

CINEMAONE

CONDENSED AUDITED FINANCIAL STATEMENTS FOR TWELVE MONTHS ENDED SEPTEMBER 30, 2019

CHAIRMAN'S STATEMENT FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Overview

I am happy to report to our new and existing Shareholders that Fiscal 2019 marked a foundational year for CinemaONE ("CINE1").

The Company was successful in strengthening its financial base to provide a catalyst for future growth. More specifically, in November 2018, CinemaONE emerged as the first listing on the Small and Medium Enterprise (SME) Tier of the Trinidad and Tobago Stock Exchange, having enhanced its equity base with TT \$14M in new share capital.

As planned, CINE1 then embarked on a debt financing strategy, which although extended, resulted in the closing of TT \$40M in debt financing from Guardian Group Trust Limited ("GGTL"). Both of these financing transactions, the latter of which is reported as a major subsequent event given the final closing after September 30th, enhanced the Company's Financial Position and enabled CinemaONE to consummate its second long term lease in the vibrant retail center of Gulf City Mall.

CinemaONE is now accelerating the construction of its second multiplex site while pragmatically evaluating regional and international alternatives for a third site. While doing so, CINE1 achieved organic growth in both revenue and theatre level profitability from its core operation at One Woodbrook Place, where CinemaONE now offers patrons 6 screens and various premium movie formats, inclusive of:

- IMAX and its breathtaking giant screen, still the largest in Trinidad, and immersive 3D
- Gemstone - the Company's intimate dine-in experience with fully reclining seats and seat side restaurant and bar service.
- 4DX – CINE1's fully immersive and action packed cinema ride which introduces environmental effects such as movement, wind and fog for a truly engaging movie experience.

Fiscal Year Performance

For the year ended September 30, 2019, Gross Revenue increased by 5.8% to TT\$19.0M (2018: TT\$17.9M), EBITDA for the first time exceeded \$5M with a 15.8% increase to \$5.2M (2018: TT\$4.5M) and PreTax Profit increased to TT\$1.2M up 14.7% from the previous year (2018: TT \$0.9M). Although Net Profit benefited from the favourable 10% SME Tax rate, the reduced rate did not offset the previous year's one time additive effect of a deferred tax add back, resulting in Net Profit of TT \$0.9M (2018: TT1.3M).

While the Fiscal 2019 movie slate started with mediocre movie releases, the traditional 3rd quarter, blockbuster period was accentuated in Fiscal 2019 by the standout performance of Disney's *Avengers' Endgame* which was followed by the strong showings of Sony/Columbia Picture's *Spider-Man Far from Home* and Disney's *The Lion King*.

Key highlights of Fiscal 2019's operational performance were as follows:

- Best ever attendance and revenue generation from a single movie in *Avengers' Endgame*, exceeding *Black Panther* in 2018 by over 30%
- 4% total attendance growth over 2018
- On budget performance of CinemaONE's newest 4DX movie theatre format
- 7% reduction in operational expenses.

Future Outlook

As we embark on Fiscal 2020, CINE1 continues to actively manage both its operational and new construction costs. The Company is now poised to open its second cineplex site in mid Fiscal 2020 and looks forward to enhancing margins through both economies of scale and a platform for more shared administrative costs.

I would like to thank my fellow Board Members for their continued guidance and insights and am grateful to the new and existing CinemaONE shareholders and our new strategic debt financier GGTL for the trust and confidence that you have all placed in CinemaONE, the SME sector and the entertainment industry.

CINE1 remains steadfast in its efforts to drive growth and expansion.

Brian Jahra

Chairman

December 26, 2019



STATEMENT OF COMPREHENSIVE INCOME	TWELVE MONTHS ENDED SEPTEMBER 30, 2019	TWELVE MONTHS ENDED SEPTEMBER 30, 2018
	Audited	Audited
Gross Revenue	19,014,163	17,969,175
Cost of Sales	(8,210,041)	(7,491,707)
Gross Profit	10,804,122	10,477,468
Operating expenses	(5,641,756)	(6,020,971)
Depreciation and Amortisation	(2,731,545)	(2,976,552)
Operating profit	2,430,821	1,479,945
Finance Costs	(1,313,653)	(505,709)
Profit/(Loss) before Tax	1,117,168	974,236
Tax	(182,118)	414,680
Profit/(Loss) after Tax	935,050	1,388,916
Total Comprehensive Income Attributable to: Equity Holders of the Company	935,050	1,388,916
Earnings Per Share	\$0.15	\$0.34

STATEMENT OF FINANCIAL POSITION	TWELVE MONTHS ENDED SEPTEMBER 30, 2019	TWELVE MONTHS ENDED SEPTEMBER 30, 2018
	Audited	Audited
Assets		
Non-current assets	53,882,890	52,531,886
Current assets	5,721,650	4,982,573
Total Assets	59,604,540	57,514,459
Equity & Liabilities		
Paid/Issued Share Capital	32,579,503	19,026,431
Retained earnings	3,575,413	2,640,363
Total Equity	36,154,916	21,666,795
Non-current Liabilities		
Deferred tax liability	1,310,960	1,153,858
Borrowings	10,291,667	13,458,333
Shareholder's Loans	5,829,566	13,075,406
Total Non-current Liabilities	17,432,193	27,687,597
Current liabilities		
Borrowings	4,104,685	5,759,133
Other	1,912,746	2,400,934
Total Non-current Liabilities	6,017,431	8,160,067
Total Equity & Liabilities	59,604,540	57,514,459

STATEMENT OF CHANGES IN EQUITY	TWELVE MONTHS ENDED SEPTEMBER 30, 2019	TWELVE MONTHS ENDED SEPTEMBER 30, 2018
	Audited	Audited
Ordinary Shares	19,026,432	19,116,263
Preference Share Class B	-	2,500,000
Retained Earnings	2,640,363	1,251,447
Total opening balance	21,666,795	22,867,710
Conversion of Preference Shares-Class B to shareholder loan	-	(2,500,000)
New Share Issue	14,441,680	-
New share issue expense	(888,609)	(89,831)
Total Comprehensive Income	935,050	1,388,916
Balance at September 30th	36,154,916	21,666,795

STATEMENT OF CASH FLOWS	TWELVE MONTHS ENDED SEPTEMBER 30, 2019	TWELVE MONTHS ENDED SEPTEMBER 30, 2018
	Audited	Audited
Cash flows from operating activities		
Profit/(loss) before taxation	1,117,168	974,236
Adjustments for depreciation, interest and changes in working capital	2,077,253	1,899,096
Cash generated from operations	3,194,421	2,873,332
Taxation paid	(223,791)	(144,651)
Net cash generated from operating activities	2,970,630	2,728,681
Net cash used in investing activities	(3,894,535)	(8,243,254)
Proceeds from loans	-	8,899,523
Repayment of loans	(12,066,954)	(3,300,480)
Proceeds from IPO	14,441,680	-
Interest paid	(1,153,298)	(1,591,088)
Expenses for new share issue	(805,629)	(89,831)
Net cash used in financing activities	415,799	3,918,124
Net (decrease) / increase in cash and cash equivalents	(508,106)	(1,596,449)
Cash and cash equivalents at the beginning of the year	1,237,828	2,834,277
Cash and cash equivalents at the end of the year	729,722	1,237,828

NOTES TO THE CONDENSED FINANCIAL STATEMENTS FOR TWELVE MONTHS ENDED SEPTEMBER 30, 2019

The accompanying notes are an integral part of these financial statements.


1. Basis of Accounting

These condensed financial statements have been prepared by Management in accordance with International Financial Reporting Standards (IFRS).

2. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are consistent with those used in the audited annual financial statements as at September 30, 2019.


Brain Jahra
Chairman


Ungrid Jahra
Director

NOTICE TO SHAREHOLDERS

• CinemaONE's Independent Auditor's Report and detailed Audited Financial Statements for the Year Ended September 30th 2019 are available for download at www.cinemaonett.com/investors/

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