6,417,819
Lease liabilities		
Current	375,282	347,492
Non-current	7,010,936	6,827,400
Total lease liabilities	7,386,218	7,174,892

(i) The statement of profit or loss and other comprehensive income shows the following amounts relating to leases:

Depreciation	417,483	417,483
Expense (included in finance costs)	556,855	513,696
COVID-19 related rent concessions	(345,530)	(452,178)
Total cashflow for leases in 2021 was	226,089	962,725

(ii) The cumulative impact of the adoption of IFRS 16 on retained earnings was $1,113,557 in 2020.

15 Deferred revenue

Deferred revenue	9,120	9,120

The sponsorship deferred revenue relates to sponsorship income that is being amortised over the period of the respective sponsorship agreements and other deferred revenue refers to gift certificates not yet redeemed as tickets. Gift certificates are amortised to the statement of comprehensive income when redeemed.

16 Revenue

Movie admissions	830,142	2,328,754
Food and beverage	583,792	1,961,592
Sponsorship, advertising and other	658,490	2,023,647
Gross revenue	2,072,424	6,313,993
Discounts	--	(310,039)
Net revenue	2,072,424	6,003,954

Discounts are related to complementary tickets and food and beverage.

Notes to the Financial Statements (continued)
30 September 2021
(Expressed in Trinidad and Tobago dollars)

17 Expenses by nature

	2021 $	2020 $
Cost of sales		
Movies	861,844	1,293,740
Food and beverage (Note 5)	192,786	721,315
Other	57,006	206,223
	1,111,636	2,221,278
Administrative expenses		
Depreciation – plant and equipment (Note 4)	3,846,195	3,877,820
Repairs and maintenance	897,699	617,881
Impairment of receivables (Note 6)	547,918	165,539
Depreciation – right of use asset (Note 14)	417,483	417,483
Employee benefit expense (Note 21)	407,973	738,016
Miscellaneous	354,235	785,328
Audit and professional fees	192,881	255,971
Insurance	126,251	114,870
Communications costs	90,307	155,196
Operating supplies	39,626	17,624
Legal fees and licenses	38,730	111,263
Cleaning	18,173	245,635
Office expenses	12,021	45,054
Subscriptions and publications	10,652	13,318
Stationery	375	9,728
Motor vehicle expense	141	14,298
Rent waiver IFRS 16 COVID-19 concessions (Note 14)	(345,530)	(452,178)
Freight and brokerage	--	25,908
Travel	--	14,362
Postage and courier	--	9,331
	6,655,130	7,182,447

18 Other income

Gain on foreign exchange	93,773	323,239
USD Income fund interest income	46,488	100,778
Interest income	121,022	90,752
	261,283	514,769

The gain on foreign exchange refers to USD transactions made during the financial period which resulted in gains once translated into the local currency. The USD interest income is a result of interest received at 1.78% in the USD Monthly Income Fund held at Guardian Group Trust Limited. The interest income is a result of interest earned on the related party loan (Note 7).

19 Loss per share

Basic loss per share is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

Loss attributable to equity holders of the Company	(6,997,483)	(4,922,861)
Weighted average number of ordinary shares in issue	6,406,295	6,406,295
Basic loss per share	$(1.09)	$(0.77)

Notes to the Financial Statements (continued)
30 September 2021
(Expressed in Trinidad and Tobago dollars)

20 Net change in borrowings

(i)

	Cash and cash equivalents $	Commercial loan $	Shareholder loans $	Lease liabilities $	Total $
Balance at 1 October 2019	729,722	(14,250,000)	(5,975,918)	--	(19,496,196)
Acquisitions	--	(38,725,134)	--	--	(38,725,134)
Recognition on adoption of IFRS 16	--	--	--	(8,137,617)	(8,137,617)
Cashflows	2,374,346	14,250,000	5,133,258	962,725	22,720,329
Balance at 30 September 2020	3,104,068	(38,725,134)	(842,660)	(7,174,892)	(43,638,618)
Balance at 1 October 2020	3,104,068	(38,725,134)	(842,660)	(7,174,892)	(43,638,618)
Acquisitions	--	(27,377)	(34,000)	14,763	(46,614)
Cashflows	(1,018,292)	--	62,448	(226,089)	(1,181,933)
Balance at 30 September 2021	2,085,776	(38,752,511)	(814,212)	(7,386,218)	(44,867,165)

(ii) *Net debt reconciliation*

	2021 $	2020 $
Cash on hand and at bank (Note 8)	2,085,776	3,104,068
Shareholder loans – repayable within one year (Note 12)	(143,270)	(143,270)
Lease liabilities – repayable within one year (Note 14)	(375,282)	(347,492)
Shareholder loans – repayable after one year (Note 12)	(670,942)	(699,390)
Borrowings - repayable after one year (Note 11)	(38,752,511)	(38,725,134)
Lease liabilities – repayable after one year (Note 14)	(7,010,936)	(6,827,400)
Net debt	(44,867,165)	(43,638,618)

21 Employee benefit expense

Salaries	343,544	548,695
National insurance	64,429	189,321
	407,973	738,016

22 Contingencies and commitments

The Company leases various properties expiring within 6 and 20 years. The leases have varying terms and renewal rights. On renewal, the terms of the leases can be renegotiated. From 1 October 2019, the Company has recognised right of use assets for these leases.

(i) Not included in the above commitments (as well as Note 14) are contingent rental payments which are based on a percentage of the revenue earned as per the various lease agreements.

(ii) The Company currently has no material contingencies impacting the financial statements. (2020: Nil)

(iii) Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities in relation to the theatre expansion at Gulf City is $1,754,207 (2020: $2,220,000).

(iv) The Property Tax Act of 2009 (PTA) was enacted into law by the Government of the Republic of Trinidad and Tobago (GORTT), effective from 1 January 2010. There were challenges with its implementation and GORTT implemented waivers of the tax, the last of which expired on 30 September 2017. As of present date there have been no further changes to the legislation or extension of the waivers previously granted by the GORTT. The PTA has not yet been enforced primarily due to non-completion of property valuations by the statutory authority and assessments not being sent to taxpayers. While a present obligation exists, taxpayers are unable to reliably estimate the liability as the basis for fair value at this time has not been clarified.

23 Dividends

There were no dividends declared or paid by the Board of Directors of the Company during the financial year (2020: Nil).

24 Impact of COVID-19

On 11 March 2020, due to the worsening global public health crisis associated with the novel coronavirus known as COVID-19, the World Health Organization officially classified COVID-19 as a global pandemic. Stay-at-home orders and restrictions on large public gatherings were subsequently implemented in countries around the world and included the closure of movie theaters. As a result of the theater closures, movie studios postponed theatrical release of most films originally scheduled for release in 2020 and early 2021, while several other films were released directly or concurrently to streaming platforms. The outbreak and continuation of the COVID-19 pandemic throughout fiscal 2021 has triggered unprecedented challenges in the international economy and has adversely impacted the global movie exhibition industry.

In Trinidad and Tobago, the Prime Minister announced the first mandatory shutdown of cinemas and other sectors on 17 March 2020. The initial mandated closure extended for 107 days until 2 July 2020. In response to a second COVID-19 pandemic wave in Trinidad and Tobago, the Prime Minister again announced the closure of cinemas on 17 August 2020 to 8 November 2020. The second mandated closure had a duration of 84 days.

On 29 April 2021, just over a year after the initial COVID-19 outbreak, Trinidad and Tobago's Prime Minister mandated a third lockdown and full closure of cinemas. Given the more acute stage of COVID-19 infection rates at that time, Trinidad and Tobago escalated its COVID-19 response to a full State of Emergency (SOE) on 15 May 2021. As a result, the cinema sector was closed in the interest of public safety for the remaining balance of the fiscal 2021 period. Overall, the Company was fully operational for only 135 days in fiscal 2021, albeit with significant operational restrictions such as a 50% capacity limitation and 10 PM closure period.

Notes to the Financial Statements (continued)
30 September 2021
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24 **Impact of COVID-19 (continued)**

At the onset of each COVID-19 lockdown crises in Trinidad and Tobago, the Company swiftly responded to the COVID-19 induced financial challenges. The Company immediately implemented temporary personnel and salary reductions ranging from 50%-100% for all levels of staff and negotiated modified timing and/or abatement of contractual payments with landlords, key financial partners and other major suppliers. As such, the Company maintained significant liquidity and ensured its capacity to quickly reopen. The Company also continued its phased approach to decelerated capital expenditures related to its ongoing theatre expansion project in Gulf City Mall.

During the extended third lockdown period, the Company worked closely with the local cinema sector to lobby Government for the reopening of cinemas. On 11 October 2021, the same day which the public health ordinance legally permitted theatre operations, the Company reopened its movie theatre facilities under the Government's Safe Zone initiative which allows the Company to host fully vaccinated patrons only. Given that compelling major movie releases resumed in May / June of 2021, the Company's Board and Management have been encouraged by reopening attendance and per patron spending levels which have been consistent with pre-COVID-19 periods.

However, the social and economic effects of the COVID-19 pandemic continue to be widespread, and the situation and epidemiology are still evolving. The Company expects only a gradual and protracted relaxation of Trinidad and Tobago's COVID-19 restriction measures in the interest of public safety. As such, the Company's financial management strategy will similarly include COVID-19 measures such as active cash management and preservation of liquidity, staggered and reduced employment hours, and an overriding focus on the rapid return to positive EBITDA generation and profitability given the recent reopening of the Company's movie theatre facilities.

On the basis of the above, the Company has thus maintained the going concern assumption in the preparation of the Company's 2021 financial statements. This basis of preparation presumes that the Company will realise its assets and discharge its liabilities in the ordinary course of business for the foreseeable future.

Impairment review

The Government mandated cessation of the Company's movie theatre operations due to the COVID-19 pandemic has had a deleterious impact on the Company's revenue and profitability during fiscal 2021 as the Company's operations were closed for almost three entire quarters of the fiscal year. The extended closure period not only exceeded that of fiscal 2020 but also included significant operational restrictions during the entire period when the Company was permitted to operate. Such restrictions, which were not imposed for the first half of fiscal 2020 included, *inter alia*, a 50% capacity limitation, 10PM closure time, and no alcohol consumption on the Company's premises. For the two weeks prior to the April 2021, the Company was also prohibited from allowing any type of food and beverage consumption on its movie theatre premises.

Although the Company's Market Capitalization at the current $4.00 price per share reduced by only -9% to $25.6M in fiscal 2021 and remained marginally above the Company's reduced Net Book Amount of $23M for the extended closure period ended 30 September 2021, the Company did experience a second COVID-19 impacted fiscal year period characterized by a revenue reduction of approximately -66% over fiscal 2020 and a sequential year of significant Net Losses. Such COVID-19 induced financial results are impairment indicators and have triggered Management's Impairment Analysis for fiscal 2021.

24 **Impact of COVID-19 (continued)**

Given the uncertainty engendered by the COVID-19 pandemic, there are significant challenges in preparing forecasts necessary to estimate the recoverable amount of a Cash Generation Unit (CGU). Management determined that using an expected cash flow approach is the most effective means of reflecting the uncertainties of the COVID-19 pandemic in its estimates of recoverable amount. This approach reflects expectations derived from various sensitivities or possible cash flows scenarios.

Consistent with IAS 36, Management elected to analyse the aggregate whole company as a singular or whole CGU for its impairment testing. To determine the Value in Use of the whole company, the Company performed detailed Discounted Cash Flow Analyses (DCF). Key assumptions for the Company's Conservative Case scenario are outlined below:

Revenue and Income Statement Projections

The Company's revenue projections are derived from the two major elements of the business, namely ticket sales or movie admissions and food and beverage revenue, both of which are generated by overall attendance and the associated and historically consistent per patron sales. The Company's Conservative Case attendance projections are based on a relatively slow "return to normalcy" as the impact of COVID-19 wanes over a period of years versus months.

- Year 1 - 2022: -50% decline in attendance at the Company's One Woodbrook Place (OWP) location versus the 3 year (2017-2019) historical pre-COVID-19 average given the assumption of continued COVID-19 restrictions until Q4 2022 due to the slowing progression of Trinidad and Tobago's COVID-19 immunization / vaccination rollout; the Company's new theatre site at Gulf City does not open until the onset of Q3 in April 2022.
- Year 2 – 2023: -9% decline in OWP attendance versus the 3 year (2017-2019) historical pre-COVID-19 average; whereas Gulf City operates for a full year but achieves only 50% greater attendance over Fiscal 2022.
- Year 3 – 2024 OWP achieves a full rebound by reaching its pre-COVID-19 3 Year historical average attendance while Gulf City's total outfitting is completed, and the Year opens with the entire 5 screen facility.
- Years 4 and 5 – OWP's attendance conservatively never surpasses its peak 2019 performance of 134K annually during this time horizon.

In addition to the above conservative assumptions, the Company has maintained consistency in both its per patron spend patterns by theatre format and in the Company's overall EBITDA and profitability margins throughout the 5 Year DCF. Although IAS 36 stipulates a 5 Year analysis, a case could be made for a 10 Year time horizon given the Company's long-term leases and long-term debt financing. A 10 Year DCF would be accretive.

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