Financial Statements of

CinemaONE Limited
(formerly Giant Screen Entertainment Limited)

September 30, 2016

KPMG
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Independent Auditors' Report to the Shareholders of
CinemaONE Limited
(formerly Giant Screen Entertainment Limited)

We have audited the accompanying financial statements of CinemaONE Limited (formerly Giant Screen Entertainment Limited) (the Company), which comprise the statement of financial position as at September 30, 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

KPMG

Chartered Accountants

April 26, 2017
Port of Spain
Trinidad and Tobago

CinemaONE LIMITED
(formerly Giant Screen Entertainment Limited)

Statement of Financial Position

September 30, 2016

	Notes	2016	2015
		$	$
ASSETS			
Non-current assets			
Plant and equipment	4	39,944,674	27,413,929
Deferred tax asset	8	1,199,896	619,079
		41,144,570	28,033,008
Current assets			
Inventories		141,948	88,969
Accounts receivable	5	999,844	1,234,722
Due from related parties	6	4,404,914	1,399,734
Cash on hand and at bank – restricted cash		1,002,899	995,097
Cash on hand and at bank – unrestricted cash		1,588,705	3,072,515
		8,138,310	6,791,037
Total assets		49,282,880	34,824,045
EQUITY AND LIABILITIES			
Shareholders' equity			
Stated capital	7	21,616,263	19,035,540
Retained earnings (accumulated deficit)		1,003,222	(542,455)
		22,619,485	18,493,085
Non-current liabilities			
Deferred tax liability	8	1,895,696	1,879,674
Borrowings	9	14,631,166	4,389,362
Convertible redeemable preference shares	10	3,059,792	5,725,864
		19,586,654	11,994,900
Current liabilities			
Borrowings	9	3,415,693	1,463,120
Accounts payable	11	1,380,380	230,357
Deferred sponsorship income	12	374,815	413,682
Dividend payable on convertible redeemable preference shares	15	1,818,433	2,228,901
Taxation payable		87,420	-
		7,076,741	4,336,060
Total equity and liabilities		49,282,880	34,824,045

The notes on pages 7 to 21 are an integral part of these financial statements.

On behalf of the Board

______________ Director ______________ Director

CinemaONE LIMITED
(formerly Giant Screen Entertainment Limited)

Statement of Profit or Loss and Other Comprehensive Income

Year ended September 30, 2016

	Notes	2016 $	2015 $
Revenue			
Film		7,913,302	7,940,923
Concession		3,255,358	2,624,996
Sponsorship	12	2,494,330	2,434,404
Gross revenue		13,662,990	13,000,323
Less discounts		(924,846)	(925,416)
Net revenue		12,738,144	12,074,907
Cost of sales			
Film		(2,887,708)	(2,564,484)
Concession		(985,512)	(614,515)
Other		(656,629)	(612,534)
		(4,529,849)	(3,791,553)
Gross profit		8,208,295	8,283,374
Other expenses			
Administrative expenses (Schedule 1)		(1,626,185)	(1,271,516)
Rent	13	(247,896)	(247,896)
Staff costs	14	(1,770,121)	(1,799,325)
Marketing		(982,847)	(545,578)
Depreciation	4	(1,757,781)	(1,804,362)
Total other expenses		(6,384,830)	(5,668,677)
Profit before finance costs		1,823,465	2,614,697
Finance costs			
Dividends on convertible redeemable preference shares		(463,441)	(1,020,676)
Interest expense		(257,574)	(631,239)
Total finance costs		(721,015)	(1,651,915)
Profit for the year before taxation		1,102,450	962,782
Taxation	8	443,227	(534,860)
Profit for the year being total comprehensive income for the year		1,545,677	427,922

The notes on pages 7 to 21 are an integral part of these financial statements.

CinemaONE LIMITED
(formerly Giant Screen Entertainment Limited)

Statement of Changes in Equity

Year ended September 30, 2016

	Ordinary Shares	Preference Shares	(Accumulated Deficit) Retained Earnings	Shareholders' Equity
	$	$	$	$
Year ended September 30, 2015				
Balance at October 1, 2014	2,500,000	2,500,000	(970,377)	4,029,623
Conversion of preference shares to ordinary shares	3,496,775	-	-	3,496,775
Share issue	10,538,765	-	-	10,538,765
Profit for the year being total comprehensive income for the year	-	-	427,922	427,922
Balance at September 30, 2015	16,535,540	2,500,000	(542,455)	18,493,085
Year ended September 30, 2016				
Balance at October 1, 2015	16,535,540	2,500,000	(542,455)	18,493,085
Conversion of preference shares to ordinary shares	3,336,105	-	-	3,336,105
Share issue	2,462,014	-	-	2,462,014
Share purchase	(3,217,396)	-	-	(3,217,396)
Profit for the year being total comprehensive income for the year	-	-	1,545,677	1,545,677
Balance at September 30, 2016	19,116,263	2,500,000	1,003,222	22,619,485

The notes on pages 7 to 21 are an integral part of these financial statements.

CinemaONE LIMITED
(formerly Giant Screen Entertainment Limited)

Statement of Cash Flows

Year ended September 30, 2016

	2016	2015
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year before taxation	1,102,450	962,782
Adjustments for:		
Depreciation	1,757,781	1,804,362
Amortisation of deferred sponsorship income	(2,494,330)	(2,434,404)
Exchange loss	25,131	-
Dividend expense	463,441	1,020,676
Interest expense	257,574	631,239
	1,112,047	1,984,655
Changes in:		
Inventories	(52,979)	(27,845)
Accounts receivable	661,021	1,433,369
Due from related parties	(3,005,180)	(659,232)
Accounts payable	1,178,248	(387,221)
Cash generated from operating activities	181,014	2,343,726
Taxation paid	(34,148)	(76,311)
Net cash (used in) from operating activities	146,866	2,267,415
CASH FLOWS USED IN INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(16,935,451)	(9,374,436)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans and borrowings	(5,805,623)	(1,413,055)
Proceeds from loans and borrowings	18,000,000	-
Interest paid	(881,401)	(618,203)
Proceeds from share issue	2,462,014	10,538,767
Proceeds from sponsorship income	1,741,463	1,965,776
Dividends paid on preference shares classified as a liability	(203,876)	(88,044)
Net cash from financing activities	15,312,577	10,385,241
(Decrease) increase in cash and cash equivalents for the year	(1,476,008)	3,278,220
CASH AND CASH EQUIVALENTS AT OCTOBER 1	4,067,612	789,392
CASH AND CASH EQUIVALENTS AT SEPTEMBER 30	2,591,604	4,067,612
Analysis of cash and cash equivalents		
Cash on hand and at bank - restricted cash	1,002,899	995,097
Cash on hand and at bank - unrestricted cash	1,588,705	3,072,515
	2,591,604	4,067,612

The notes on pages 7 to 21 are an integral part of these financial statements.

1. General Information

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

CinemaONE owns and operates the first IMAX Digital Theatre in the Caribbean, to exhibit large format two dimensional (2D) and three dimensional (3D) movies in the proprietary IMAX format. CinemaONE Limited 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. The theatre opened to the public on August 25, 2011.

CinemaONE also offers specialised and exclusive multiple year sponsorship packages. As the lead naming Sponsor, Digicel (Trinidad and Tobago) Limited has partnered with CinemaONE so that the IMAX Trinidad theatre is known as the DIGICEL IMAX theatre. The other exclusive educational sponsor is Atlantic LNG Company of Trinidad and Tobago.

CinemaONE is a subsidiary of Giant Screen Entertainment Holdings Limited ("GSEHL"), the Parent Company. GSEHL is registered in Trinidad and Tobago.

All entities prepare financial statements in accordance with the IFRS for SMEs.

These financial statements were approved for issue by the Directors on April 26, 2017.

2. Basis of Preparation

(a) Basis of accounting

These financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-Sized Entities (IFRS for SMEs).

(b) Basis of measurement

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

(c) Functional and presentation currency

These financial statements are presented in Trinidad and Tobago dollars, which is the Company's functional currency.

2. **Basis of Preparation** (continued)

(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. There have been no critical estimates used and judgements made in applying accounting policies.

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 following note:

Note 3(g) - Borrowing costs: whether borrowing costs are capitalised.

3. **Significant Accounting Policies**

The Company has consistently applied the accounting policies as set out below to all periods presented in these financial statements.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective 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. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(b) Property, plant and equipment

(i) Recognition

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

3. Significant Accounting Policies (continued)

(b) Property, plant and equipment (continued)

(i) Recognition (continued)

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 capitalized 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 property, 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 property, plant and equipment are recognised in profit or loss as incurred.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, 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 using the declining balance basis over the estimated useful lives of each item of property, plant and equipment at the following rates:

Leasehold improvement	Life of lease - 15yrs
Theatre equipment	Life of the agreement - 15yrs
Motor vehicle	25%
Computers	33.3%
Concession equipment	25%
Furniture and fixtures	15%

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

3. **Significant Accounting Policies** (continued)

(b) Property, plant and equipment (continued)

(iii) Disposals

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

(c) 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.

(d) Accounts receivable

Accounts receivable is stated net of any specific provision established to recognise anticipated losses for bad and doubtful debts. Bad debts are written off during the period in which they are identified.

(e) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents are presented net of bank overdraft. Restricted cash represents a Debt Service Reserve Account held equivalent to one quarterly loan payment.

(f) Impairment

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated

The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such an indication 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.

3. **Significant Accounting Policies** (continued)

(f) ***Impairment*** (continued)

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.

(g) Borrowings

Borrowings are recognised initially at fair value less attributable transaction costs.

Borrowing costs are recognised using the effective interest 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.

(h) Trade and other payables

Trade and other payables are stated at cost.

(i) Deferred sponsorship income

Sponsorship income that compensates the Company for expenses incurred is recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(j) Provisions

Provisions are recognised when the group 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.

3. Significant Accounting Policies (continued)

(k) 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.

Preference shares
Preference shares are classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity on approval by the Company's shareholders.

Preference shares are classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if dividends payments are not discretionary. Dividends thereon are recognised as interest in profit or loss as accrued.

(l) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the revenue can be reliably measured. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs, or the possible return of goods.

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 and online via the Company's enhanced website for the exhibition of movies from film studios.

- **Concession revenue**

  Revenue is also received from concession sales which are mainly food and beverage and alcoholic beverages for consumption on site.

- **Sponsorship revenue**

  Sponsorship revenue is allocated by business categories including but not exclusive to Title sponsor, Educational Sponsor and Financial sponsor categories.

- **Dividend income**

  Dividend income is recognised when the right to receive payment is established.

3. **Significant Accounting Policies** (continued)

(l) ***Revenue recognition*** (continued)

- **Interest**
  Interest is recognised using the effective interest rate method.

(m) Operating leases

Payments under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised in profit or loss as an integral part of the total lease expense.

(n) 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 subsequently enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

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 subsequently 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.

4. Plant and Equipment

	Leasehold Improvements	Theatre Equipment	Motor Vehicle	Computers	Concession Equipment	Furniture and Fixtures	Work in Progress	Total
	$	$	$	$	$	$	$	$
Year ended September 30, 2016								
Cost								
Balance at October 1, 2015	12,000,224	12,489,738	357,831	126,660	699,127	77,670	9,340,725	35,091,975
Additions	-	-	-	15,903	4,042	5,185	17,505,923	17,531,053
Transfers	-	-	-	-	-	-	(3,242,527)	(3,242,527)
Balance at September 30, 2016	12,000,224	12,489,738	357,831	142,563	703,169	82,855	23,604,121	49,380,501
Accumulated depreciation								
Balance at October 1, 2015	3,254,936	3,610,250	274,685	83,702	419,995	34,478	-	7,678,046
Charge for the year	800,015	841,864	20,786	17,537	70,541	7,038	-	1,757,781
Balance at September 30, 2016	4,054,951	4,452,114	295,471	101,239	490,536	41,516	-	9,435,827
Net book value								
Balance at September 30, 2016	7,945,273	8,037,624	62,360	41,324	212,633	41,339	23,604,121	39,944,674
Balance at September 30, 2015	8,745,288	8,879,488	83,146	42,958	279,132	43,192	9,340,725	27,413,929
Year ended September 30, 2015								
Cost								
Balance at October 1, 2014	12,000,224	12,489,738	357,831	106,862	691,309	71,575	-	25,717,539
Additions	-	-	-	19,798	7,818	6,095	9,340,725	9,374,436
Balance at September 30, 2015	12,000,224	12,489,738	357,831	126,660	699,127	77,670	9,340,725	35,091,975
Accumulated depreciation								
Balance at October 1, 2014	2,454,921	2,747,536	246,970	69,376	327,385	27,496	-	5,873,684
Charge for the year	800,015	862,714	27,715	14,326	92,610	6,982	-	1,804,362
Balance at September 30, 2015	3,254,936	3,610,250	274,685	83,702	419,995	34,478	-	7,678,046
Net book value								
Balance at September 30, 2015	8,745,288	8,879,488	83,146	42,958	279,132	43,192	9,340,725	27,413,929
Balance at September 30, 2014	9,545,303	9,742,202	110,861	37,486	363,924	44,079	-	19,843,855

Work-in-progress represents capital expenditure for construction activity associated with the expansion of five more movie auditoriums on the third and fifth level floors at One Woodbrook Place. Borrowing costs of $595,603 were capitalised during the period.

	2016	2015
	$	$

5. Accounts Receivable

	2016 $	2015 $
Trade receivables	441,184	655,078
Prepayments	428,339	-
VAT recoverable	130,321	579,644
	999,844	1,234,722

6. Related Party Balances and Transactions

(i) Identity of related party

The Company has a related party relationship with its affiliates, directors, key management personnel and their immediate relatives.

(ii) Due from related parties

	2016 $	2015 $
(a) GSEHL (Parent company)	3,361,276	1,399,734
(b) Efeenet Limited	1,043,638	-
	4,404,914	1,399,734

(a) The above 'due from related parties' relates to transactions paid by the Company on behalf of its Parent Company as part of GSEHL's regional expansion plans. Such expenses comprise theatre equipment deposits, legal and other professional service fees, foreign travel and general business development expenses associated with expansion initiatives. These advances are interest free, unsecured and have no fixed terms of repayment.

(b) This advance granted to Efeenet Limited is interest free, unsecured and has no fixed terms of repayment. The advance is guaranteed by GSEHL.

(iii) 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 $677,000 (2015: $651,250) for the year. Total remuneration is included in salaries and wages.

	2016	2015
	$	$
7. Stated Capital		
Authorised capital		
19,116,263 (2015: 16,535,540) Ordinary shares of no par value		
2,500,000 (2015: 2,500,000) Class B preference shares of $1.00		
Issued and fully paid capital		
19,116,263 (2015: 16,535,540) Ordinary shares of no par value	19,116,263	16,535,540
2,500,000 (2015: 2,500,000) Class B preference shares of $1.00	2,500,000	2,500,000
	21,616,263	19,035,540

Analysis of ordinary share movement is as follows:

Ordinary shares

	2016		2015	
	No. of Shares	Amount	No. of Shares	Amount
		$		$
Balance at start	16,535,540	16,535,540	2,500,000	2,500,000
Conversion of redeemable preference shares to ordinary shares	3,336,105	3,336,105	3,496,775	3,496,775
Share purchase	(3,217,396)	(3,217,396)	-	-
Share issue	2,462,014	2,462,014	10,538,765	10,538,765
Balance at end	19,116,263	19,116,263	16,535,540	16,535,540

Ordinary shares

All shares rank equally with regard to the Company's residual assets except that preference shareholders participate only to the extent of the face value of the shares. 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.

7. **Stated Capital** (continued)

Class B Preference shares

Holders of Class B preference shares receive a non-cumulative dividend at the Company's discretion, or whenever dividends to ordinary shareholders are declared. They do not have the right to participate in any additional dividends declared for ordinary shareholders and the shares do not carry the right to vote.

8. **Taxation**

	2016 $	2015 $
(i) Composition of deferred tax asset (liability)		
Dividend payable	454,608	-
Tax loss	745,288	619,079
	1,199,896	619,079
Property, plant and equipment	(1,895,696)	(1,879,674)
	(695,800)	(1,260,595)
Movement in the net deferred tax (liability) asset		
Balance at the beginning of the year	(1,260,595)	(764,736)
Credit (charge) to profit or loss	564,795	(495,859)
Balance at the end of the year	(695,800)	(1,260,595)
(ii) Income tax recognised in profit or loss		
Deferred tax credit (charge)	564,795	(495,859)
Business levy	(81,045)	(26,001)
Green Fund levy	(40,523)	(13,000)
	443,227	(534,860)

	2016	2015
	$	$

8. Taxation (continued)

(iii) Reconciliation of effective tax rate

	2016	2015
Profit for the year	1,102,450	962,782
Tax at the statutory tax rate – 25%	275,612	240,696
Tax effect of (income) expenses that are not deductible	(17,962)	255,163
Prior year adjustment	(557,225)	-
Recognition of previously unrecognized tax losses	(265,219)	-
Business levy	81,045	26,001
Green Fund levy	40,523	13,000
	(443,227)	534,860

9. Borrowings

	2016	2015
CIBC	17,000,000	-
FCB	-	5,805,623
Other	1,046,859	46,859
Total borrowings	18,046,859	5,852,482
Less current portion	(3,415,693)	(1,463,120)
Net long-term debt	14,631,166	4,389,362

Loan from First Caribbean International Bank (Trinidad and Tobago) Limited (CIBC) for $17,000,000 obtained on March 15, 2016, the proceeds of which were used to repay the loan from First Citizens Bank Limited (FCB) and to finance the payment of construction costs of the new luxury Gemstone theatre. Interest is charged at a fixed rate of 6.95% per annum and is repayable in four (4) quarterly installments for the first year. There is a moratorium on the payment of principal for the first twelve (12) months after which, principal and interest will be repayable in twenty-four quarterly payments of $872,268 each, commencing December 2016. The security for this loan is noted below.

i) A first priority debenture over the fixed and floating assets of the Company, stamped to cover $17,000,000;

ii) A restriction on the payment of dividends by the Company after the moratorium period of the loan, such that the dividends are to be paid only with the written consent of CIBC;

iii) A mortgage over the Company's leasehold premises located at One Woodbrook Place;

9. Borrowings (continued)

iv) A deed of charge over all issued and outstanding ordinary shares of the Company;

v) A deed of assignment of the Trademark License and the Maintenance Agreement related to the purchase and maintenance of the local IMAX digital theatre system and the use of IMAX trademarks;

vi) A deed of charge over the Debt Service Reserve account to be established in accordance with the loan agreement;

vii) Personal indemnities and guarantees by the ordinary shareholders of the Company;

viii) A first priority charge over one of the Company's bank accounts held at RBL;

ix) The Company is required under the CIBC terms of agreement to maintain a Debt Service Coverage Ratio of 1:25:1 and the equivalent of 1 (one) quarterly loan payment in a restricted Debt Service Reserve Account.

x) Deed of Assignment of the All Risk Insurance Policy(s) over the IMAX Theatre and contents located at One Woodbrook Place, St. James.

10. Convertible Redeemable Preference Shares

	No of Shares	2016	No of Shares	2015
		$		$
Authorised - Class A preference shares at $2.10		4,047,624		4,047,624
Balance at start	2,726,602	5,725,864	4,039,239	8,482,402
Transferred and converted to ordinary shares	(1,269,558)	(2,666,072)	(1,312,637)	(2,756,538)
Balance at end	1,457,044	3,059,792	2,726,602	5,725,864

All issued shares are fully paid. The convertible redeemable preferences shares do not carry the right to vote and are mandatorily redeemable at par. The holders of the Class A redeemable preference shares have the option to convert the preference shares to ordinary shares on any dividend payment date after four (4) years from the date of issuance.

The holders of the Class A convertible redeemable preference shares are entitled to receive an annual dividend of 12% of the par amount on a quarterly basis, on each year until and including on maturity, as and when declared by the Board of Directors.

10. Convertible Redeemable Preference Shares (continued)

As at September 30, 2016, a portion of the holders of the Class A convertible redeemable preference shares transferred shares together with accrued dividends to GSEHL, in a share swap transaction. GSEHL subsequently converted the transferred Class A preference shares to ordinary shares in the Company (Note 7).

	2016	2015
	$	$
11. Accounts Payable		
Trade payables	1,812,770	67,363
Accruals	136,007	3,582
Interest payable	58,343	86,568
Other accounts payable	373,260	72,844
	2,380,380	230,357
12. Deferred Sponsorship Income		
Balance at start	413,682	306,250
Receipts for the year	1,741,463	1,965,776
Accrual	714,000	576,060
Amortisation for the year	(2,494,330)	(2,434,404)
Balance at end	374,815	413,682

The deferred income relates to sponsorship income that is being amortised over the period of the respective sponsorship agreements.

13. Operating Leases

Non cancellable operating lease rentals are payable as follows:

	2016	2015
	$	$
Less than one year	247,896	247,896
Between one and five years	991,584	991,584
	1,239,480	1,239,480

During the year $247,896 (2015: $247,896) was recognised as an expense in profit or loss in respect of operating leases.

14. Staff Costs

	2016	2015
	$	$
Salaries	1,589,799	1,653,528
National Insurance	178,564	144,840
Contract labour	-	957
Staff Seminar	1,758	-
	1,770,121	1,799,325

The number of persons employed with the Company at year end was 43 (2015: 32).

15. Dividend Accrued

A dividend of 12% per share was accrued for the Convertible Redeemable Class A Preference Shares for the year ended September 30, 2016.

16. Subsequent Events

There are no events occurring after the reporting date and before the date of approval of the financial statements by the Board of Directors that require adjustment to or disclosure in these financial statements.

CinemaONE LIMITED
(formerly Giant Screen Entertainment Limited)

Schedule 1

Administrative Expenses

September 30, 2016

	2016 $	2015 $
Audit fees	59,975	73,505
Bank charges	168,915	79,106
Cleaning	119,510	221,976
Conferences	1,800	326
Donations	-	1,000
Freight and brokerage	3,693	7,323
Gas and oil	39,330	6,812
Insurance	67,375	107,222
Legal fees and licences	10,667	8,616
Meals and refreshments	5,994	9,487
Miscellaneous	9,378	4,833
Motor vehicle expenses	20,322	30,410
Office expenses	32,168	4,208
Operating supplies	85,643	22,533
Postage and courier	38,218	28,573
Professional fees	91,622	159,155
Repairs and maintenance	696,989	336,772
Security	8,426	12,260
Stationery	14,701	28,626
Subscriptions	1,000	6,845
Telephone and cellular costs	126,855	94,191
Travel	23,604	27,737
	1,626,185	1,271,516