CINEMAONE

Digicel IMAX GEMSTONE 4DX

2020 annual report


RIDE TOGETHER.
DIE TOGETHER.
WILL SMITH MARTIN LAWRENCE
BAD BOYS
FOR LIFE
JANUARY 17


EXPERIENCE IT IN
IMAX
BIRDS OF PREY
HARLEY QUINN
FEBRUARY 7

CINEMAONE

Digicel 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

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

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Principal Bankers

CIBC First Caribbean International Bank

Corporate Banking - CIBC FirstCaribbean Financial Center

74 Long Circular Road,

Maraval, Trinidad

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First Citizens Bank Limited

One Woodbrook Place,

Port of Spain, Trinidad

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Mr Brian Jahra, Chairman

CHAIRMAN'S STATEMENT

SEPTEMBER 30, 2020

Overview

The outbreak of the COVID-19 pandemic in Fiscal 2020 has catalysed unprecedented challenges in the international economy. The Government of Trinidad and Tobago's successive Coronavirus Public Health Orders commenced on March 17, 2020 and mandated the total cessation of CinemaONE's business in the interest of public safety for a period of approximately 7 months in 2020 with IMAX and 4DX being affected for an extended closure period of 9 months.

At the onset of the pandemic, CinemaONE swiftly responded to the Coronavirus / Covid-19 induced financial challenges. The Company implementated temporary, but extended, personnel and salary reductions and negotiated modified timing and/or abatement of contractual payments with landlords, key financial partners and other major suppliers. The Company also adopted a phased approach to new theatre construction projects.

During the protracted closure period, CinemaONE worked closely wth Government both in the facilitation of salary and other relief programs for CinemaONE's employees and in the collaborative formulation of public health guidelines for the local movie exhibition industry's re-opening. Such guidelines now include social distancing measures, a 50% auditorium capacity limitation, the use of face masks, increased sanitization, staggered showtimes and a 10PM operational limitation. CinemaONE has also voluntarily adopted the CinemaSafe protocols (www.cinemasafe.org) which comprise a set of global cinema industry health and safety protocols based on the Centers for Disease Control ("CDC") and the World Health Organisation ("WHO") guidelines in consultation with leading epidemiologists in the United States.

Financial Performance

The 15 Year TT $40M GGTL loan facility strengthened the Company's capacity to endure what became an unprecedented and extended COVID-19 global public health crisis.

In this context and despite a good initial start to Fiscal 2020, CinemaONE experienced significant distortions in its operating results for the fiscal year ended September 30, 2020 as a direct consequence of the Covid-19 mandated closure requirements. It should be noted that the second half of any fiscal year has historically been the Company's strongest half year, accounting for approximately 60% of revenue, due to the traditionally seasonal releases of major Hollywood blockbuster films.

A summary of the Company's Covid-19 impacted financial performance for the year ended September 30, 2020 is as follows: Gross Revenue decreased by -67% to TT $6.3M (2019 TT$19.0M) Gross Profit declined by -65% to TT $3.8M (2019 TT $10.8M) and for the first time the Company experienced a fiscal year Operating Loss of TT -$4.5M (2019 TT $2.4M) and a Net Loss of TT -$4.9M (2019 TT $.9M). Through cost containment, the Company managed positive EBITDA of TT $.2M (2019 TT $5.2M).

With the adoption of IFRS16 in Fiscal 2020 and the resulting capitalization of right of use lease assets along with the consummation of debt financing from Guardian Group Trust Limited (GGTL) to aid in theatre construction expansion in October 2019, CinemaONE's assets increased by 37.7% to TT $82.1M (2019 TT $59.6M).

The 15 Year TT $40M GGTL loan facility strengthened the Company's capacity to endure what became an unprecedented and extended COVID-19 global public health crisis and GGTL's collaborative, 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. As a result, the Company's working capital calculation of current assets less current liabilities increased to TT $4.9M (2019 TT -$1M).

Future Outlook

While the social and economic effects of Covid-19 are widespread, and the situation continues to evolve, CinemaONE has been encouraged by the recent vaccine announcements and the significant movie box office rebound already occurring in certain Asian markets such as China and Japan. The December 16th release of Wonder Woman 1984 as the first major blockbuster movie in TnT since the onset of the pandemic in March is also very encouraging. CinemaONE remains confident that TnT's cinema exhibition market will recover as restrictions are relaxed and movie supply chains continue to expand with marketable new movie titles.

Since the dawn of time, humans have deeply needed communal storytelling experiences. Cinema on the big screen is more than a business, it is an art form that brings people together, celebrating humanity and enhancing our empathy for one another. It is an artistic, in-person collective experience that forms a unique part of our cultural expression.

In reflecting on the historical record of pandemic impacts, we are reassured by the fact that when the Spanish Flu shuttered tens of thousands of worldwide cinema exhibitors 100 years ago for a period of 2 years, that pandemic did not similarly annihililate the entire 20th century of movie exhibition business nor economic activity in general. In fact, a robust economic recovery known as the "roaring twenties" ensued. The Directors of CinemaONE continue to adhere to a pragmatic approach so as to ensure that CinemaONE is well positioned for such a recovery.

Brian Jahra, Chairman
CinemaONE Limited
December 23, 2020

CinemaONE remains confident that TnT's cinema exhibition market will recover as restrictions are relaxed and movie supply chains continue to expand with marketable new movie titles.


Digicel
IMAX
First Citizens

Mrs Ingrid Jahra, CEO

CHIEF EXECUTIVE OFFICER'S STATEMENT

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

CinemaONE Limited (CinemaONE or the Company), in its ninth (9th) year of operations, delivered a resilient performance against the devastating economic backdrop of the COVID-19 Pandemic. In an effort to contain the spread of the COVID-19 virus beginning March 17, 2020, the Government of Trinidad and Tobago (GORTT) mandated the closure of the cinema sector for most of Fiscal 2020. As a direct result the COVID-19 Pandemic, the Company's largest auditoriums, Digicel IMAX and 4DX formats, were closed for the balance of the fiscal year.

In this context, key achievements of Fiscal 2020 were as follows:

- Positive trending for Q1 Fiscal 2020 with revenue generation of TT$3.6M for the three (3) month period ended December 31 2019 (Q1 Fiscal 2019: TT$3.8M)

- Consummation of TT$40M in long term debt financing from Guardian Group Trust Limited (GGTL) in Q1 Fiscal 2020 which provided expansion capital and strong liquidity, particularly given the ensuing COVID 19 Pandemic
- Successfully leading the cinema sector's lobbying efforts to work with GORTT to develop sector safety protocols to reopen the sector
- Demonstrated financial discipline to continue to deliver a strong balance sheet.

Key challenges of Fiscal 2020 were as follows:

- Extended cinema sector closure periods for consecutive months - in the first instance mandatory national lockdown from March 17, to June 22, 2020, then followed by a 2nd mandatory sector lockdown from August 17, 2020 which lasted until November 9, 2020.
- Waves of increased positivity cases of COVID-19 in the US and globally which resulted ultimately in postponements in major 2020 blockbuster movies to 2021 and/or temporary migration to streaming platforms
- Minimal GORTT economic relief afforded to SMEs and the Hospitality/ Entertainment Sector in general.

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 2020 Financial Performance

The COVID-19 Pandemic, with associated postponed blockbuster movie content and mandatory cinema closures in the interest of public health and safety, materially distorted the Company financial performance for Fiscal 2020..

Revenue

CinemaONE reported Gross Revenue of TT$6.3M, which represents a (67%) decrease over the previous year's audited results of TT$19M. The significant decrease in Gross Revenue was attributed to the extended cinema closure period, particularly the large capacity auditoriums of Digicel IMAX and 4DX, which were open for less than half of the fiscal year period.

Gross Profit

The Company's Gross Profit of TT $3.8M was below prior year performance of TT $10.8M by (65%). However, the overall gross profit margin was relatively flat at 60% versus 57% in the prior year due mostly to close management of food and beverage costs and other variable costs. The Company managed to meet its overall GP margin target of 60% and above.

Direct Expenses

Direct expenses were maintained at TT $8.2M with a marginal improvement of 1.5% over prior year Fiscal 2019 at TT $8.3M. The slight improvement can be attributed to stringent cost containment measures.

More specifically, at the onset of the COVID-19 Pandemic the Company drastically reduced its

The Company managed to still achieve positive EBITDA of TT $0.2M.

HR component by implementing temporary lay offs and limited voluntary retrenchment of staff. Additionally all non-essential operating expenditures were eliminated. Senior and middle management compensation was reduced by 40% to 70%. Operations were scaled downwards for the phased reopening periods permitted by the Government. All of the above measures effectively offset the Fiscal 2020 increase in depreciation of over TT$1.5M, due to lease related adjustments and the adoption of IFRS16 during the fiscal period. IFRS 16 was the major new IFRS standard adopted in Fiscal 2020 and is discussed in detail in Note 2 of the attached Audited Financial Statements.

Operating Profit

For Fiscal 2020 the Company recorded an Operating Loss of (TT $4.5M), a decline over prior year 2019 which reported an Operating Profit of TT $2.4M. The Company managed to still achieve positive EBITDA of TT $0.2M.

Net Profit

For the first Fiscal Year period since opening, the Company recorded a Net Loss of (TT$4.9M), a decline over prior year 2019 which reported a Net Profit of TT $0.9M.

Cash Flows and Liquidity

Net cash generated from operating activities was TT $1.4M (2019: TT $3.1M). Net cash used in investing activities for the year was TT $16.3M (2019: TT $3.9M) The investing activities comprise capital expenditures on movie theatre expansion for the new CinemaONE Cineplex at Gulf City Mall which accelerated to an advanced stage of construction during Fiscal 2020.

Net cash from financing activities, after repayment of TT $19.4M in principle and interest on borrowings (2019: TT $12.1M), was TT $17.3M (2019: TT $ .4M).

Cash held at the end of the year was TT $3.1M (2019: TT $.7M). The Company's cash balance at the end of Fiscal 2020 augurs well for its capacity to sustain the prolonged impact of COVID-19 and represents the highest closing year cash balance in the Company's history.

The Company's Working Capital increased to TT $4.9M from the prior year 2019 negative balance of (TT $1M).

Loan Facilities

In the first quarter of fiscal 2020, CinemaONE consummated a 15 Year TT $40M loan facility with Guardian Group Trust Limited (GGTL). This debt financing strengthened the Company's capacity to endure what became an unprecedented and extended COVID-19 global public health crisis. The new loan facility increased the Company's leverage to a manageable Total Debt / Total Capital Ratio of 57.3% (2019 36.3%).

Net cash generated from operating activities was TT $1.4M (2019: TT $3.1M).

GGTL's collaborative, 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.

CINEMA SAFE
YOUR SAFETY IS OUR FOCUS.

The impact of the COVID 19 Pandemic during Fiscal 2020, with the mandatory closure of operations for an extended period pressured the local cinema sector to join in unison to adopt the CinemaSafe global industry health standard and lobby for its adoption to allow cinemas to open safely. CinemaSafe Health Protocols were adopted and presented to the Ministry of Health and other relative government officials to allow cinemas to open briefly during the July / August months and then in November 2020.

The CinemaSafe Protocols include:

- streamlined business activities for contactless customer points e.g. online food and beverage ordering and
- reduced and staggered show times to minimize crowds
- mandatory facemasks for employees and patrons (implemented prior to the national mandate)
- checkerboard-seating layout with a maximum 50% capacity
- installation of personal space barriers between patrons, staff and signage
- amended fresh-air rates of HVAC system
- frequent disinfection of all high-touch areas, as well as seats every morning and between show times
- increased staff training in all health and safety protocols
- screening of employees prior to shift assumption.

Cinema Industry Outlook

Management is cautiously encouraged by the pent up demand for theatrical entertainment, and based on the strong movie content for the upcoming fiscal periods, believes this will result in the industry rebounding. However, the return to "normalcy" will span multiple months quite possibly until the epidemiological endpoint of COVID-19 occurs and "herd immunity" is effectively achieved in part through significant vaccination of the world's population.

Private screenings and alternate hybrid in person/virtual events are now being implemented as the industry awaits rapid global COVID-19 vaccination. Movie marketing campaigns continue to be supported by studios and key talent, along with creative concepts already in motion to help excite moviegoers to come back to the cinema.

Strategy

Our business strategy is to continue to exercise prudent cash management and to minimize cash burn until the Pandemic moves to the epidemiological endpoint, where global vaccine distribution is ubiquitous and blockbuster movie content is consistently released. These strategies include: significantly limiting all non-essential operating expenditures, maintaining reduced salaries of senior and middle-management voluntarily between 50 to 70%; implementing additional payroll reductions, continuing to negotiate payment deferrals and modifications across a wide range of lease-related and other contractual obligations, and continuing a phased approach to capital expenditure plans.

Closing Remarks

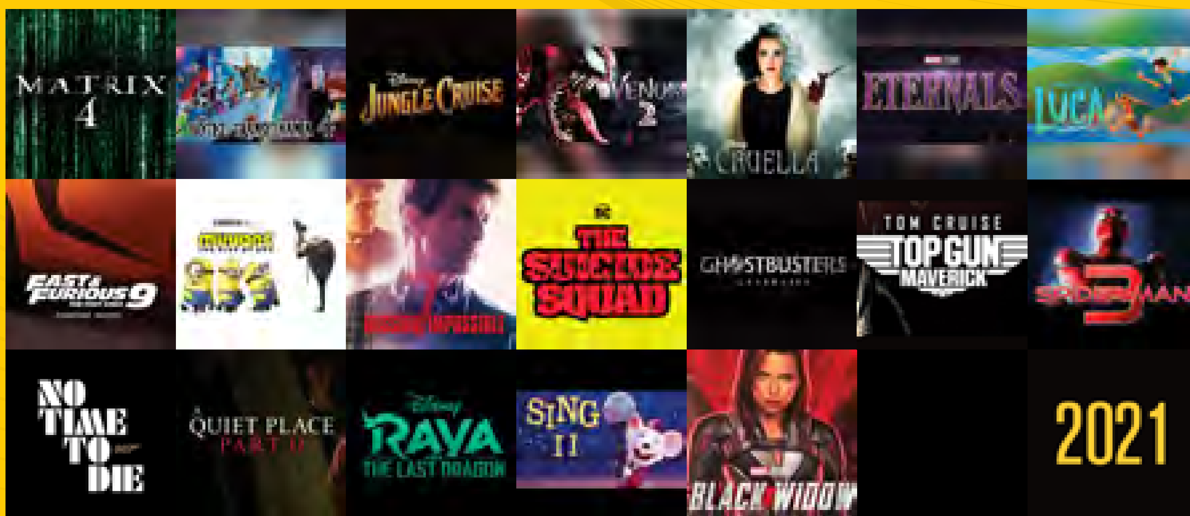
The COVID-19 pandemic will continue to have an unprecedented impact on the world and the cinema industry. Some Hollywood movies will likely be delayed until various governments successfully complete vaccine distribution, and associated health concerns decline. Until then the resurgence in movie going will gradually return as evidenced by the Company's preliminary results for Wonder Woman 1984.

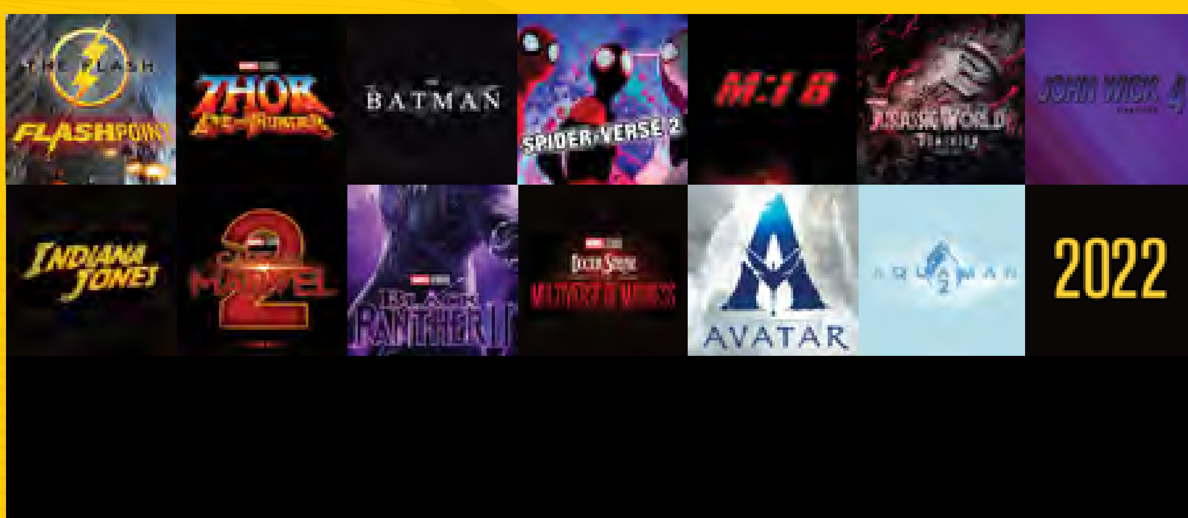
The international cinema industry is pushing for a rebound of the US $42 billion 2019 global box office.

While the current operating environment remains challenging, CinemaONE has adapted its business operations with stringent cash and liquidity management and the Company continues its concerted efforts at driving incremental efficiencies and productivity gains. Cinema exhibition and movies made for the big screen have survived historical periods of competing technologies and world pandemic. Despite the current pandemic induced challenges, the international cinema industry is pushing for a rebound of the US $42 billion 2019 global box office. CinemaONE intends to be well positioned to participate in the gradual recovery while continuing to responsibly provide family style entertainment.

Movie Slate 2021 and 2022

As of the date of this report, the movie slate announced below, subject to studio release date changes, proves to be compelling for fiscal years 2021/ 2022 with significant franchise titles – The Matrix 4, James Bond 007, Mission Impossible 7, Spiderman, The Minions and Fast and Furious 9 all currently scheduled for 2021 release dates.





It should be noted in the wake of COVID-19 that studios have adopted Pandemic distribution models – so that in some cases movie content has been distributed concurrently with cinemas to US streaming platforms or to streaming platforms only. However, for the movie slate outlined above, particularly those with capital intensive production budgets exceeding US $200M, theatrical distribution, meaning movie distribution to cinemas, is considered by studios as critical to generate positive investment returns.

CORPORATE SOCIAL RESPONSIBILITY

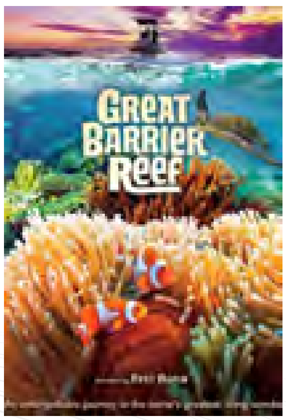
CINEMAONE remains committed to being a socially responsible organization as evidenced by its various Corporate Social Responsibility (CSR) programmes. The signature Atlantic Ultimate Field Trip has been in existence since 2011, named after the title sponsor Atlantic. For the last 9 years, 27 educational documentaries have been exhibited to over 101,000 school age children. Projected on the Caribbean's largest screen and with the Company's exclusive IMAX 3D technology, IMAX educational films are internationally recognized as the optimum vehicle to introduce science, space and conservation to young minds, making the information engaging, and more importantly, memorable. The Company has also partnered with the Port of Spain City Corporation to host activities for City Day in June for the last 3 years and has offered the space to several small entrepreneurs for promotional activities. Finally during the Christmas period the Company would host a Christmas Cheer in the form of movie/ refreshments with other entertainment for various children's homes.

At the commencement of Fiscal 2020 nearly 1000 children participated in The Ultimate Field Trip programme from October 1 2019 to March 17 2020 which showcased the following educational documentaries: - *The Great Barrier Reef* immersed viewers in the sights and sounds of life along one

Movie Time! Kids visit the Digicel IMAX theatre under the Atlantic Ultimate Field Trip

Students strike a pose in front of our Digicel IMAX sign after viewing a documentary

Ro'dey, entertains the kids at the 2019 CinemaONE Christmas Cheer



CinemaONE Ambassadors dazzle as Black Widow and Iron Woman of the world's most beautiful – and endangered – ecosystems in Australia; *The Hidden Universe* catapulted audiences into deep space, bringing to life the farthest reaches of our universe with unprecedented clarity through real images captured by the world's most powerful telescopes-seen on-screen and in 3D for the first time. Finally, the science, technology, engineering and mathematics (STEM) movie *Dream Big: Engineering Our World* divulged a series of surprising human stories to expose the hidden science behind the most exciting human inventions and structures on earth. It told a tale of human grit, aspiration, compassion combined with the triumph of human ingenuity over life's greatest challenges.

Due to the adverse impact of the COVID 19 Pandemic, from March 17 2020 the Government of Trinidad and Tobago closed all educational institutions for face-to-face learning and migrated all learning to virtual classrooms to the date of this report. This decision has resulted in the Field Trip programme being temporarily truncated by 6 months, with the 3rd term between April to July, typically being the most popular for field trip bookings.

It is anticipated that once the COVID 19 Pandemic reaches the epidemiological endpoint that schools will be allowed to return to classes and there would be a resumption of the field trips, in compliance with public health safety protocols. CinemaONE looks forward to working closing with its educational sponsor, Atlantic, in the upcoming year to revive the Ultimate Field Trip model to adapt to a revised programme that will reintroduce young students to the world of science, conservation, geography through the use of IMAX technology while meeting all public health and safety requirements.

CinemaONE Ambassador looks on at the annual CinemaONE Christmas Cheer

Students interact with a Boa Constrictor in the Digicel IMAX Lobby

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 rebranded 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.

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 Michael Quamina, LEC, LLB
Independent Director

Mr. Michael Quamina obtained his Bachelor of Laws degree (with Honours) from the University of the West Indies and attended the Hugh Wooding Law School where he obtained the Certificate of Legal Education. Mr. Quamina has practiced various types of law for over thirteen years including Public Administrative Law, Industrial Relations Law, Insurance Law and the law with respect to confiscation of assets under the Proceeds of Crime legislation. He is also skilled in dispute resolution and has served on several directorships of financial institutions and other private companies. He currently serves as a Director of various corporate boards including Trinre Limited and he is the Vice Chairman of the Board of Caribbean Airlines Limited. He is Chairman of Heritage Petroleum Company Limited.

Mr Adrian Bharath, BA, FCA, CA
Independent Director

Mr. Adrian Bharath is the Managing Director of AMB Corporate Finance Limited since 2009 and brings to CinemaONE over 25 years of experience in the field of finance. From 1999 to 2009 he held the position of Director in the Corporate Finance Group at Pricewaterhouse Coopers Limited (Trinidad and Tobago) and prior to that role, he spent 11 years at KPMG (London and New York) in the corporate finance, investment banking and auditing lines of the Business. He is a former Chairman of the National Insurance Board of Trinidad and Tobago, as well as a former Director on the Board of the National Insurance Property Development Company Limited (NIPDEC). Mr. Bharath also serves on the board of Trinre Limited.

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.

DIRECTORS' REPORT

The Directors submit their Report and Audited Financial Statements for the year ended September 30, 2020 as follows:

Financial Results

	2020	2019 (Restated)
Profit Before Tax	(5,222,298)	1,053,165
Taxation	299,437	(182,118)
Profits for the Year	**(4,922,861)**	**871,047**
Profits Attributable to:		
-- Non-Controlling Interest	(1,427,630)	252,604
-- Owners of the Parent	**(3,495,231)**	**618,443**
Earnings Per Share	($.77)	$0.14

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, 2019 in the Ordinary Shares of the Company were as follows:

	Direct Interest	Connected Persons
Brian Jahra	13,512	4,697,539*
Ingrid Jahra	8,575	4,697,539*
Christian Hadeed	Nil	4,655,756**
Adrian Bharath	Nil	Nil
Michael Quamina	Nil	Nil

*As at September 30, 2020, 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 130,659 and 4,555,756 shares respectively in CinemaONE Limited as at September 30, 2020

**As at September 30, 2020, 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, 2020.

Senior Officers

The interests of the Senior Officers holding office at the end of September 30, 2020 in the Ordinary Shares of the Company were as follows:

	Direct Interest	Connected Persons
Brian Jahra*	13,512	4,697,539*
Ingrid Jahra*	8,575	4,697,539*
Khadin Moreno	4,506	Nil
Navean Sahadeo	2,808	Nil
Kristina Celestine**	2,266	Nil

*As at September 30, 2020, 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 130,659 and 4,555,756 shares respectively in CinemaONE Limited as at September 30, 2020.

Substantial Interests / 10 Largest Shareholders

As at September 30, 2020 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	130,659	2.0%
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 Jahra
Company Secretary

DIRECTORS' REPORT

The Board held nine meetings for the fiscal year ended Sept 30, 2020 to discharge its responsibilities.

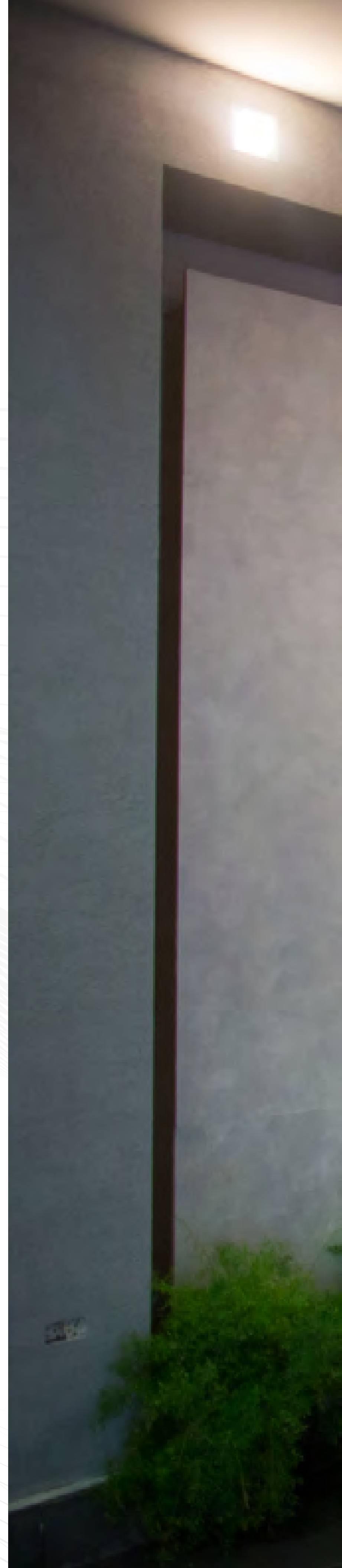
Board Meetings

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

	Positions	Present	Excused	Absent
Brian Jahra	Chairman	9	0	0
Ingrid Jahra	Director/ Chief Executive Officer	9	0	0
Christian Hadeed	Director	9	0	0
Adrian Bharath	Director	8	1	0
Michael Quamina	Director	7	2	0

Audit Committee

The Audit Committee, chaired by Mr. Adrian Bharath, convened on three occasions during the year and provided guidance and oversight of PricewaterhouseCoopers's annual Audit engagement for Fiscal 2020..




CINEMAONE
GEMSTONE
CINEMA MADE SPECIAL


4DX

CINEMAONE

Digicel IMAX GEMSTONE 4DX

FINANCIAL STATEMENTS

30 September 2020

(Expressed in Trinidad & Tobago Dollars)

Statement of Management's Responsibilities

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 2020 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of 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 the 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	Director
23 December 2020	23 December 2020

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 2020, 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 2020;
- 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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Independent auditor's report (Continued)

Our audit approach

Overview

Overall materiality: $170,000, which represents 1% of average revenue for each of the last three years.*

- 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.

Independent auditor's report (Continued)

Overall materiality	$170,000
How we determined it	1% of average revenue for each of the last three years
Rationale for the materiality benchmark applied	*We chose revenue as the benchmark because, in our view, it is generally the most stable benchmark against which the performance of the Company is measured by users, and is a generally accepted benchmark. We chose 1% which is within a range of acceptable benchmark thresholds and used average revenue for each of the last three years due to the exceptional impact of the COVID-19 virus on revenue in the current year.*

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $8,500, 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 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 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 March 2020 to 2 July 2020 and again from 17 August 2020 to 8 November 2020.	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.

Independent auditor's report (Continued)

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 year ending 30 September 2021 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.

- 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 2021.
- 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 above we satisfied ourselves 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.

Independent auditor's report (Continued)

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.

Independent auditor's report (Continued)

- 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
23 December 2020

Statement of Financial Position

(Expressed in Trinidad and Tobago dollars)

	Notes	2020 $	As at 30 September 2019 $ Restated (Note 13.1)	2018 $ Restated (Note 13.1)
Assets				
Non-current assets				
Plant and equipment	4	64,372,637	53,279,912	52,070,335
Right of use assets	14	6,417,819	--	--
Due from parent company	7	3,115,792	--	--
Deferred tax asset	10	1,282,858	602,979	461,551
		75,189,106	53,882,891	52,531,886
Current assets				
Inventories	5	108,712	179,479	383,209
Prepayments and other receivables	6	3,673,752	2,269,407	1,470,803
Due from parent company	7	--	2,543,041	1,890,733
Cash and cash equivalents – restricted cash		--	--	833,333
Cash and cash equivalents – unrestricted cash	8	3,104,068	729,722	404,495
		6,886,532	5,721,649	4,982,573
Total assets		82,075,638	59,604,540	57,514,459
Shareholders' equity and Liabilities				
Shareholders' equity				
Share capital	9	32,579,503	32,579,503	19,026,432
(Accumulated losses)/retained earnings		(3,059,284)	2,865,778	1,994,731
		29,520,219	35,445,281	21,021,163
Non-current liabilities				
Deferred tax liability	10	1,523,223	1,310,960	1,153,858
Borrowings	11	38,725,134	10,291,667	13,458,333
Shareholder loans	12	699,390	5,829,566	13,075,406
Accruals and other payables	13	2,816,734	--	--
Lease liabilities	14	6,827,400	--	--
		50,591,881	17,432,193	27,687,597
Current liabilities				
Borrowings	11	--	3,958,333	5,612,781
Shareholder loans	12	143,270	146,352	146,352
Accruals and other payables	13	1,461,345	2,409,094	2,913,047
Lease liabilities	14	347,492	--	--
Deferred revenue	15	9,120	168,612	133,519
Taxation payable		2,311	44,675	--
		1,963,538	6,727,066	8,805,699
Total liabilities		52,555,419	24,159,259	36,493,296
Total shareholders' equity and liabilities		82,075,638	59,604,540	57,514,459

The notes on pages 12 to 40 are an integral part of these financial statements.

These financial statements were authorised for issue by the Board of Directors on 23 December 2020.

Director Director

Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2020 $	Year ended 30 September 2019 $ Restated
Revenue	16	6,003,954	18,346,090
Cost of sales	17	(2,221,278)	(7,541,968)
Gross profit		3,782,676	10,804,122
Expenses			
Administrative expenses	17	(7,182,447)	(7,504,546)
Marketing expenses		(1,066,059)	(868,755)
Total expenses		(8,248,506)	(8,373,301)
Operating (loss)/profit		(4,465,830)	2,430,821
Finance costs		(1,271,237)	(1,377,656)
Other income	18	514,769	--
Net finance costs		(756,468)	(1,377,656)
(Loss)/profit before taxation		(5,222,298)	1,053,165
Taxation credit/(expense)	10	299,437	(182,118)
(Loss)/profit for the year		(4,922,861)	871,047
Other comprehensive income		--	--
Total comprehensive (loss)/income for the year attributable to equity holders of the Company		(4,922,861)	871,047
Earnings per share for (loss)/profit attributable to the equity holders of the Company	19	(77)¢	14¢

The notes on pages 12 to 40 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 2020				
Balance at 1 October 2019 - Restated	9	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 – Restated		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
Year ended 30 September 2019				
Balance at 1 October 2018 – As previously reported		19,026,432	2,640,363	21,666,795
Restatement adjustment	13.1	--	(645,632)	(645,632)
Balance at 1 October 2018 – Restated		19,026,432	1,994,731	21,021,163
Total comprehensive income for the year		--	871,047	871,047
Transactions with owners in their capacity as owners:				
New share issue	9	14,441,680	--	14,441,680
New share issue expense	9	(888,609)	--	(888,609)
Balance at 30 September 2019 - Restated		32,579,503	2,865,778	35,445,281

The notes on pages 12 to 40 are an integral part of these financial statements.

Statement of Cash Flows

(Expressed in Trinidad and Tobago dollars)

	Notes	Year ended 30 September 2020 $	2019 $ Restated
Cash flows from operating activities			
(Loss)/profit before taxation		(5,222,298)	1,053,165
Adjustments for:			
Depreciation	4,14	4,295,303	2,731,545
Loss on sale of plant and equipment		--	(692)
Interest expense		1,271,237	1,190,448
		344,242	4,974,466
Changes in:			
Decrease in inventories		70,767	203,730
Increase in prepayments and other receivables		(113,337)	(798,604)
Increase in due from parent company		(572,751)	(652,308)
Increase in accruals and other payables		1,868,985	(567,956)
(Decrease)/increase in deferred revenue		(159,492)	35,093
Cash generated from operating activities		1,438,414	3,194,421
Taxation paid		(135,926)	(223,791)
Net cash generated from operating activities		1,302,488	2,970,630
Cash flows from investing activities			
Purchase of plant and equipment		(16,261,554)	(3,925,227)
Proceeds from disposal of plant and equipment		--	30,692
Net cash used in investing activities		(16,261,554)	(3,894,535)
Cash flows from financing activities			
Repayment of loans and borrowings		(19,383,258)	(12,066,954)
Proceeds from loans and borrowings		38,725,134	--
Leases		(962,725)	--
Proceeds from initial public offering	9	--	14,441,680
Interest paid		(1,045,739)	(1,153,298)
New share issue expenses		--	(805,629)
Net cash generated from financing activities		17,333,412	415,799
Increase/(decrease) in cash and cash equivalents for the year		2,374,346	(508,106)
Cash and cash equivalents at beginning of year		729,722	1,237,828
Cash and cash equivalents at end of year	8	3,104,068	729,722

The notes on pages 12 to 40 are an integral part of these financial statements.

Notes to the Financial Statements
30 September 2020
(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.

As the lead naming Sponsor, Digicel (Trinidad and Tobago) Limited has partnered with CinemaONE since the Company's inception 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.

In the first quarter of fiscal 2019, CinemaONE sold 1,444,168 newly issued ordinary shares at $10 per share in an 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 consummated 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 became an unprecedented and extended COVID-19 global public health crisis commencing in March 2020 (Note 24) and adversely affecting CinemaONE's financial performance in fiscal 2020, given the government's mandated closure of the Company's theatre operations. GGTL's collaborative, 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.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

2 **Summary of 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 2019 are stated in the relevant notes.

(a) *Basis of accounting*

These financial statements have been prepared in accordance with the 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 and 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 2020
(Expressed in Trinidad and Tobago dollars)

2 **Summary of significant accounting policies**

(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 balance basis for the remaining life of the lease agreement:

Leasehold improvement	- Life of lease – 20 years (2019: 20 years)
Theatre systems	- Life of the agreement – 15 years (2019: 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.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

2 **Summary of 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 2020
(Expressed in Trinidad and Tobago dollars)

2 **Summary of 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 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.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

2 **Summary of 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*

The IASB published IFRS 16 Leases in January 2016 and the standard is effective for annual reporting periods beginning on or after 1 January 2019. The new standard requires lessees such as the Company to recognise leases on the statement of financial position which will reflect the right to use an asset for a period of time and the associated liability for payments.

The Company has adopted the standard for the fiscal year commencing 1 October 2019.

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 2020
(Expressed in Trinidad and Tobago dollars)

2 **Summary of significant accounting policies (continued)**

(p) *Leases (continued)*

In accordance with the IFRS 16 standard, 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.

The Company has elected to use the simplified approach in its transition accounting for IFRS 16. Under this approach, the Company has not restated comparative information. As such, the date of initial application is the first day of the annual reporting period in which the Company has first applied the requirements of the new leases standard, which in this case is 1 October 2019. At this date of initial application of the new leases standard, the Company has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity.

Up until 30 September 2019

Leases in which a significant proportion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals paid under operating leases are charged to appropriate expense headings in the profit or loss on a straight-line basis over the period of the lease.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

2 **Summary of 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*

Due to the nature of the Company's revenue which is further described below, there were no significant changes to the revenue recognition policy under IFRS 15, and hence no impact in the financial statements.

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)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

2 **Summary of 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.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

2 **Summary of significant accounting policies (continued)**

(x. 1) *New, revised and amended standards and interpretations adopted*

The Company has adopted IFRS 16 “Leases” from 1 October 2019, which has resulted in changes in the accounting policies and adjustments to the amounts recognised in the financial statements.

In accordance with the transitional provisions of IFRS 16, the Company has adopted the new guidance applying a modified retrospective approach with the cumulative effect of initially applying this standard as an adjustment to the opening balance of retained earnings. Comparative prior year periods were not restated.

The Company has recognised a lease liability measured at the present value of the remaining lease payments, discounted using the Company’s incremental borrowing rate at 1 October 2019. The incremental borrowing rate applied to the lease liabilities on 1 October 2019 ranged from 6.95% to 9.00%.

The Company also elected to recognise a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of prepaid or accrued lease payments relating to the leases recognised on the statement of financial position immediately before the date of initial application.

(i) *Practical expedients applied*

In applying IFRS 16 for the first time, the Company has used the following practical expedient permitted by the standard:

- A single discount rate was applied to the leases with reasonably similar characteristics

(ii) *Measurement of lease liabilities*

	2019 **$**
Operating lease commitments as at 30 September 2019 (Note 22)	56,682,707
Discounted using the lessee’s incremental borrowing rate as at the date of initial application	(23,523,823)
Less adjustments relating to changes in the index or rate affecting variable payments	(25,210,024)
Lease liability recognised at 1 October 2019	7,948,860
Current lease liabilities	321,790
Non-current lease liabilities	7,627,070

(iii) *Measurement of right of use of assets*

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 September 2019.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

2 **Summary of significant accounting policies (continued)**

(x. 1) *New, revised and amended standards and interpretations adopted (continued)*

(iv) *Adjustments recognised in the statement of financial position on 1 October 2019*

The change in accounting policy affected the following line items in the statement of financial position on 1 October 2019:

- Right of use assets – increase by $6,835,302
- Deferred tax assets – increase by $111,356
- Lease liabilities – increase by $7,948,860

The net impact on retained earnings on 1 October 2019 was a decrease of $1,002,201.

(x. 2) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2020 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.

(z) *Prior period errors*

Comparative financial information is restated where the correction of an error requires retroactive restatement in accordance with IAS 8.

Material prior period errors are corrected retrospectively by:

(i) restating the comparative amounts for the prior period presented in which the error occurred; or

(ii) restating the balance of the retained earnings for the earliest prior period presented if the error occurred before the earliest prior period presented.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

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 $1,256,215 (2019: $Nil).

(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 2020 (2019: 27%) and the balance of borrowings were secured at fixed rates.

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

	2020 $	2019 $
Less than one year	143,270	4,085,838
Between 1 - 5 years	18,419,212	10,623,967
	18,562,482	14,709,805

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)
30 September 2020
(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. First Citizens Bank has a Standard and Poors rating of BBB/Stable/A-2 and First Caribbean International Bank has a Standard and Poors rating outlook for deposits.

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:

	2020 $	2019 $
Other receivables (Note 6)	648,833	812,532
Due from parent company (Note 7)	3,115,792	2,543,041
Cash at bank and on hand (Note 8)	3,104,068	729,722
	6,868,962	4,085,295

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.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

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	--	648,833	--

Notes to the Financial Statements (continued)
30 September 2020
(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 2020				
Borrowings	38,725,134	38,725,134	--	18,419,212
Shareholder loans	842,600	842,600	143,270	699,391
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
At 30 September 2019				
Borrowings	14,250,000	16,500,964	5,078,619	11,422,345
Shareholder loans	5,975,918	6,474,319	146,352	6,327,967
Deferred revenue	168,612	168,612	168,612	--
Accruals and other payables (excluding statutory liabilities)	1,615,607	1,615,607	1,615,607	--

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

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 2019.

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 2020 and 30 September 2019.

The gearing ratios as at 30 September 2020 and 30 September 2019 were as follows:

	2020 $	2019 $
Borrowings (Note 11)	38,725,134	14,250,000
Lease liabilities (Note 14)	7,174,892	--
Shareholder loans (Note 12)	842,660	5,975,918
Less: cash on hand and at bank (Note 8)	(3,104,068)	(729,722)
Net debt	43,638,620	19,496,196
Total equity	29,520,221	35,445,281
Total capital	73,158,841	54,941,477
Gearing ratio	60%	35%

The Company's high gearing ratio is mainly due to the adoption of the 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.

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

4 **Plant and equipment**

	Leasehold improvements $	Theatre equipment $	Motor vehicle $	Computers $	Concession equipment $	Furniture and fixtures $	Work in progress $	Total $
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
Year ended 30 September 2019								
Cost								
Balance at 1 October 2018	43,948,164	19,555,299	357,831	207,833	1,376,268	86,150	1,703,644	67,235,189
Additions	229,003	1,615,644	--	12,968	18,421	--	2,095,778	3,971,814
Disposals	--	--	(357,831)	--	--	--	--	(357,831)
Transfers	1,137,724	--	--	--	--	--	(1,137,724)	--
Balance at 30 September 2019	45,314,891	21,170,943	--	220,801	1,394,689	86,150	2,661,698	70,849,172
Accumulated depreciation								
Balance at 1 October 2018	7,506,205	6,379,681	322,754	135,824	766,789	53,601	--	15,164,854
Charge for the year	1,202,020	1,338,545	4,385	27,035	154,677	4,883	--	2,731,545
Disposals	--	--	(327,139)	--	--	--	--	(327,139)
Balance at 30 September 2019	8,708,225	7,718,226	--	162,859	921,466	58,484	--	17,569,260

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

4 **Plant and equipment (continued)**

	Leasehold improvements $	Theatre equipment $	Motor vehicle $	Computers $	Concession equipment $	Furniture and fixtures $	Work in progress $	Total $
Net book amount								
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
Balance at 30 September 2018	36,441,959	13,175,618	35,077	72,009	609,479	32,549	1,703,644	52,070,335

Work-in-progress as at 30 September 2020 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 $1,931,000 (2019: $46,587) was capitalised during the year.
Work in progress of $1,291,009 were 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)
30 September 2020
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5 Inventories

	2020 $	2019 $
Food and beverage	108,712	113,893
Lamp stock	--	50,000
Miscellaneous	--	15,586
	108,712	179,479

The cost of inventories recognised as an expense and included in cost of sales amounted to $721,315 (2019: $2,133,523).

6 Prepayments and other receivables

Prepayments	1,680,915	618,584
Value Added Tax recoverable	1,344,004	838,291
Other receivables	648,833	812,532
	3,673,752	2,269,407

As at 30 September 2020, there was an impairment of other receivable balances of $165,539. (Note 17) (2019: NIL).

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 (j). 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	3,115,792	2,543,041

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 $1,008,885 (2019: $965,000) for the year.

Notes to the Financial Statements (continued)
30 September 2020
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8 **Cash and cash equivalents**

	2020 $	2019 $
Cash on hand and at bank	86,330	729,722
Short-term deposit	3,017,738	--
	3,104,068	729,722

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

9 **Share capital**

	2020 $	2019 $
Authorised capital		
Unlimited ordinary shares of no par value		
Issued and fully paid capital		
6,406,295 (2019: 6,406,295) ordinary shares of no par value	32,579,503	32,579,503

Analysis of ordinary shares movement is as follows:

	2020		2019	
	No. of Shares	Amount $	No. of Shares	Amount $
Balance at start of year	6,406,295	32,579,503	4,105,756	19,026,432
Parent company share issue at IPO	--	--	805,050	--
Employee share issue at IPO	--	--	51,321	--
New share issue at IPO	--	--	1,444,168	14,441,680
New share issue expense	--	--	--	(888,609)
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.

In the first quarter of fiscal 2019, the Company sold and issued 1,444,168 ordinary shares at a price of $10 per share in the inaugural IPO on the Small and Medium Enterprise Exchange of the Trinidad and Tobago Stock Market. Consistent with the Company's IPO Prospectus and as a partial liquidity event, a total of 805,050 ordinary shares were issued during the IPO to the shareholders of the parent company and 51,321 ordinary shares to the Company's employees, respectively.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

10 **Taxation**

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

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

	Accumulated tax losses $	IFRS 16 $	Total $
At 1 October 2019	602,979	--	602,979
Adjustment on adoption of IFRS 16 (Note 2 (x.1) (iv)	--	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
At 1 October 2018	461,551	--	461,551
Credited/(charged) to profit or loss	141,428	--	141,428
At 30 September 2019	602,979	--	602,979

	Accelerated tax depreciation $	Total $
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)
At 1 October 2018	(1,153,858)	(1,153,858)
Credited/(charged) to profit or loss	(157,102)	(157,102)
At 30 September 2019	(1,310,960)	(1,310,960)

Deferred income taxes are calculated on all temporary differences under the liability method using a principal tax rate of 10% (2019: 10%).

(ii) *Taxation*

	2020 $	2019 $
Deferred tax (credit)/charge	(356,260)	15,674
Business levy	37,884	110,963
Green fund levy	18,939	55,481
	(299,437)	182,118

Notes to the Financial Statements (continued)
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10 **Taxation (continued)**

(iii) *Reconciliation of effective tax rate*

	2020 $	2019 $
(Loss)/profit for the year	(5,222,298)	1,117,168
Tax at the statutory tax rate – 10%	(522,230)	111,717
Business levy	37,884	110,963
Green fund levy	18,939	55,481
Disallowed expense	725	1,115
Prior year adjustment – deferred tax	120,958	(97,158)
Other differences	44,287	--
	(299,437)	182,118

For the year ended 30 September 2020, the Company was not liable to corporation tax as a result of accumulated tax losses of $12,071,504 (2019: $6,029,790). 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, in accordance with section 3(2) of the Corporation Tax Act provides for companies so listed to be assessed with a corporation tax rate of 10%. This will apply for the first 5 years of being listed on the stock exchange.

11 **Borrowings**

First Caribbean International Bank (Trinidad and Tobago) Limited (CIBC)	--	14,250,000
Guardian Group Trust Limited-TTD	28,725,134	--
Guardian Group Trust Limited-USD	10,000,000	--
Total borrowings	38,725,134	14,250,000
Less current portion	--	(3,958,333)
Long term portion	38,725,134	10,291,667

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 (2019: 6.95%).

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 July 2025, and interest is due from 30 July 2021 after the extended COVID-19 moratorium period ends. The security for these loans is noted below.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

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 and 2021 and any other additional covenant in which compliance is likely to be adversely impacted due to the COVID-19 pandemic.

(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

	2020 $	2019 $
Due to EFREENET Limited	466,112	5,516,113
Due to Jahra Ventures Limited	376,548	459,805
	842,660	5,975,918
Less current portion	(143,270)	(146,352)
Net long-term debt	699,390	5,829,566

A large portion of the loan due to EFREENET Limited was repaid within the month of December 2019, using the proceeds from the facility from Guardian Group Trust Limited Loan.

Amount due to EFREENET Limited in the amount of $466,112 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 in 30 April 2023. These shareholder loans do not carry any security.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

13 **Accruals and other payables**	**2020 $**	**2019 $ Restated**
Current portion		
Accruals	566,641	548,028
Interest payable	451,311	495,919
Statutory payable	111,312	767,574
Other payables	332,081	571,660
Value Added Tax payable	--	25,913
	1,461,345	2,409,094
Non-current portion		
Interest payable	2,146,265	--
Statutory payable	670,469	--
	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 (see below for further details).

13.1 *Restatement of comparative information*

Payables related to statutory balances as reported in the previously issued financial statements for the year ended 30 September 2019 were adjusted to correct a prior period error in accordance with IAS 8 – 'Accounting policies, changes in accounting estimates and errors. The adjustment was made to correctly account for contributions due to the National Insurance Board. The line items impacted by the adjustment are shown below:

Statement of Financial Position as at 30 September 2018	**As originally stated $**	**Restatement $**	**As restated $**
Accruals and other payables – current	2,267,415	645,632	2,913,047
Retained earnings	2,640,363	(645,632)	1,994,731
Statement of Financial Position as at 30 September 2019			
Accruals and other payables - current	1,699,459	709,635	2,409,094
Retained earnings	3,575,413	(709,635)	2,865,778
Statement of Profit or Loss and Other Comprehensive Income as at 30 September 2019			
Finance costs	1,313,653	64,003	1,377,656

The total amount of the statutory payable as at 30 September 2020 is $771,075 of which $100,605 is due within twelve months.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

14	**Leases**	**2020** **$**	**2019** **$**
	Right of use assets		
	Buildings	6,417,819	--
	Lease liabilities		
	Current	347,492	--
	Non-current	6,827,400	--
	Total lease liabilities	7,174,892	--

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

Depreciation	417,483
Expense (included in finance costs)	61,518
Total cashflow for leases in 2020 was	962,725

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

15 **Deferred revenue**

Sponsorship deferred revenue	--	100,000
Other deferred revenue	9,120	68,612
Total deferred revenue	9,120	168,612

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	2,328,754	9,595,607
Food and beverage	1,961,592	6,334,494
Sponsorship, advertising and other	2,023,647	3,084,062
Gross revenue	6,313,993	19,014,163
Discounts	(310,039)	(668,073)
Net revenue	6,003,954	18,346,090

Discounts are related to complementary tickets and food and beverage.

Notes to the Financial Statements (continued)
30 September 2020
(Expressed in Trinidad and Tobago dollars)

17 Expenses by nature

	2020 $	2019 $
Cost of sales		
Movies	1,293,740	4,625,441
Food and beverage (Note 5)	721,315	2,133,523
Other	206,223	783,004
	2,221,278	7,541,968
Administrative expenses		
Depreciation – plant and equipment (Note 4)	3,877,820	2,731,545
Depreciation – right of use asset (Note 14)	417,483	--
Employee benefit expense (Note 21)	738,016	1,947,794
Repairs and maintenance	617,881	504,897
Rent	304,650	1,188,883
Audit and professional fees	255,971	337,309
Cleaning	245,635	253,146
Impairment of receivables	165,539	--
Communications costs	155,196	274,728
Insurance	114,870	50,966
Legal fees and licenses	111,263	40,458
Office expenses	45,054	28,515
Miscellaneous	27,893	23,329
Freight and brokerage	25,908	21,092
Operating supplies	17,624	15,670
Travel	14,362	27,000
Motor vehicle expense	14,298	46,359
Subscriptions and publications	13,318	--
Stationery	9,728	11,994
Postage and courier	9,331	--
Meals and refreshments	607	861
	7,182,447	7,504,546

18 Other income

	2020	2019
Gain on foreign exchange	323,239	--
USD Income fund interest income	100,778	--
Interest income	90,752	--
	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 Earnings per share

Basic earnings 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.

	2020	2019
(Loss)/profit attributable to equity holders of the Company	(4,922,861)	871,047
Weighted average number of ordinary shares in issue	6,406,295	6,084,658
Basic (loss)/earnings per share	(77)¢	14¢

Notes to the Financial Statements (continued)
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20 **Net changes in borrowings**

(i)	Cash and Cash Equivalents $	Commercial Loan $	Shareholder Loans $	Shareholder Loans $	Lease Liabilities $	Total $
Balance at 1 October 2018	1,237,828	(16,625,000)	(2,446,114)	(13,221,758)	--	(31,055,044)
Cashflows	(508,106)	2,375,000	2,446,114	7,245,840	--	11,558,848
Balance at 30 September 2019	729,722	(14,250,000)	--	(5,975,918)	--	(19,496,196)
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)

(ii) *Net debt reconciliation*

	2020 $	2019 $
Cash on hand and at bank (Note 8)	3,104,068	729,722
Shareholder loans - repayable within one year (Note 12)	(143,270)	(4,104,685)
Lease liabilities - repayable within one year (Note 14)	(347,492)	--
Shareholder loans – repayable after one year (Note 12)	(699,390)	(5,829,566)
Borrowings - repayable after one year (Note 11)	(38,725,134)	(10,291,667)
Lease liabilities – repayable after one year (Note 14)	(6,827,400)	--
Net debt	(43,638,618)	(19,496,196)

21 **Employee benefit expense**

Salaries	548,695	1,701,837
National insurance	189,321	245,957
	738,016	1,947,794

22 **Contingencies and commitments**

(i) Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

Within one year	--	2,065,531
Later than one year but not later than five years	--	10,306,845
Later than five years	--	44,310,331
	--	56,682,707

Notes to the Financial Statements (continued)
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22 **Contingencies and commitments (continued)**

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.

(ii) 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.

(iii) The Company currently has no material contingencies impacting the financial statements. (2019: $Nil)

(iv) 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 $2,220,000. (2019: $Nil)

23 **Dividends**

There were no dividends declared or paid by the Board of Directors of the Company during the financial year (2019: $Nil).

24 **Impact of COVID-19**

The outbreak of the COVID-19 pandemic in fiscal 2020 has triggered unprecedented challenges in the international economy and has adversely impacted the global movie exhibition industry. The Prime Minister of Trinidad and Tobago 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. The second mandated closure had a duration of 84 days.

At the onset of the COVID-19 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 40-60% 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 curtailed its fiscal year operating loss to ($4.9M) and maintained a positive EBITDA of $.4M. In an effort to preserve liquidity, the Company also adopted a phased approach to capital expenditures related to ongoing theatre expansion projects in Gulf City Mall. The Company's capex initiatives were decelerated for a four-month period at the peak of the country's COVID-19 lockdown in order to ensure adequate liquidity.

During the fiscal year, the Company has worked closely with Government both in the facilitation of salary and other relief programs for the Company's employees and in the collaborative formulation of public health guidelines for the local movie exhibition industry's re-opening. Such guidelines now include social distancing measures, the use of face masks, increased sanitisation and a 10 p.m. operational limitation. While the social and economic effects of COVID-19 are widespread, and the situation continues to evolve, the Company has played a very active role in the local sector's reopening process and the Company successfully reopened to patrons on 19 November 2020, ten days after the lifting of the COVID-19 Public Health Order suspending cinema operations.

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

On the basis of the above, the Company has thus maintained the going concern assumption in the preparation of the Company's 2020 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 theatre operations due to the COVID-19 pandemic has had a deleterious impact on the Company's revenue and profitability during fiscal 2020 as the Company's operations were closed for approximately half of the fiscal year. Moreover, the closure period was during the peak blockbuster season which typically accounts for approximately 60% of the Company's revenue. During the extended closure period the Company's market capitalisation also declined below its net book value. These indicators triggered the Company's impairment testing.

Given the simplicity of the Company's theatre operations and the key impairment indicator of the whole Company's market capitalization decline in comparison to its book value, the Company elected to analyse the aggregate whole company as a singular or whole Cash Generation Unit (CGU) for its impairment testing. To determine the Value in Use of the whole company, the Company performed a detailed Discounted Cash Flow Analysis (DCF). Accordingly, and based on the assumptions contained in the overview and in the financial analysis performed, the Company's DCF Equity Value or Value in Use ranges exceed both the Company's Carrying Value of the Company's assets and the Current Market Value Capitalisation.

On this basis, the Company has not impaired its assets to reflect the Market Value variance as at 30 September 2020.

25 **Subsequent events**

On 2 December 2020, Guardian Group Trust Limited (GGTL) approved the Company's request for COVID-19 support in the form of deferrals on both Tranche A and Tranche B of the Company's GGTL Loan facilities (Note 11).

The Tranche A facility repayment date was deferred from 30 October 2021 to 30 October 2022. The Tranche B facility interest payments were deferred from 30 January 2021 to 30 July 2021.

There were no additional 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.


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