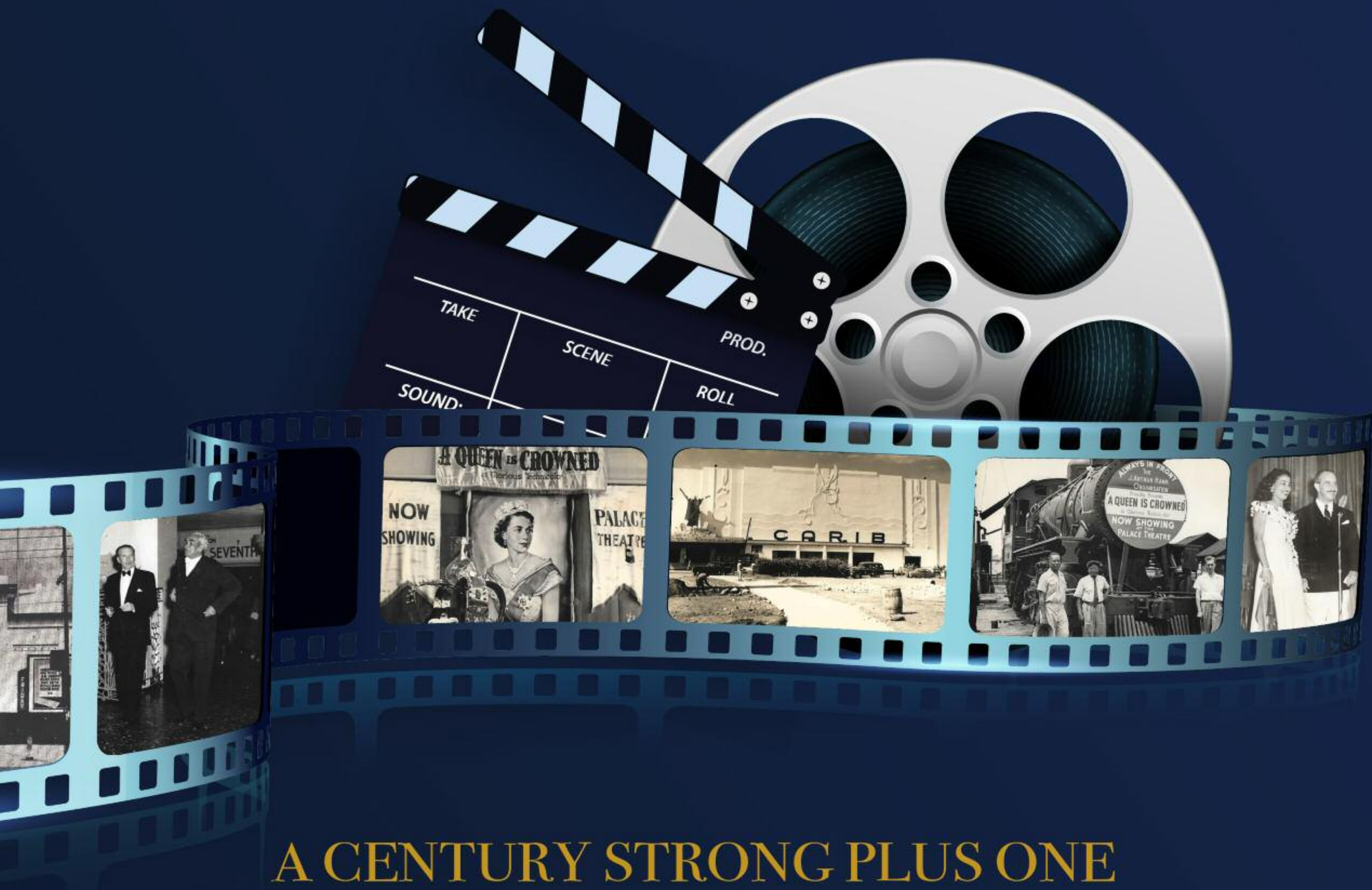
2022 ANNUAL REPORT

THE PALACE AMUSEMENT CO. (1921) LTD.

OVER 100 YEARS

CINEMA AT ITS BEST



A CENTURY STRONG PLUS ONE

Our Vision

... to remain in the vanguard of the industry, with cutting edge technology and quality, timely box office releases.

Our Mission

... to ensure that cinema remains a preferred option and that the audience enjoys the ultimate movie experience, complete with the best available technology and first class customer service, all in an atmosphere of comfort and relaxation.

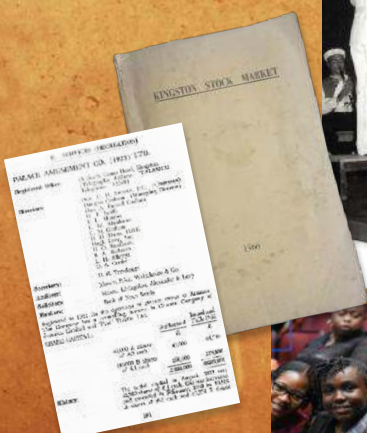
Palace Amusement Company has taken bold steps and is keeping pace, in a technologically advanced world. Cinema in Jamaica is Twenty First Century and growing.

The terms “movies” and “Palace Amusement Company” are synonymous here in Jamaica, where many patrons hold cherished memories of their special experience.

Movie-going is much more than mere entertainment, it is a catalyst for love; relationships; marriage - the stuff that life is made of!

Our Screenplay
A Century Strong Plus One

There's no business like show business and this business we know,
Everything about it is enchanting, magical and more,
There's no people like show people,
we are proactive, always on the go,
Yesterday we were on lockdown,
but we didn't frown,
Today our curtain rises to thunderous applause.... **So on with the Show!**



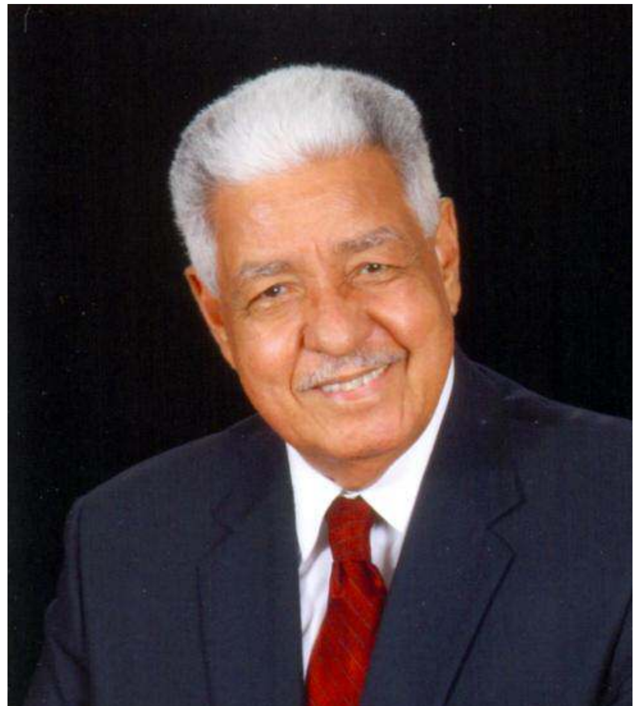
Sound of Music star visits Jamaica for the Premiere of the Film
Charmian Carr, Sound of Music (3rd left) is met at the Palisadoes Airport by (left to right), Russell Graham and Ossie Cooke, Russgram Investments, local representatives of Twentieth Century Fox, distributors of the film, Douglas Graham, (3rd right) Managing Director, Palace Amusement Company and a representative from Fox, Latin America. Centre is Edna Graham, wife of Russell and mother of Douglas.

Cinema Going was a formal affair

Contents

Chairman’s Prologue

Our journey from silent movies to Digital 3D Technology is epic... and remarkable, ground-breaking, and adventurous at best.



DOUGLAS GRAHAM
Chairman and Managing Director

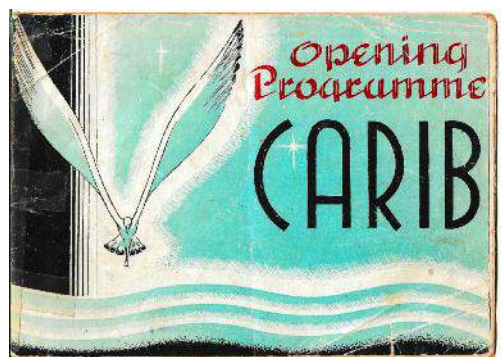
We take pride in our longevity and the fact that we have remained on the leading edge of cinema and a premier choice for entertainment in Jamaica. Our historical assets are intricately woven and invested in the fabric of this nation where going to the theatre continues to play a pivotal role in the lives of many.

We intend to continue to build on those assets and to better our offerings of - **The Best of The Cinema Experience**.

With resilience, we have made it through the pandemic, the most difficult years of our operations to date, and we are motivated to go on with the show.

On this momentous occasion, we salute our Founder, past Majority Shareholders, Chairmen and other departed managers and members of staff who played pivotal roles in the development of The Palace Amusement Company.

We thank our Directors and staff for their dedication and sacrifice, and our shareholders, stakeholders and loyal patrons for their continued support.



Carib Launch Programme 13 April 1938

3D Digital Launch at Carib 5 in 2009

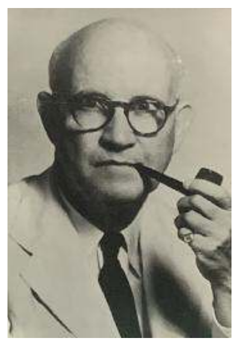
Flashback
The Early Years

Audley Morais
Founder
Lived: 1884-1967

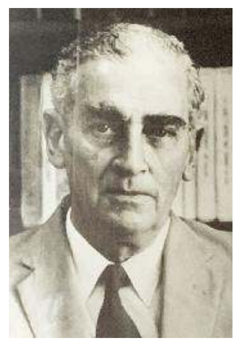
J. Arthur Rank
Majority Shareholder
1947-1962

A. Russell Graham
Majority Shareholder
1962-1989

Ansell Hart
Chairman
1930-1935
Palace Wilcox
Saegnar Co.



L.V.D. Samuel
Chairman
1943-1963



C.H. "Pro" Browne
Chairman
1964-1979

Eric W. Abrahams
Chairman
1979-1990

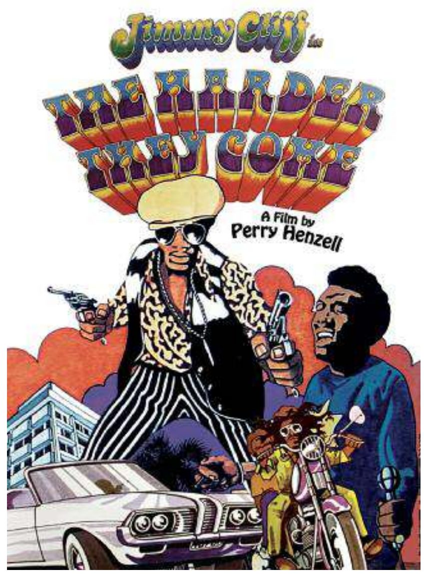
The Palace Amusement Company was founded by a Jamaican, Audley Morais, who sold it to the J. Arthur Rank Organisation, a British company.

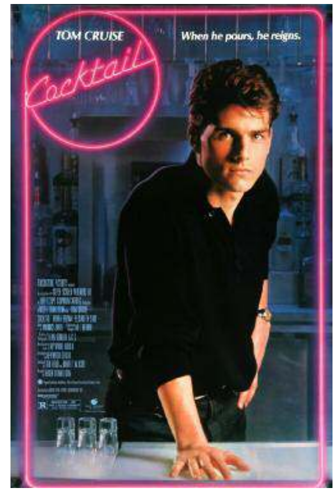
During those early years, the Carib was an international concert hall showcasing the likes of the late great Sammy Davis Jr., Nat King Cole, Louis Armstrong, Arthur Rubenstein, Percy Sledge, The Drifters, among many others. In later years, many aspiring Jamaican performers such as Bob Marley, Peter Tosh and Jimmy Tucker began their musical journey on the stage of the Carib through a talent contest—The Vere Johns Opportunity Hour. In more recent times, VP Records introduced talented local artistes in the lobby of Carib 5, among them, Tanya Stephens and Taurus Riley, who signed autographs in meet and greets with patrons.

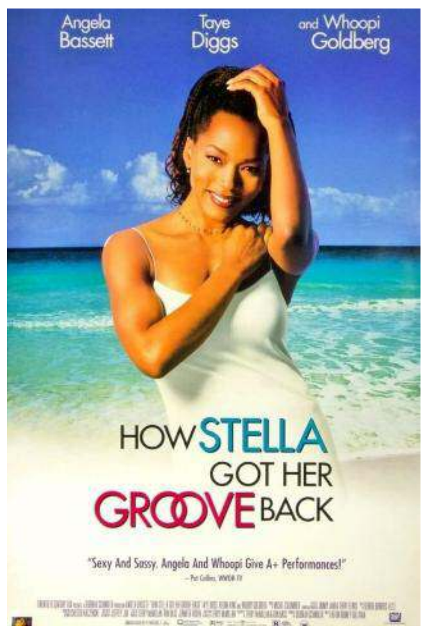
In 1962, Russgram Investments Limited, owned by Russell Graham, acquired controlling shares in the Company. After some twenty-seven years, he sold his shares to his son, Douglas, who has been Managing Director of Palace Amusement Company for the past 60 years.

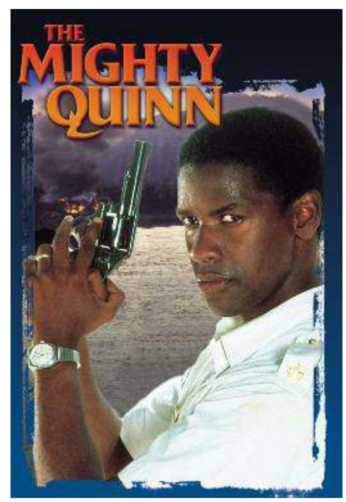
The Company was the major distributor to all cinemas across the island, from Hanover to Portland.

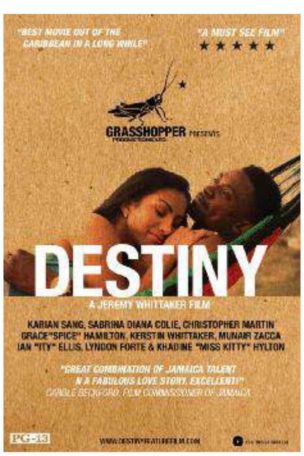
Synopsis
Films on Location in Jamaica

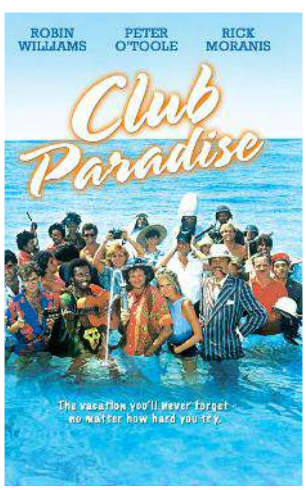


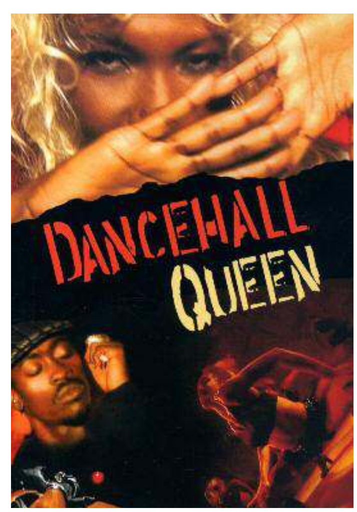












Jump Cut
A New Cinematic Experience

Under new leadership, the Palace Amusement circuit is strategically revived.

1982
Improved layout of cinema auditoriums and the quality and timeliness of releases bring a refreshingly new dimension to the cinematic experience.

1991
Palace Cineplex, the first cinema complex housing two auditoriums under one roof is launched, marking another trail-blazing accomplishment for Palace Amusement Company. This cinema is located in the Sovereign Centre in Liguanea, St. Andrew.

1993
Palace Amusement's flagship cinema, the Carib, built in 1938, is regarded as one of the best in the world. It boasts the largest acoustic sound plant in the world and introduced the Digital Theatre System (DTS) and Dolby Digital sound systems.

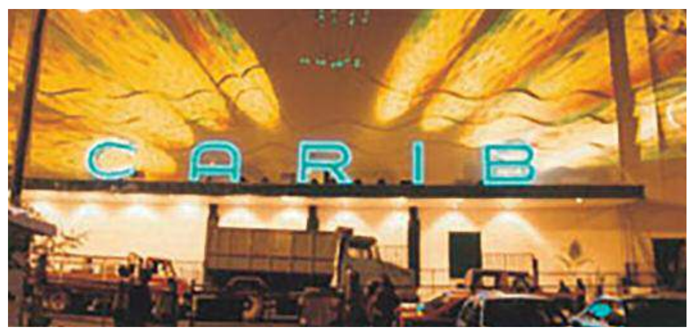
1995
Island Cinema, a 400-seat theatre, originally built for performing arts presentations, is converted to a cinema with enviable acoustics and joins the Palace Amusement circuit on 13 October 1995. Now closed.

1996
Palace Amusement is forced into intermission on 21 September 1996, when the 58-year old Carib is gutted by fire.

1997
Nine months later, on 24 June 1997, we rise from the ashes like the legendary phoenix, and the Grand Old Lady of Cross Roads reopens as the resilient Carib 5.

2000
Palace Amusement joins the worldwide web with the launch of its website.

Palace Multiplex Grand Opening in 2001

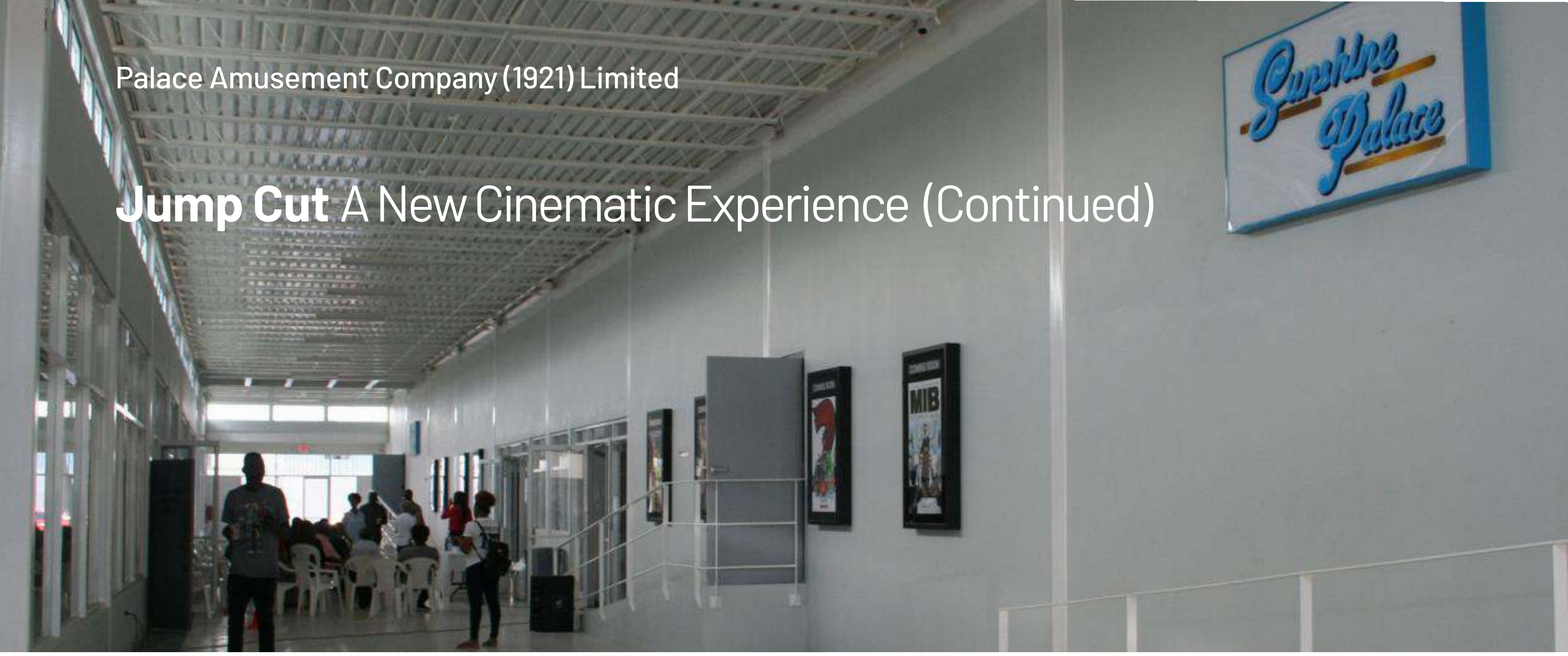


2001
Palace Multiplex opens in Bogue, Montego Bay. The new 4-auditorium facility is declared open by His Excellency, the Most Honourable, Sir Howard Cooke, Governor General, on Wednesday, 12 December 2001.

2003
Odeon Cineplex, Mandeville, opens on 21 May 2003. Now closed. (During the earlier years, Palace Amusement previously operated a cinema called Odeon).

2004
Douglas Graham, Managing Director, Palace Amusement is recognised and awarded for his vision and influence in the turnaround of Jamaica's movie-business "through timely investment which has brought class, comfort and cutting-edge to the industry", by the prestigious Jamaica Observer Business Leader Awards.

Jump Cut A New Cinematic Experience (Continued)



2013

Palace Amusement is nominated for the esteemed Gleaner Honour Awards in the category of Entertainment – "Palace Amusement has operated cinemas and distributed films to many of the independent cinemas that have existed in Jamaica and Grand Cayman, becoming a household name on this side of the globe".

2019

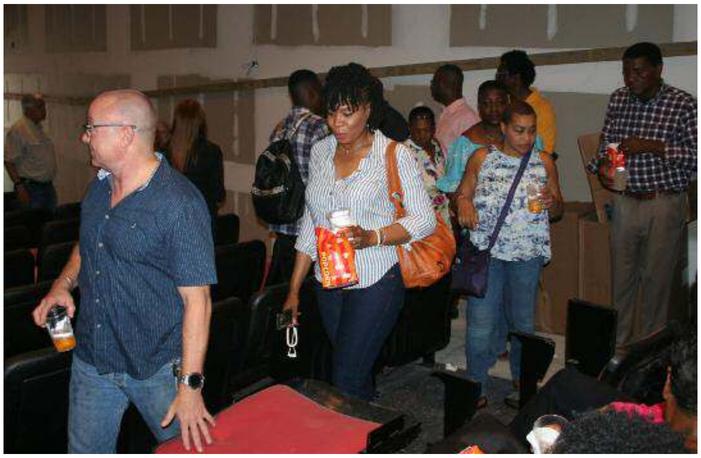
Sunshine Palace, our newest jewel, opens 24 July 2019, with trail-blazing technology including Digital Laser Projection, New Christie Xenon Projectors, Silver Screens for improved brightness, 3D reflection and more.

2020

New Kingston Drive-In reopens as a direct response to COVID-19 but was closed on 28 August 2022. (This facility was originally opened as a drive-in years ago by Life of Jamaica, and Palace Amusement operated it for a short time before it was closed).

Among the history of our many cinemas past, are the Palace Theatre, Gaiety, Majestic, Ambassador, Tropical, Regal, Odeon Half Way Tree, (now The JUTC Urban Transport Centre), and Harbour View Drive-In.

Douglas Graham, Managing Director speaks at a pre-launch media tour for Sunshine Palace in 2019.



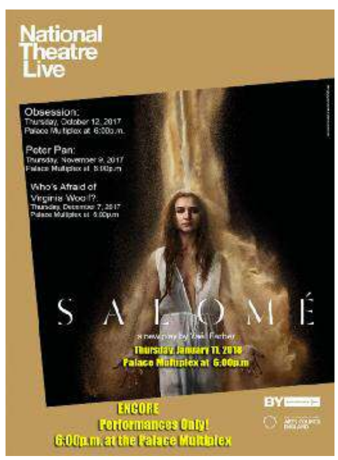
Alternative Content
Opening New Frontiers

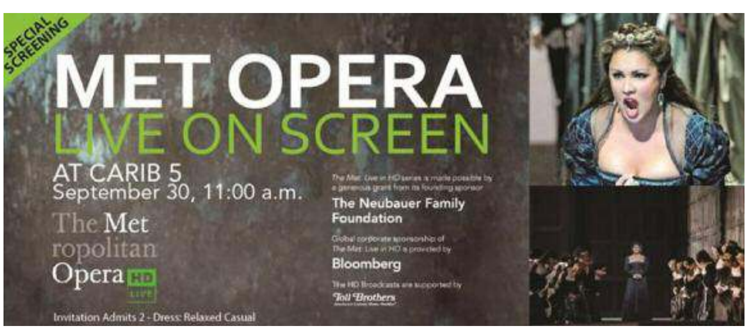
In 2012, Palace Amusement expanded its entertainment lineup by introducing Alternative Content through a partnership with CinemaLive.

This gave rise to The Met Opera: LIVE in HD where patrons had front row seats to live and encore performances transmitted from the renowned Met stage in New York to screens at Carib 5, Palace Cineplex and Palace Multiplex.

Audiences also enjoyed encore transmissions of The National Theatre and Kenneth Branagh Theatre from coveted stages in London's East End, the renowned Bolshoi Ballet from Moscow and the Australian Ballet, Southbank, Victoria.

2017 - Palace Amusement partnered with the Australian High Commission and the Gleaner Company for the premiere of The Australian Ballet at Palace Cineplex, under the distinguished patronage of His Excellency, Mr. John Pilbeam, Australian High Commissioner to the Caribbean, seen here with his wife Dr. Yvonne Webber and the Company's Melanie and Douglas Graham.





Twist
The Unthinkable

Over the years, we have experienced many challenges to the industry – Television, illegal VHS, DVDs, pirated on-line movies and, most recently, streaming; but none dealt a blow like COVID-19.

We were put to the test like never before. Our doors, which were always open for 365 days every year, suffered intermittent closures for the duration of the pandemic.

Our resilience enabled us to overcome and celebrate our 101st Anniversary on 21 September 2022. We are grateful to our Directors, staff, prayer warriors and patrons who remained with us through thick and thin; also, our creditors and suppliers who have been more than patient, just to mention a few.

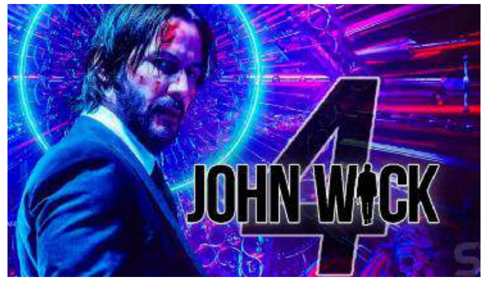
On 19 September 2022, we came together as a family to pray at St. Andrew Parish Church and to give thanks for the blessings that have sustained and uplifted us on our journey.

Melanie Graham, Marketing Manager, addresses the congregation at St. Andrew Parish Church. At left, is Rector,The Very Revd. Canon Sirrano Kitson, D. Min.

Gillian Crosskill, HR Manager and Steven Cooke, Concessions Manager, carry the offering to the altar for blessing.

Carol Lee, Financial Controller reads a lesson

Turning Point
The Big Screen Is Back



As the story unfolds, the scenes ahead are positive. The Big Screen is back, the industry is energized, our cinemas are open and the lineup of films is awesome. Stay tuned!

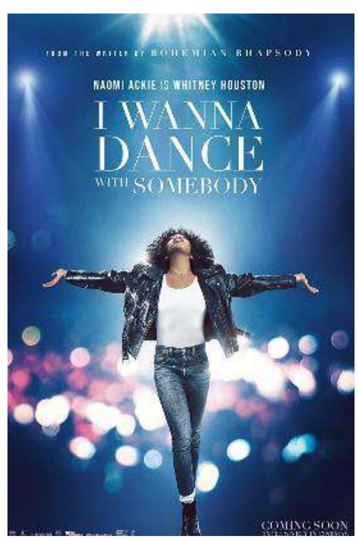
OUR BLOCKBUSTER RELEASES

2022

Black Panther: Wakanda Forever	**November**
Avatar – The World of the Water - 3D	**December**
I Wanna Dance With Somebody	**December**

2023

A Man Called Otto	**January**
Ant-Man And The Wasp: Quantumania	**February**
John Wick: Chapter 4	**March**
Fast X (Tenth Chapter In Fast & Furious Saga)	**May**



Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of The Palace Amusement Company (1921) Limited will be held at Cinema 1, Carib Theatre, 93A Slipe Road, Kingston 5, on Tuesday, 24 January 2023, at 2:00 p.m. to consider and if thought fit, to pass the following resolutions:-

1. To receive the Audited Accounts for the year ended 30 June 2022, and the Reports of the Directors and Auditors thereon:

   Resolution 1

   "RESOLVED THAT the Audited Accounts for the year ended 30 June 2022, together with the Reports of the Directors and Auditors thereon be and are hereby adopted."

2. To re-elect retiring Directors.

   The Directors retiring by rotation pursuant to Article 95 of the Articles of Incorporation are Heather Facey, Steven Cooke and Brian St. Juste and who, being eligible, are offering themselves for re-election.

   The Director retiring pursuant to Article 101 of the Company's Articles of Incorporation is Carol Lee, who being eligible, hereby offers herself for re-election.

   Resolution 2

   (a) **"RESOLVED THAT** retiring Director Heather Facey be and is hereby re-elected a Director of the Company."

   (b) **"RESOLVED THAT** retiring Director Steven Cooke be and is hereby re-elected a Director of the Company."

   (c) **"RESOLVED THAT** retiring Director Brian St. Juste be and is hereby re-elected a Director of the Company."

   (d) **"RESOLVED THAT** retiring Director Carol Lee be and is hereby re-elected a Director of the Company."

3. To appoint the Auditors and to authorize the Directors to fix their remuneration.

   Resolution 3

   "RESOLVED THAT PricewaterhouseCoopers, Chartered Accountants, having agreed to continue in office as Auditors of the Company be and are hereby reappointed to hold office until the conclusion of the next Annual General Meeting at a remuneration to be agreed with the Directors."

Dated this 31st day of October 2022.

BY ORDER OF THE BOARD

COMPANY SERVICES LIMITED
COMPANY SECRETARY

Please note: A member entitled to attend and vote at this Meeting is entitled to appoint one or more proxies to attend and vote in his/her stead; Such proxies need not be Members of the Company. Instruments appointing proxies (a specimen of which has been circulated to members along with the Company's Annual Report) must be deposited with the Company Secretary at 6 ½ Hillview Avenue, Kingston 10 or at the registered office of the Company, 1A South Camp Road, Kingston C.S.O., Jamaica, not less than forty-eight (48) hours before the Meeting.

The Proxy Form, to be valid, shall bear the stamp duty of $100.00 and shall be signed.

Directorate & Corporate Data

DIRECTORS:

Douglas Graham* , Chairman

Elon Beckford, Vice Chairman

Steven Cooke*

Heather Facey

Charles "Scott" Graham*

Melanie Graham*

Carol Lee*

Douglas Stiebel

Brian St. Juste

COMPANY SECRETARY

Company Services Limited

FINANCIAL CONTROLLER

Carol Lee

AUDITORS

PricewaterhouseCoopers
Scotiabank Centre
Duke Street
Box 372, Kingston, Jamaica
www.pwc.com/jm

ATTORNEYS

Phillipson Partners

Livingston, Alexander & Levy

BANKERS

VM Group

Bank of Nova Scotia Jamaica Ltd.

National Commercial Bank Jamaica Ltd.

REGISTERED OFFICE

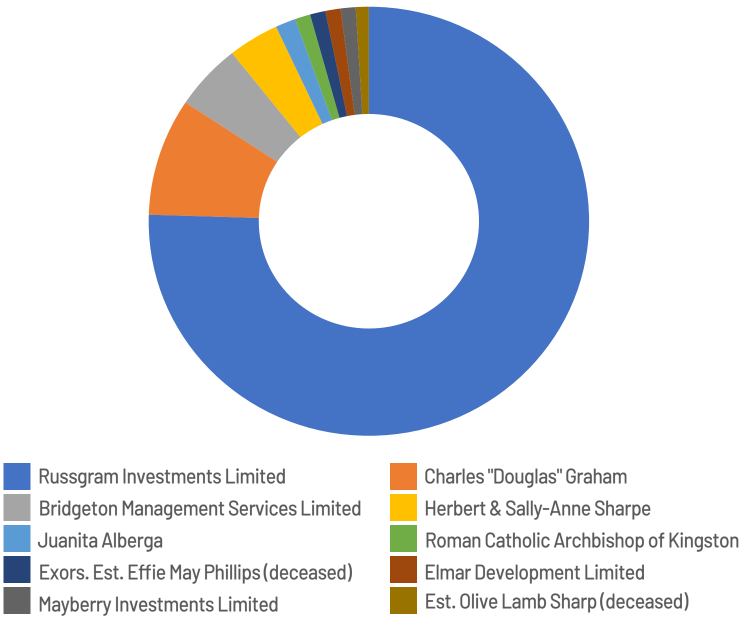
1A South Camp Road
P.O. Box 8009
C.S.O. Kingston
Tel: (876) 928-1240,8-9
Fax: (876) 928-5632
Email: info@palaceamusement.com

The Corporate Governance Guidelines can be viewed on the Company's website: **www.palaceamusement.com**

* Full Time Executive

Shareholdings of Note

10 Largest Shareholders



10 Largest Shareholders %

Name	Holdings	%
Russgram Investments Limited	947,673	65.9
Charles "Douglas" Graham	111,127	7.7
Bridgeton Management Services Limited	62,647	4.4
Herbert & Sally-Anne Sharpe	47,000	3.3
Juanita Alberga	18,660	1.3
Roman Catholic Archbishop of Kingston	14,280	1.0
Exors. Est. Effie May Phillips (deceased)	14,220	1.0
Elmar Development Limited	14,067	1.0
Mayberry Investments Limited	13,824	1.0
Est. Olive Lamb Sharp (deceased)	11,988	0.8
Total Percentage of Shareholdings		**87.4**

Directors and Connected Parties

Name	Position	Holdings
Charles "Douglas" Graham	Director	111,127
Connected Party Holdings		959,121
Melanie Graham	Director	11,448
Connected Party Holdings		111,127
Elon Beckford	Director	9,792
Connected Party Holdings		14,067
Charles "Scott" Graham	Director	3,194
Connected Party Holdings		NIL
Steven Cooke	Director	1,000
Connected Party Holdings		NIL
Douglas Stiebel	Director	1
Connected Party Holdings		NIL
Brian St. Juste	Director	1
Connected Party Holdings		NIL
Heather Facey	Director	1
Connected Party Holdings		NIL
Carol Lee	Director	1
Connected Party Holdings		NIL

Corporate Governance Guidelines

The Board of Directors of The Palace Amusement Company (1921) Limited continues to be committed to Corporate Governance structures and practices which serve the interest of all stakeholders, including shareholders, movie patrons and employees. Its fundamental principles are rooted in fair, transparent and accountable practices. These guidelines are listed on the Company's website and are subject to review annually.

There are no restrictions on the number of Committees on which a Director may sit.

The Corporate Governance Committee consists of five Board members, two executive Directors and three non-executive Directors, and they meet at least once per year.

The Investment, Risk Management and Audit Committee consists of six members, two executives, three non-executives and the Financial Controller and they meet at least six times each year.

Board Role And Structure

A. General. The Company's business is conducted by its employees, managers and officers, under the direction of the Chairman and Chief Executive Officer (CEO) and the oversight of the Board, to enhance the value of the Company for its stockholders. The Board oversees management and aims to ensure that the long-term interests of stockholders are being served. Both the Board and management recognize that the interests of stockholders are advanced by responsibly addressing the concerns of other stakeholders and interested parties, including employees, movie patrons, suppliers, communities, governmental bodies and the public at large. Members are encouraged to exercise independent judgement in carrying out their responsibilities.

B. Functions. In addition to general oversight of management, the Board, either directly or through one or more of its Committees, also performs a number of specific functions, including:

(1) Reviewing, monitoring and, where appropriate, approving fundamental financial and business strategies and major corporate actions;

(2) Overseeing management's assessment of major risks facing the Company and options for mitigation as well as the adequacy of financial controls; and

(3) Ensuring processes are in place for maintaining the integrity of the Company, including the integrity of the financial statements, compliance with law and ethics, the integrity of relationships with movie patrons and suppliers, as well as relationships with other stakeholders.

(4) Ensuring timely and accurate disclosure of information to stockholders and the Jamaica Stock Exchange.

C. Board Size. It is the policy of the Board that the number of Directors shall not exceed an amount that can function efficiently as a body and is in keeping with the maximum number as per its Articles of Association. The Corporate Governance Committee, in consultation with the Chairman of the Board and the CEO, makes recommendations to the Board concerning the appropriate size and needs of the Board.

D. Board Composition. The members of the Board have been chosen from industries and areas that impact the nature of the business.

Director Selection And Evaluation

Board Membership Criteria. Directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of stockholders. The Corporate Governance Committee (which also serves as the Nominating Committee) is responsible for:

- the determination of the appropriate skills and characteristics required of Board members and candidates for the Board, which should include, among other things, independence; considerations of character, judgment, and personal and professional integrity; ability to read and understand corporate financial statements; willingness to commit sufficient time to attend to his or her duties and responsibilities as a member of the Board;

Corporate Governance Guidelines (Continued)

- qualifications for membership on certain committees of the Board; any potential conflicts of interest;
- make up and diversity of the Company's existing Board;
- age;
- relevant professional skills and depth of business experience;

all in the context of an assessment of the perceived needs of the Board at that point in time.

A. **Procedure for Selecting Nominees.** The Corporate Governance Committee is responsible for the screening of Director candidates. Nominees presented are recommended by the Corporate Governance Committee to the full Board for their approval and election of the new Director.

B. **Majority Voting for Directors.** The Board endorses the principle of using a majority vote standard for non-contested elections as set forth in the Company's Articles of Association.

C. **Retirement Age.** There is no current policy of the Board for a retiring age of Directors and this is an area for consideration by the Corporate Governance Committee.

Board Operations

A. Director Compensation

Compensation for Directors is such as to attract, retain and encourage non-executive Directors to carry out their duties to the highest quality. It therefore reflects time, commitment and responsibilities.

Meetings

1. **Number of Meetings.** The Board generally meets at least five times annually. The Sub-Committees also meet throughout the year.

2. **Agenda Preparation.** The Chairman of the Board as well as the CEO, if different from the Chairman of the Board and the Corporate Secretary, in consultation with the Independent Directors, will establish the agenda for each Board meeting. Each Director may recommend agenda items, and is free to raise any subjects that are not on the agenda for a particular meeting.

3. **Attendance at Annual Stockholder Meeting.** Each Director is encouraged to attend the Company's annual meeting of stockholders.

Confidentiality And Non-Disclosure

Directors are required to maintain the confidentiality of all information regarding Board proceedings and deliberations, and all information regarding the Company and its officers, and affiliates that is learnt in his or her capacity as a Director of the Company. Directors may not use confidential information for their own personal benefit or for the benefit of persons or entities outside the Company, or in violation of any law or regulation, including insider trading laws and regulations.

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. However, it is expected that Board members would speak for the Company only with the knowledge of management, and, in most instances at the request of management. In those instances where comments from the Board are appropriate, they should, in most circumstances, come from the Chairman.

Compliance with Policies. Directors shall comply with the "Policy Regarding Securities Trades By Company Personnel," "Insider Trading Policy," "Related Person Transaction Policy" and "Code of Ethics," which have been adopted by the Company.

Disciplinary Measures. Directors may be subject to disciplinary action for the failure to comply with the Code of Conduct, Code of Ethics and other applicable Company policies, including policies regarding securities trades by Company personnel and related party transactions. The Corporate Governance Committee (other than the Director whose conduct is at issue if such a Director is a member of the Corporate Governance Committee) will consider and make recommendations to the full Board.

Any breach should be reported to the Company Secretary, who should promptly disclose same to the Jamaica Stock Exchange.

Corporate Governance Guidelines (Continued)

Management Oversight

A. Executive Compensation. The Executive Directors administer the Company's compensation plans, including its equity incentive plan and its deferred compensation plan.

B. Management Succession Planning. The ultimate responsibility for the selection of a successor CEO resides with the Board.

Assessment Of Board Effectiveness And Review Of Corporate Governance Guidelines

The Board believes it is appropriate to review its own effectiveness annually, including its corporate governance policies and practices. The Corporate Governance Committee has the responsibility to report to the Board the results of its analysis and any recommendations following each such review. Any Director is free to make suggestions to improve the Board's practices at any time and is encouraged to do so.

The Corporate Governance Committee's assessment of the Board should be made with respect to the Board's contribution as a whole and is focused on areas in which the Board and/or management believe a better contribution could be made.

Directors' Report

The Board of Directors present their report together with the Audited Financial Statements for the year ended 30 June 2022.

Group Results

The Company's 2022 financial year bettered its performance of the prior year, despite the continued negative impact of the pandemic on our operations for the first three quarters of the year. Summer 2022 was the start of the turnaround in the Company's fortunes as no-movement days and curfews eased, allowing for the Big Screen and Bright Lights of the cinema to be gradually reopened to patrons.

Board of Directors
Front left-right: Steven Cooke, Douglas Stiebel, Melanie Graham, Heather Facey, Carol Lee, Elon Beckford, Vice Chairman.
Back left-right: Brian St. Juste, Douglas Graham, Chairman, Charles "Scott" Graham.

The positive change was reflected in cinema attendance and revenues with December's outturn almost surpassing that of the 2021 financial year. Revenues for the 2022 year rebounded to $649 million from $106 million in the prior year. The uptick in revenues ensued from management's tight control of cash flows to ensure some level of a turnaround in its fortunes, which also resulted in improvements of operating loss. The financial year ended with a loss before taxation of $267.6 million versus $358.3 million in the prior year and negative earnings per stock unit of J$181.4 from J$266.5.

In accordance with Article 95 of the Company's Articles of Incorporation, the Directors retiring from office by rotation are Heather Facey, Steven Cooke and Brian St. Juste, who, being eligible, offer themselves for re-election. Additionally, the Director retiring pursuant to Article 101 of the Company's Articles ofIncorporation is Carol Lee, who, being eligible, offers herself for re-election.

The Investment, Risk Management and Audit Committee discharged its duties with respect to:

- Compliance with internal controls and external regulatory requirements
- Compliance with accuracy and consistency in financial reporting
- Oversight of the operational and cash flow decision making
- Assessment of the Company's risk exposure and mitigating options.

The Committee includes three (3) non-executive Directors – Heather Facey, Elon Beckford and Douglas Stiebel. There were six (6) meetings in the financial year at which the Chairman/Managing Director and Financial Controller were in attendance.

Auditors

PricewaterhouseCoopers have indicated their willingness to continue in the office of auditors for the Company.

Acknowledgements

The Directors wish to express their appreciation to the Management and Staff of the Group for their dedication and commitment throughout the challenging year.

Douglas Graham, Chairman
31st October 2022

Management Team

DOUGLAS GRAHAM
Managing Director

FINANCIAL OPERATIONS

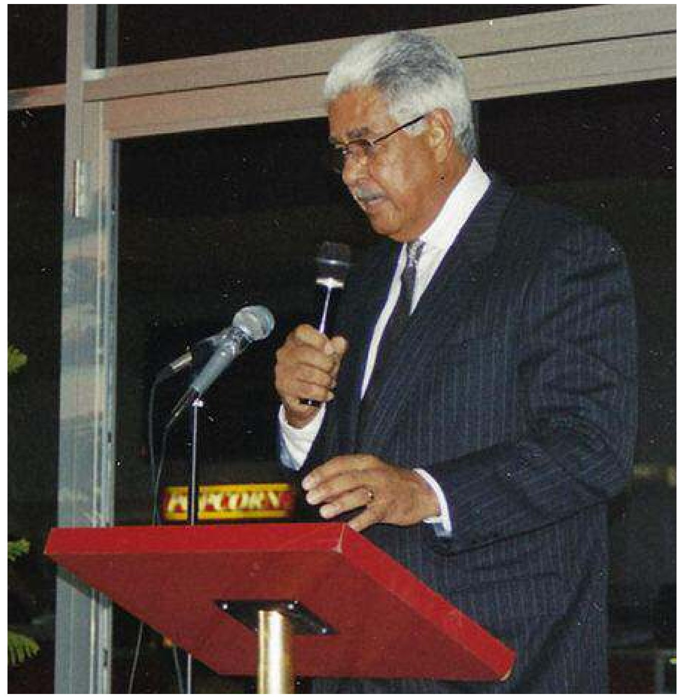
- **CAROL LEE**
  Financial Controller
- **TRACE CLARKE**
  Internal Auditor
- **LUCILLE PETERKIN**
  Chief Accountant
- **MELVILLE LUMLEY**
  Purchasing & Stores Manager
- **GARFIELD WILLIAMS**
  Chief Technical Officer

GENERAL OPERATIONS

- **MELANIE GRAHAM**
  Marketing & Operations Manager
- **SCOTT GRAHAM**
  General Manager
- **STEVEN COOKE**
  Concessions & Screen Advertising Manager
- **GILLIAN CROSSKILL**
  Human Resource Manager
- **DAVID CHONG**
  Engineer

Management Discussion and Analysis

The information below is a summation of the year ended June 30, 2022 and the Financial Statements detailed in this Annual Report, with the objective of giving a more fulsome picture of the activities in the period.



In July 2020, the government granted Palace Amusement a 14-day provisional period to resume operations with mandatory health requirements to mitigate the spread of COVID-19.

The Company

Palace Amusement Company (1921) Limited, a publicly listed company, was originally registered on the Kingston Stock Market prior to the advent of the Jamaica Stock Exchange. The Company is a leading exhibitor and distributor of motion pictures and was founded in 1921. The Company's cinema circuit comprises:

Carib 5	Cross Roads, Kingston
Palace Cineplex	Sovereign Centre, Liguanea, St. Andrew
Sunshine Palace	Sunshine Outlet Mall, Portmore Pines, St. Catherine
Palace Multiplex	Fair View Shopping Centre, Bogue, Montego Bay

Year In Review

Even as we continued to battle the COVID-19 pandemic, its harsh and disruptive winds were evident in all areas of our operations. The bugbear of curfews and no-movement days brought much anxiety as we were forced to reduce our 2-show per day schedule to only one (1).

The tight management of cash flows from the trickle of revenue, approximately 10 percent of pre-pandemic levels, caused consternation, and no less was the disappointment of marking the Company's 100th year milestone of September 2021 in such a dismal circumstance.

Management Discussion and Analysis (Continued)

2008 - Partnership and synergy have been key strategies for Palace Amusement. Melanie Graham, Marketing Manager, (centre) is pictured here with Howard Foster, Marketing Manager, Toyota Jamaica, at the launch of its Summer Promotion at Carib 5, which saw a Daihatsu, Terios displayed in the lobby of the cinema for the duration of the promotion. They are flanked by models who showcased Heather Laine designs in the featured fashion show. Co-sponsor, Supreme Ventures Limited, participated through monthly prizes and the Grand Draw 2nd prize of a weekend for 2 at Coral Cliff Hotel. Associate sponsors, Red Stripe & Smirnoff Vodka provided bar service for the evening.

Operating amidst the ebb and flow of the COVID spikes, as a result of the country's extremely low vaccination rates, was difficult to manoeuvre. Regulatory methods were, at times, ambiguous and punitive, and the negative impact on our industry was yet another layer of challenge to navigate. Striving to persuade our patrons of the safety of our establishment and the high standards and measures employed, proved onerous. The cycle of set-backs and successes were many and varied – ranging from less than normal returns from a blockbuster film like *F9: The Fast Saga*, to somewhat improved patronage for *James Bond: No Time to Die* and very encouraging attendance numbers for *Spiderman: No Way Home.*

Much like the film *Uncharted*, our battle weary crew navigated unexplored waters. We maintained the approach of preserving cash and controlling costs with a view to creating more profitable locations. Consequently, efforts were made to engage the landlords of each leased property in order to renegotiate the current terms, which involved the write off of debt where possible, agreement of a payment plan for remaining balances, lower rental rates for a future period as well as the closure of a non-viable location like New Kingston Drive-In that had been plagued with ambient light and noise challenges. Although some successes have been reaped, further discussions continue in regard to the lease agreements. The Russia/Ukraine war also required a shift in our focus on finding solutions through alternative Concession Suppliers so as to prevent any supply chain deficiencies.

Though the odds seemed to be stacked against us, we were reminded of God's promise to Noah in the biblical days — that He alone had the power to bring calm to the turbulent waters and as the Captain of our ship, no matter the intensity of the storm, He would cause the sun to reappear. So, the Directors, Management and Staff faced the bleakest facts with courage and faith, choosing to pursue trust more than clarity and holding on to the promise of a "positive" outcome—though not a term we favoured during the pandemic.

Turnaround

An easing of the tempest came in October 2021, when new financing arrangements through Victoria Mutual Investments Limited (VMIL) were completed. This saw the Company borrowing $653 million for much needed working capital support and funding the payout of an existing loan with Bank of Nova Scotia (Ja.) Limited amounting to $262 million. The arrangement allows a two (2) year moratorium on the principal with the interest covering that period being included in the amount negotiated. This has extended the Company's ability to regroup and find its footing.

Management Discussion and Analysis (Continued)

Other encouraging signs of some confidence in the industry were the steady and consistent trading of shares on the Jamaica Stock Exchange and the fairly stable share price throughout the period of the pandemic, as well as the unqualified report from our Auditors, after staying true to their duty of care and performing due diligence procedures on all areas of concern.

The turnaround continued in December 2021 with an upward trend in revenues and attendance for solely that month almost equaling that of the entire previous financial year. The improvement here in Jamaica, even as the pandemic waned and various countries began their transition to finding ways to "live with" the virus, was welcomed with news of the cessation of curfews and the withdrawal of the Disaster Risk Management Act (DRMA) in March 2022.

The reopening of schools after the Easter Holidays benefited relatively smaller pictures such as *The Lost City* and *Sonic The Hedgehog 2*, as the need for out of home entertainment increased and jump-started cinema rental requests for school shows, birthday parties and corporate events.

The bringing forward of movie release dates by Hollywood was another boost and the announcement of *Top Gun: Maverick* for May 2022 sealed the deal. Its record breaking performance worldwide, heralded the return of the Big Screen and Bright Lights of the film industry, while highlighting the reach and potential earnings of the sector. But even as a number of production houses continue to release their films on screen and streaming platforms simultaneously, most favour cinematic releases and the "In Theatres Only" principle.

All of these factors helped to bolster our decision to reopen the Palace Cineplex cinema in Liguanea, St. Andrew— a much loved location for our family-oriented and Alternative Content patrons. And to the delight of our younger audience, we ended the financial year on a celebratory note with the return of 3D pictures in June and the release of *Jurassic World: Dominion.*

Outlook

Summer 2022 is now behind us and for the first time since the pandemic, we welcomed approximately 60K patrons in July and look forward to even more of those numbers in the period ahead with releases such as Black Panther: *Wakanda Forever, Avatar: The Way of Water* and *Fast X* (Fast & Furious 10) on the calendar. While there is still no safe harbour in sight, the horizons seem clear with a promise of silver linings behind the pandemic clouds.

In the year ahead, we plan to continue our efforts of re-engaging our patrons and reclaiming our audiences. To this end, on 10 September, a Back to Cinema Day campaign, which offered patrons a significantly reduced price of $450 for any seat category, age grouping or location, reaped rewards of over 7K patrons to our locations — a one (1) day total not seen for quite some time.

We have also been listed as a merchant on the GiftMe platform in order to expand our market presence and global accessibility by giving our patrons, both local and overseas, the option to purchase digital Gift Cards.

We plan to use the harsh lessons of the pandemic to our advantage, by ensuring that strategic plans birthed in the season of struggle will be actioned in the season of growth ahead. Daring to hope is where our perspective is anchored; so as our story continues, it is our aim to stay focussed on creating new initiatives, while believing that our best days are still ahead.

Our biggest storm may yet lead to our greatest story.

Customer Service & Rewards Programme

Over the years, our patrons have been loyally supporting us through thick and thin. We have grown up with many of them and we love them and their families as much as they do us. As such, we continue to optimize our customer service and rewards programme.

Movie Mania

Patrons who spend $1,500 at the concession receive a Movie Mania card, which is stamped by the Manager on subsequent visits. On the 5th occasion, the patron is entitled to a free ticket.

Movie Vouchers

They also can get discounted tickets in batches from six vouchers upwards, at our Box Office. These are also ideal for gifting.

The Company was recently listed as a merchant on the GiftMe platform. This will give patrons, both local and overseas, the option to purchase digital Gift Cards, which will in turn broaden the Company's global market presence and accessibility.

Half Off

Half Off Specials can be accessed for late shows on Mondays and for matinees on Tuesdays, providing patrons with the option best suited to them.

Half Off is also offered for certain occasions such as Valentine's Day, Mother's Day, Father's Day, Christmas Eve and New Year's Eve.

Back To Cinema Day was on 10 September 2022, with all seats—box and regular—sold at only $450.

This was a one-off promotion and a customer appreciation strategy to commemorate our Centennial.

We are consistently improving our brand to ensure that patrons Make it The Movies by offering the very best of the cinema experience - timely box office releases, state of the art digital laser projection and a safe, comfortable and relaxed ambience in which to escape to the magic of movies.

Upgrades To Come

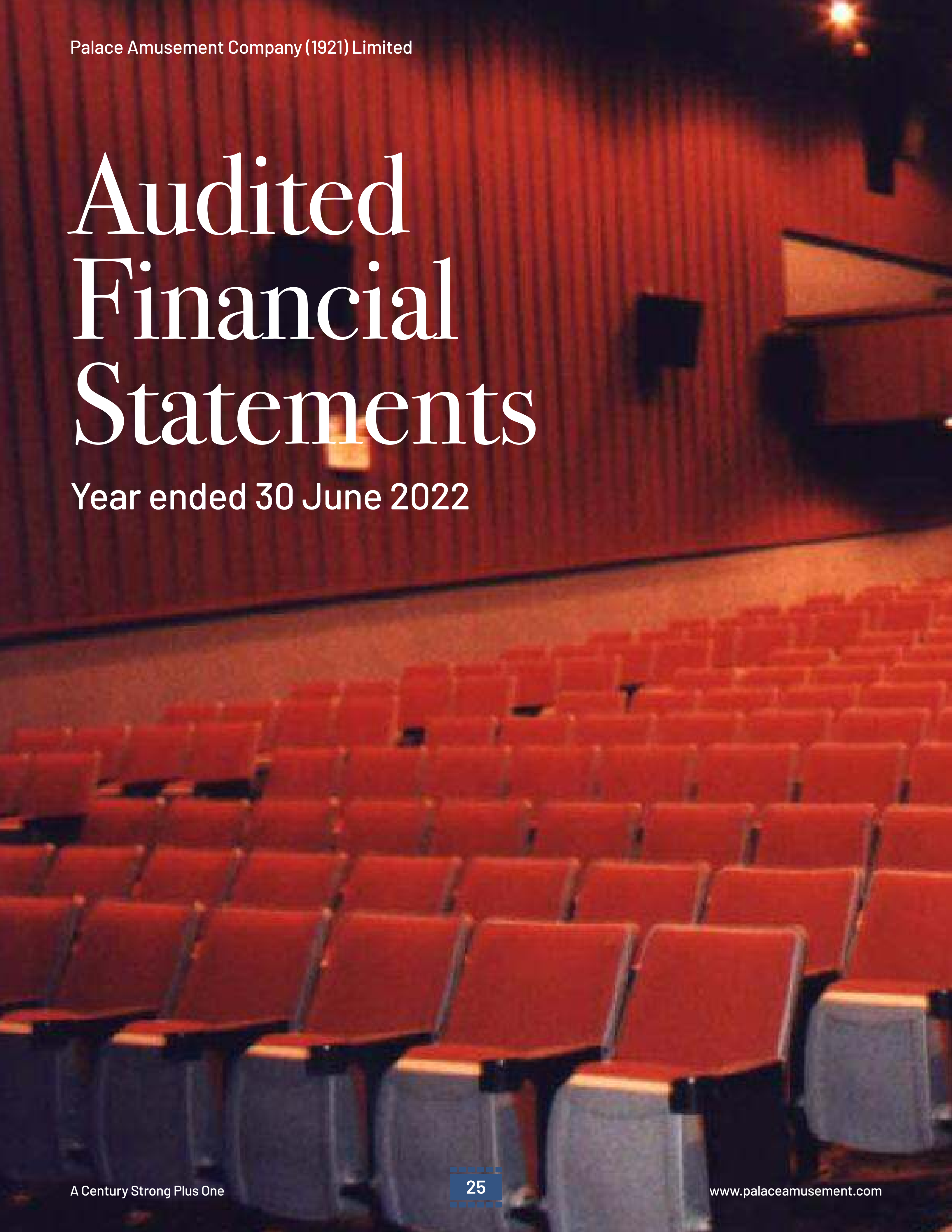
Some elements of our rewards programme were affected, due to the downturn and lockdowns during the pandemic. Now, the Company is rebuilding and plans are in the pipeline for an upgrade of the website and in due course, a mobile app that will serve to enhance our customer service and rewards programme.

Social Media

We are continuing to grow and advance our Social Media platforms and reach, including partnership with other entities.

Audited Financial Statements

Year ended 30 June 2022



Independent Auditor's Report

To the Members of The Palace Amusement Company (1921) Limited

Report on the audit of the consolidated and stand-alone financial statements

Our opinion

In our opinion, the consolidated financial statements and the stand-alone financial statements give a true and fair view of the consolidated financial position of The Palace Amusement Company (1921) Limited (the Company) and its subsidiaries (together the Group') and the stand-alone financial position of the Company as at 30 June 2022, and of their consolidated and stand-alone financial performance and their consolidated and stand-alone cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Jamaican Companies Act.

What we have audited

The Group's consolidated and stand-alone financial statements comprise:

- the consolidated statement of financial position as at 30 June 2022;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the company statement of financial position as at 30 June 2022;
- the company statement of comprehensive income for the year then ended;
- the company statement of changes in equity for the year then ended;
- the company 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 consolidated and stand-alone 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.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Box 372, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

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Independence

We are independent of the Group 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.

Our audit approach

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and stand-alone 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.

How we tailored our group audit scope

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

In assessing the risk of material misstatement to the consolidated financial statements, we designed and performed full scope audits over the Group's two individually financially significant components being, The Palace Amusement Company (1921) Limited and The Cinema Company of Jamaica Limited. In total, the Group comprises four components all of which are domiciled in Jamaica. The remaining two components contribute less than 1% of the Group's loss before taxation from continued operations. We performed other procedures including analytical review procedures and testing of consolidation journals and intercompany eliminations to further respond to the risks of material misstatement to the consolidated financial statements. All components were audited by PwC Jamaica.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and stand-alone financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and stand-alone 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
Valuation of pension plan liabilities (Group and Company) *Refer to notes 2(1), 4(b) and 15 to the consolidated and stand-alone financial statements for disclosures of related accounting policies judgements, estimates and balances.* The Group and Company have a defined benefit pension plan, with a net asset balance, which is significant in the context of the overall statement of financial position of the Group and Company. Pension plan net assets amounted to $39.4 million for both the Group and Company as at 30 June 2022 including a gross liability of $317.4 million, being the present value of funded obligations. The pension plan liability estimate involves a number of key assumptions which can have a material impact on the calculation of the pension plan liability including: • salary increases; • pension increases; • inflation rates; • discount rates; and • mortality rates. Management uses external actuaries to assist in determining these assumptions and the liabilities within the pension plan.	We performed the following procedures, amongst others, on the valuation of pension plan liabilities: • evaluated the work of management's actuarial expert, including assessing their independence, experience and objectivity; • tested the completeness and accuracy of data extracted and supplied to the actuary by agreeing to employee personnel files maintained by the Group; • evaluated management's assumptions relating to salary and pension increases and mortality rates by comparing them to national and industry averages; and • assessed the appropriateness of the discount and inflation rates used in the valuation of the pension liability and agreed them to the rates issued by the Institute of Chartered Accountants of Jamaica and the Bank of Jamaica, respectively.

Key audit matter	How our audit addressed the key audit matter
We focused on this area as the valuation of the pension plan liability requires significant levels of judgement and technical expertise in determining appropriate assumptions.	Based on the audit evidence obtained, no material exceptions were noted in our testing of the valuation of pension plan liability.

Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of management and those charged with governance for the consolidated and stand-alone financial statements

Management is responsible for the preparation of the consolidated and stand-alone financial statements that give a true and fair view in accordance with IFRS and with the requirements of the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of consolidated and stand-alone financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and stand-alone financial statements, management is responsible for assessing the Group and 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 Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated and stand-alone financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and stand-alone 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 consolidated and stand-alone 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 consolidated and stand-alone 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 Group and 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 Group or 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 consolidated and stand-alone 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 Group or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and stand-alone financial statements, including the disclosures, and whether the consolidated and stand-alone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated and stand-alone 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.

Report on other legal and regulatory requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying consolidated and stand-alone financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.

The engagement partner on the audit resulting in this independent auditor's report is Kevin Powell.

PricewaterhouseCoopers

Chartered Accountants
5 October 2022
Kingston, Jamaica

Consolidated Statement of Comprehensive Income

Year ended 30 June 2022

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenue	5	649,044	105,771
Direct expenses		(706,270)	(341,789)
Gross Loss		(57,226)	(236,018)
Other operating income	6	9,415	6,689
Administration expenses		174,487)	(113,096)
Operating Loss		(222,298)	(342,425)
Finance costs – interest expense		(45,319)	(15,898)
Loss before Taxation		(267,617)	(358,323)
Taxation	9	6,935	(24,684)
Net Loss		(260,682)	(383,007)
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss in the future			
Realised gains on fair value other comprehensive income (FVOCI) investments, net of taxation		-	199
Unrealised gains on FVOCI investments, net of taxation		5,647	6,557
Gains on revaluation of property, plant and equipment, net of taxation		-	606,404
Re-measurement of post-employment benefit asset, net of taxation		2,895	10,737
Total other comprehensive income		8,542	623,897
Total Comprehensive Income		(252,140)	240,890
Net Loss Attributable to:			
Stockholders of the Company	10	(260,671)	(382,939)
Non-controlling interest		(11)	(68)
		(260,682)	(383,007)
Total Comprehensive Income Attributable to:			
Stockholders of the Company		(252,688)	240,309
Non-controlling interest		548	581
		(252,140)	240,890
Earnings per Stock Unit Attributable to Stockholders of the Company	11	(181.40)	(266.49)

Consolidated Statement of Financial Position

30 June 2022

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Non-Current Assets			
Property, plant and equipment	12	1,087,213	1,146,115
Investments	13	25,030	19,383
Right-of-use assets	28	213,560	262,316
Post-employment benefit asset	15	39,380	40,968
		1,365,183	1,468,782
Current Assets			
Inventories	17	46,180	36,913
Receivables	18	47,021	27,853
Investments	13	215,406	-
Cash and cash equivalents	19	98,110	25,656
		406,717	90,422
Current Liabilities			
Payables	20	408,426	283,351
Taxation payable		4,828	4,859
Bank overdraft	19	-	29,887
Current portion of lease liabilities	28	50,071	67,920
Current portion of long-term liabilities	21	-	28,727
		463,325	414,744
Net Current Liabilities		(56,608)	(324,322)
		1,308,575	1,144,460
Stockholders' Equity			
Share capital	22	1,437	1,437
Capital reserve	23	772,388	772,388
Fair value reserve	24	23,199	18,111
Accumulated deficit	10	(413,711)	(155,935)
		383,313	636,001
Non-Controlling Interest		7,664	7,116
		390,977	643,117
Non-Current Liabilities			
Long term liabilities	21	711,182	255,148
Lease liabilities	28	166,566	199,410
Deferred tax liabilities	14	39,850	46,785
		917,598	501,343
		1,308,575	1,144,460

Approved for issue by the Board of Directors on October 5, 2022 and signed on its behalf by:

Douglas Graham — Director

Melanie Graham — Director

Consolidated Statement of Changes in Equity

Year ended 30 June 2022

(Expressed in Jamaican dollars unless otherwise indicated)

	Attributable to the Company's Stockholders						
	Number of Shares	Share Capital	Capital Reserve	Fair Value Reserve	(Accumulated deficit) /Retained Earnings	Non-Controlling Interest	Total
	'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2020	1,437	1,437	165,984	23,872	204,399	6,535	402,227
Total Comprehensive Income							
Net loss	-	-	-	-	(382,939)	(68)	(383,007)
Other Comprehensive Income -							
Re-measurement of post employment benefit asset	-	-	-	-	10,737	-	10,737
Realised gains on FVOCI investments	-	-	-	(11,669)	11,868	-	199
Unrealised gains on FVOCI investments	-	-	-	5,908	-	649	6,557
Gains on revaluation of property, plant and equipment	-	-	606,404	-	-	-	606,404
	-	-	606,404	(5,761)	(360,334)	581	240,890
Balance at 30 June 2021	1,437	1,437	772,388	18,111	(155,935)	7,116	643,117
Total Comprehensive Income							
Net loss	-	-	-	-	(260,671)	(11)	(260,682)
Other Comprehensive Income -							
Re-measurement of post employment benefit asset	-	-	-	-	2,895	-	2,895
Unrealised gains on FVOCI investments	-	-	-	5,088	-	559	5,647
	-	-	-	5,088	(257,776)	548	(252,140)
Balance at 30 June 2022	1,437	1,437	772,388	23,199	(413,711)	7,664	390,977

Consolidated Statement of Cash Flows

Year ended 30 June 2022

(Expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Cash Flows from Operating Activities		
Cash provided by/(used in) operating activities (Note 25)	12,883	(74,637)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(4,034)	(17,200)
Proceeds from sale of property, plant and equipment	-	2,289
Encashment of investments	35,668	11,940
Purchase of investments	(251,074)	-
Interest received	3,581	59
Dividends received	709	600
Cash used in investing activities	(215,150)	(2,312)
Cash Flows from Financing Activities		
Long term loans repaid	(260,651)	-
Long term loans received	687,958	191,658
Principal elements of lease payments	(75,488)	(87,064)
Interest paid	(45,319)	(15,898)
Cash provided by financing activities	306,500	88,696
	104,233	11,747
Exchange (loss)/gain on foreign cash balances	(1,892)	135
Increase in cash and cash equivalents	102,341	11,882
Cash and cash equivalents at beginning of year	(4,231)	(16,113)
Cash and Cash Equivalents at End of Year (Note 19)	98,110	(4,231)

Reconciliation of movements of liabilities to cash flows arising from financing activities:
Amounts represent bank and other loans, excluding bank overdraft.

	2022 $'000	2021 $'000
At 1 July	283,875	92,217
Loans received	687,958	191,658
Loans repaid	(260,651)	-
	711,182	283,875

Company Statement of Comprehensive Income

Year ended 30 June 2022

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Revenue		489,664	86,159
Direct expenses		(527,206)	(258,175)
Gross Loss		(37,542)	(172,016)
Other operating income	6	20,062	7,309
Administration expenses		(174,487)	(113,096)
Operating Loss		(191,967)	(277,803)
Finance costs – interest expense		(45,047)	(15,898)
Loss before Taxation		(237,014)	(293,701)
Taxation	9	1,151	(24,388)
Net Loss	10	(235,863)	(318,089)
Other Comprehensive Income:			
Items that will not be reclassified to profit or loss in the future -			
Realised gains on fair value other comprehensive income (FVOCI) investments, net of taxation		-	199
Gains on revaluation of property, plant and equipment, net of tax		-	237,125
Re-measurement of post-employment benefit asset, net of taxation		2,895	10,737
Total other comprehensive income		2,895	248,061
Total Comprehensive Income		(232,968)	(70,028)

Company Statement of Financial Position

30 June 2022

(Expressed in Jamaican dollars unless otherwise indicated)

	Note	2022 $'000	2021 $'000
Non-Current Assets			
Property, plant and equipment	12	566,426	606,214
Investments	13	485	485
Right-of-use assets	28	213,560	262,316
Post-employment benefit asset	15	39,380	40,968
Due from subsidiaries	16/26	85,959	79,857
		905,810	989,840
Current Assets			
Inventories	17	44,261	35,279
Receivables	18	45,727	25,663
Investments	13	215,406	-
Cash and cash equivalents	19	97,306	25,396
		402,700	86,338
Current Liabilities			
Payables	20	390,970	272,740
Taxation payable		7	38
Bank overdraft	19	-	29,887
Current portion of lease liabilities	28	50,071	67,920
Current portion of long-term liabilities	21	-	28,727
		441,048	399,312
Net Current Liabilities		(38,348)	(312,974)
		867,462	676,866
Stockholders' Equity			
Share capital	22	1,437	1,437
Capital reserve	23	385,490	385,490
Accumulated deficit	10	(453,554)	(220,587)
		(66,627)	166,340
Non-Current Liabilities			
Due to subsidiaries	16/26	45,012	43,488
Long term liabilities	21	711,182	255,148
Lease liabilities	28	166,566	199,410
Deferred tax liabilities	14	11,329	12,480
		934,089	510,526
		867,462	676,866

Approved for issue by the Board of Directors on October 5, 2022 and signed on its behalf by:

Douglas Graham Director   Melanie Graham Director

Company Statement of Changes in Equity

Year ended 30 June 2022

(Expressed in Jamaican dollars unless otherwise indicated)

	Number of Shares	Share Capital	Capital Reserve	Fair Value Reserve	(Accumulated deficit) /Retained Earnings	Total
	'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 July 2020	1,437	1,437	148,365	11,669	74,897	236,368
Total Comprehensive Income						
Net loss	-	-	-	-	(318,089)	(318,089)
Other Comprehensive Income -						
Re-measurement of post employment benefit asset	-	-	-	-	10,737	10,737
Gains on revaluation of property, plant and equipment	-	-	237,125	-	-	237,125
Realised gains on FVOCI investments	-	-	-	(11,669)	11,868	199
	-	-	237,125	(11,669)	(295,484)	(70,028)
Balance at 30 June 2021	1,437	1,437	385,490	-	(220,587)	166,340
Total Comprehensive Income						
Net loss	-	-	-	-	(235,862)	(235,862)
Other Comprehensive Income -						
Re-measurement of post employment benefit asset	-	-	-	-	2,895	2,895
	-	-	-	-	(232,967)	(232,967)
Balance at 30 June 2022	1,437	1,437	385,490	-	(453,554)	(66,627)

Company Statement of Cash Flows

Year ended 30 June 2022

(Expressed in Jamaican dollars unless otherwise indicated)

	2022 $'000	2021 $'000
Cash Flows from Operating Activities		
Cash provided by/(used in) operating activities (Note 25)	12,776	(75,715)
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(4,034)	(13,536)
Proceeds from sale of property, plant and equipment	-	80
Encashment of investments	35,668	11,940
Purchase of Investments	(251,074)	-
Interest received	3,581	59
Cash used in investing activities	(215,859)	(1,457)
Cash Flows from Financing Activities		
Long term loans repaid	(260,651)	-
Long term loans received	687,958	191,658
Principal elements of lease payments	(75,488)	(87,064)
Interest paid	(45,047)	(15,898)
Cash provided by financing activities	306,772	88,696
	103,689	11,524
Exchange (loss)/gain on foreign cash balances	(1,892)	135
Increase in cash and cash equivalents	101,797	11,659
Cash and cash equivalents at beginning of year	(4,491)	(16,150)
Cash and Cash Equivalents at End of Year (Note 19)	97,306	(4,491)

Reconciliation of movements of liabilities to cash flows arising from financing activities:
Amounts represent bank and other loans, excluding bank overdraft.

	2022 $'000	2021 $'000
At 1 July	283,875	92,217
Loans received	687,958	191,658
Loans repaid	(260,651)	-
	711,182	283,875

1. Identification and Principal Activities

The Palace Amusement Company (1921) Limited (the Company) and its subsidiaries (collectively referred to as the Group) are limited liability companies, incorporated and resident in Jamaica and are cinema operators. The Company is a 65.95% subsidiary of Russgram Investments Limited (the parent company), which is also incorporated in Jamaica. The registered office of the Company, its subsidiaries and the parent company, is 1A South Camp Road, Kingston.

The Company is listed on the Jamaica Stock Exchange.

Films are rented from:
(i) United International Pictures, which represents Universal Pictures and Paramount Pictures;
(ii) ATM Film Distributors;
(iii) Metropolitan Opera and By Experience, which represent National Theatre Live and Bolshoi Ballet; and
(iv) The parent company, which represents Warner Bros, 20th Century Fox, Disney as well as Goldmine Productions and other independent distributors.

2. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and have been prepared under the historical cost convention as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The Group and Company incurred a loss of $260,682,000 and $235,862,000 respectively for the year ended 30 June 2022. As a result of the losses incurred in the current and prior years, the Group's and Company current liabilities exceeded its current assets by approximately $56,608,000 and $38,349,000. respectively. The main reason for the sustained losses incurred by the Group and Company is less than planned patronage and cinema closure due to the government restrictions as a result of COVID-19 up to the third quarter of the financial year.

Management considers it appropriate to adopt the going concern basis in the preparation of these financial statements on the premise that the losses have declined over prior year and revenue increased by more than 100% and is expected to significantly increase within the next 12 months given the COVID-19 restrictions have been lifted and all cinemas are in operation. Management prepared its cash flow forecasts, taking into consideration that all cinemas will remain open, and have concluded that the Group and Company will generate sufficient cash flows to sustain its operations for the foreseeable future.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective in the current year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The Group has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are immediately relevant to its operations.

- **Amendments to IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2** (effective for annual periods beginning on or after 1 January 2021). The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one. Given the pervasive nature of IBOR-based contracts, the amendments could affect companies in all industries. The amendments are effective from 1 January 2021 (1 July 2021 for the Group). This publication provides guidance on how to apply the Phase 2 amendments to various contracts and hedge accounting relationships, including the interaction with the Phase 1 reliefs for hedge accounting. The adoption of the amendments did not have any impact on the financial statements of the Group.

- **Amendment to IFRS 16, 'Leases' – COVID-19 related rent recession,** (effective for annual periods beginning on or after 1 April 2021). As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted. The adoption of this amendment did not to have an impact on the Group.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The Group has concluded that the following standards, which are published but not yet effective, are relevant to its operations. These pronouncements are effective for annual periods beginning on or after year end dates noted and will be applied by the Group as of those dates unless otherwise indicated.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Amendments to IFRS 17, 'Insurance contracts', (effective for annual periods beginning on or after 1 January 2023). This standard replaces IFRS 4, which currently permits a wide variety of practices in accounting for insurance contracts. IFRS 17 will fundamentally change the accounting by all entities that issue insurance contracts and investment contracts with discretionary participation features. The Group does not expect any impact on the financial statements from adoption of these amendments.

Amendments to IAS 1, Presentation of financial statements on classification of liabilities, (effective for annual periods beginning on or after 1 January 2022). These narrow-scope amendments to IAS 1, 'Presentation of financial statements', clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).The amendment also clarifies what IAS 1 means where it refers to the 'settlement' of a liability. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

Amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 1, IFRS 9, and IFRS 16, (effective for annual periods beginning on or after 1 January 2022). Amendments to IFRS 3, 'Business combinations' update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. Amendments to IAS 16, 'Property, plant and equipment' prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' specify which costs a company includes when assessing whether a contract will be loss-making. Annual improvements make minor amendments to IFRS 1, 'First-time Adoption of IFRS', IFRS 9, 'Financial instruments', and the illustrative examples accompanying IFRS 16, 'Leases'. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

Narrow scope amendments to IAS 1, Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

2. Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group (continued)

Amendment to IAS 12 – Deferred tax related to assets and liabilities arising from a single transaction, (effective for annual periods beginning on or after 1 January 2023). These amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deduct able temporary differences. The Group does not expect any significant impact on the financial statements from adoption of these amendments.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

(b) Basis of consolidation

Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2. Significant Accounting Policies (Continued)

(b) Basis of consolidation (continued)

Subsidiaries (continued)
The subsidiaries and their principal activities are as follows:

Name of Company	Principal activity	Country of Incorporation	Percentage Ownership 2022 (%)	Percentage Ownership 2021 (%)
The Cinema Company of Jamaica Limited	Cinema operations	Jamaica	100.0	100.0
Tropical Cinema Company Limited	Not trading	Jamaica	90.1	90.1
Harbor View Cinema Company Limited	Not trading	Jamaica	77.5	77.5

Transactions and non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Jamaican dollars, which is also the Group's functional currency.

Transactions and balances
FForeign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated using the exchange rate as at the date of initial recognition; non-monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

2. Significant Accounting Policies (Continued)

(c) Foreign currency translation (continued)

Transactions and balances (continued)

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss. Translation differences on non-monetary financial instruments, such as equities classified as fair value through other comprehensive income, are recognised in other comprehensive income.

(d) Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at fair value based on valuations by external independent valuers at least every three years, less subsequent depreciation of buildings. All other assets are stated at historical cost less depreciation, except land which is not depreciated as it is deemed to have an indefinite life.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate only when it is probable that a future economic benefit associated with the item will flow to the company or the cost of the item can be measured reliably. The carrying amount of any replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Increases in carrying amounts arising on revaluation are credited to the capital reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against the capital reserve.

Depreciation is calculated on the straight-line basis at such rates as will write off the carrying value of the assets over the period of their expected useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Theatre and other buildings	40 years
Leasehold improvements	10 years
Equipment and fixtures	5-10 years
Motor vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2(e)).

Gains and losses on disposals of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining profit or loss.

2. Significant Accounting Policies (Continued)

(e) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows. Non financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity in another entity.

Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- At fair value (either through OCI or through profit or loss); and
- At amortised cost

The classification is based on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses are recorded in profit or loss or OCI.

(ii) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade-date, the date on which the Group 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 Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction cost directly attributable to the acquisition of the financial asset in the case of a financial asset not at fair value through profit or loss (FVPL). Transaction costs that are directly attributable to the acquisition of the financial asset carried at FVPL are expensed in profit or loss.

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

2. Significant Accounting Policies (Continued)

(f) Financial instruments (continued)

Financial assets (continued)

(iii) Measurement (continued)

- *Amortised costs* - Financial assets classified as amortised costs are 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. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in gains/(losses). Impairment losses are presented as separate line item in profit or loss. The Group's financial assets measured at amortised cost comprise trade and other receivables, due from related parties, investments and cash and bank balances.

- *FVOCI* – Financial assets that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in investment income using the effective interest rate method. Foreign exchange gains and losses are presented in gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- *FVPL* - Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. Gains or losses on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognised in gains/(losses) in the profit or loss statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost (include cash and cash equivalents) and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

2. Significant Accounting Policies (Continued)

(g) Inventories

Inventories are stated at the lower of cost and fair value less costs to sell, cost being determined on the first-in, first-out basis. Fair value less costs to sell is the estimated selling price in the ordinary course of business, less selling expenses.

(h) Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows. The cash flows of the Company's trade receivables are solely payments of principal and interest (SPPI). Subsequent to initial recognition at fair value, the Company measures trade receivables at amortised cost using the effective interest method.

(i) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with original maturity of 90 days or less.

(j) Borrowings

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost using the effective yield method. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in profit or loss over the period of the borrowings.

(k) Current and deferred income taxes

Taxation expense in profit or loss comprises current and deferred tax charges.

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The Group's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

2. Significant Accounting Policies (Continued)

(k) Current and deferred income taxes (continued)

Deferred income tax liabilities are not recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of subsidiaries as such amounts are permanently reinvested and are not subject to tax.

(l) Employee benefits

The Group operates defined benefit plans, the assets of which are generally held in separate trustee-administered funds. A defined benefit plan is a pension plan that defines an amount of pension benefit to be provided, usually as a function of one or more factors such as age, years of service or compensation. The plans are generally funded through payments to trustee administered funds, determined by periodic actuarial calculations.

The asset or liability recognised in the statement of financial position in respect of the defined benefit pension plan is the present value of the defined benefit obligation at the statement of financial position date less the fair value of plan assets, together with adjustments for past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in the income statement.

(m) Provisions

Provisions for restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise employee termination payments. Provisions are not recognised for future operating losses.

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.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(n) Revenue recognition

Group revenue comprises box office receipts, theatre confectionery sales, advertising and film rental income. Box office receipts and concession sales are cash sales and are recognised when cash is collected. Advertising and rental income are recognised on an accrual basis in accordance with the substance of the underlying contracts. Revenue is shown net of General Consumption Tax, returns and discounts and after eliminating sales within the Group.

2. Significant Accounting Policies (Continued)

(n) Revenue recognition (continued)

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described above.

The Group sells movie vouchers which entitle customers to box office attendance in the future. The fair value of the consideration received is recognised as deferred income. Revenue is recognised as the movie vouchers are utilised or expire. Vouchers expire 12 months after the initial sale.

(o) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

2. Significant Accounting Policies (Continued)

(o) Leases (continued)

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The lease term is determined as the non-cancellable period of the lease and also takes account of extension and termination options if reasonably certain to be exercised. The assessment of reasonable certainty is only revised if a significant event or change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

(p) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. Operating segments are reported in a manner consistent with internal reporting to the Group's chief operating decision maker.

(q) Dividend distribution

Dividend distributions to the Company's shareholders are recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

Dividends for the year that are declared after the reporting date are dealt with in the subsequent events note

3. Financial Risk Management

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Management seeks to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out by the Finance department under policies approved by the Board of Directors. The Board provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

(i) Market risk

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from film rental income and US dollar cash and bank balances. The Group manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The Group further manages this risk by maximising foreign currency earnings and holding net foreign currency assets.

Concentration of currency risk

The Group and Company are exposed to foreign currency risk in respect of US dollar receivables and cash and bank balances amounting to $24,790,000 (2021 – $5,909,000) and $4,676,000 (2021 – $14,041,000), respectively.

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank and accounts receivable balances and adjusts their translation at the year-end for 4% (2021 – 8%) depreciation and a 1% (2021 – 2%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	The Group and Company			
	% Change in Currency Rate 2022	Effect on Profit before Tax 30 June 2022 $'000	% Change in Currency Rate 2021	Effect on Profit before Tax 30 June 2021 $'000
Currency:				
USD	-4	1,179	-8	1,596
USD	+1	-295	+2	-399

3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(i) Market risk (continued)

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The Group is exposed to equity securities price risk arising from its holding of FVOCI investments. As the Group does not have a significant exposure, market price fluctuations are not expected to have a material effect on the net results or stockholders' equity.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value or cash flows of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest rate risk.

The Group is primarily exposed to fair value interest rate risk on its fixed rate borrowings. The Group analyses its interest rate exposure arising from borrowings on an ongoing basis, taking into consideration the options of refinancing, renewal of existing positions and alternative financing.

Short term deposits and borrowings are the only interest-bearing assets and liabilities respectively, within the Group. The Group's short-term deposits are due to mature within 3 months of the reporting date, and the Groups borrowings are at fixed rates.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

There is no significant exposure to interest rate risk on borrowings as these are at fixed rates and are carried at amortised cost.

3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, due from subsidiary companies, and cash and bank balances.

Trade receivables
Revenue transactions in respect of the Group's primary operations are settled either in cash or by using major credit cards. For its operations done on a credit basis, the Group has policies in place to ensure that sales of services are made to customers with an appropriate credit history.

In assessing credit losses associated with trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The expected credit loss rates are based on the historical credit losses experienced within a three-year period before 30 June 2022. The historical rates are adjusted to reflect current and forward-looking information on the macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the Gross Domestic Product (GDP), the interest rate and the inflation rate of the country in which it sells its services to be the most relevant factors and accordingly adjusts the historical loss rates based on the expected changes in these factors.

On this basis, the loss allowance as at 30 June 2022 and 2021 was determined as follows for trade receivables:

	The Group and Company	
30 June 2022	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	0%	21,460
More than 30 days past due	0%	203
More than 90 days past due	47%	1,736
		23,399
Loss allowance		(595)
Total		22,804

3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

Trade receivables (continued)

	The Group and Company	
30 June 2021	**Expected Credit Loss Rate**	**Gross Carrying Amount $'000**
Current	0%	4,912
More than 30 days past due	0%	-
More than 90 days past due	47%	3,020
		7,932
Loss allowance		(1,414)
Total		6,518

Due from subsidiary companies

This represents the year end balance arising mainly from the Group's centralised treasury function. The subsidiaries conduct all transactions through their current accounts with the Company. The Company mainly has balances with the Cinema Company of Jamaica and the credit risk associated with these balances is considered low due to the credit quality of The Cinema Company of Jamaica.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of 'trade and other receivables', 'due from subsidiaries' and 'cash and cash equivalents' in the statement of financial position.

3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(ii) Credit risk (continued)

The closing loss allowances for trade receivables as at 30 June 2022 reconcile to the opening loss allowance as follows:

	The Group and Company	
	2022	2021
	$'000	$'000
Opening loss allowance as at 1 July	1,414	1,414
Provision for receivables impairment	164	-
Amounts recovered from previous provision	(983)	-
At 30 June	595	1,414

The creation and release of provision for impaired receivables have been included in expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. Impairment estimates have been adjusted based on actual collection patterns.

Concentration of risk – trade receivables

The following table summarises the Group's and Company's credit exposure for trade receivables at their carrying amounts, as categorised by the customer sector:

	The Group and Company	
	2022	2021
	$'000	$'000
Independent cinemas	20,759	5,909
Advertising agencies	2,640	2,023
	23,399	7,932
Less: Provision for credit losses	(595)	(1,414)
	22,804	6,518

3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. At the reporting date, the Group has an undrawn amount relating to a credit revolving facility. The Group has also taken various measures to reduce its expenses and to defer payments for some of its trade payables and accruals.

Liquidity risk management process

The Group's liquidity management process, as carried out within the Group and monitored by the Finance department, includes:

(i) Monitoring future cash flows and liquidity on a bi-weekly basis.
(ii) Maintaining a portfolio of short-term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
(iii) Maintaining committed lines of credit.
(iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the Group's and Company's financial liabilities, based on contractual undiscounted payments at contractual maturity dates, is as follows:

	The Group				
	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
	2022				
Trade payables	144,665	-	-	-	144,665
Accruals and other payables	244,818	-	-	-	244,818
Lease liabilities	50,071	68,683	62,475	35,408	216,637
Long term liabilities	53,502	255,574	484,326	58,235	851,637
Total financial liabilities	493,056	324,257	546,801	93,643	1,457,757
	2021				
Trade payables	76,623	-	-	-	76,623
Accruals and other payables	219,117	-	-	-	219,117
Bank overdraft	29,887	-	-	-	29,887
Lease liabilities	67,920	77,799	66,849	54,762	267,330
Long term liabilities	15,795	43,868	119,425	182,711	361,799
Total financial liabilities	409,342	121,667	186,274	237,473	954,756

3. Financial Risk Management (Continued)

(a) Financial risk factors (continued)

(iii) Liquidity risk (continued)

Cash flows of financial liabilities (continued)

	The Company				
	Within 1 Year $'000	1 to 2 Years $'000	2 to 5 Years $'000	Over 5 Years $'000	Total $'000
			2022		
Trade payables	144,665	-	-	-	144,665
Accruals and other payables	231,206	-	-	-	231,206
Due to subsidiary companies	45,012	-	-	-	45,012
Lease liabilities	50,071	68,683	62,475	35,408	216,637
Long term liabilities	53,502	255,574	484,326	58,235	851,637
Total financial liabilities	524,456	324,257	546,801	93,643	1,489,157
			2021		
Trade payables	76,623	-	-	-	76,623
Accruals and other payables	205,160	-	-	-	205,160
Due to subsidiary companies	43,487	-	-	-	43,487
Bank overdraft	29,887	-	-	-	29,887
Lease liabilities	67,920	77,799	66,849	54,762	267,330
Long term liabilities	15,795	43,868	119,425	182,711	361,799
Total financial liabilities	438,872	121,667	186,274	237,473	984,286

Assets available to meet all of the liabilities and to cover financial liabilities include cash and short-term deposits.

(b) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the Group defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are externally imposed capital maintenance requirements to which the Group is subjected, and with which they were in breach for the year ended 30 June 2022 (See note 21). The Group obtained a waiver letter from the financial institution for the breached requirements for the year ended 30 June 2022.

3. Financial Risk Management (Continued)

(c) Fair value estimation

Fair value is the amount for which an 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 measurements 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).

The fair value of financial instruments traded in active markets, such as FVOCI investments, is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1 and comprise equity instruments traded on the Jamaica Stock Exchange and Trinidad and Tobago Stock Exchange.

The only financial assets that are re-measured at fair value after initial recognition are equities of $25,030,000 (2021 - $19,383,000) and $485,000 (2021 - $485,000) for the Group and Company, respectively.

There were no transfers between levels during the year.

As at 30 June 2022 and 30 June 2021, there were no unquoted equity instruments.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Judgements and estimates 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.

(a) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognised in the financial statements.

(b) Key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed overleaf.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Continued)

(b) Key sources of estimation uncertainty (continued)

Retirement benefit obligations

The cost of these benefits and the present value of the future obligations depend on a number of factors that are determined by actuaries using a number of assumptions. The assumptions used in determining the net periodic cost or income for retirement benefits include the expected long-term rate of return on the relevant plan assets and the discount rate. Any changes in these assumptions will impact the net periodic cost or income recorded for retirement benefits and may affect planned funding of the pension plan. The expected return on plan assets assumption is determined on a uniform basis, considering long-term historical returns, asset allocation and future estimates of long-term investment returns. The Group determines the appropriate discount rate at the end of each year, which represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefit obligations. In determining the appropriate discount rate, the Group considered interest rate of high-quality Government of Jamaica bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related obligations. Other key assumptions for the retirement benefits are based on current market conditions.

Impairment review for long lived assets

As a result of the impact of COVID-19, equipment and fixtures and right of use assets (ROA) were reviewed for impairment at the previous reporting date. An assessment was done to determine whether the carrying amount for these assets exceeded their recoverable amount. Equipment and fixtures and ROA do not generate independent cash flows and as such the recoverable amount for the CGU (the business) was used in the assessment.

The recoverable amount of an asset is the higher of its fair value less cost sell (FVLCS) and its value in use (VIU). The FVLCS was determined by the Group using a property valuer and information obtained from other third parties. Adjustments were then made to account for the cost to sell. To establish the VIU, the Group estimated future cash flows which are discounted to present value using an appropriate weighted average cost of capital. Any changes in the assumptions mentioned could result in an impact on the FVLCS or the VIU. Arising from the assessment, no impairment was noted.

5. Segment Reporting

The Group is managed in three main business segments based on business activities. The designated segments are as follows:

(i) Cinema activities, which comprise mainly theatre operations and the sales of confectionery items;
(ii) Film activities, which comprise the purchase and rental of films from distributors and the rental of films to cinema operators throughout the Caribbean; and
(iii) Screen advertising activities.

Interest expense is included in the measurement of segment results for Carib and Sunshine Palace. The remaining interest expense is not reviewed as part of the results of the reportable segments but is however regularly reviewed by the chief operating decision maker.

Interest income is not included in the measurement of segment results and is not reviewed as part of the results of the reportable segments. Interest income is however regularly reviewed by the chief operating decision maker.

Deferred tax assets and post-employment benefit assets are not included in the measurement of segment assets and are not reviewed as part of the result of the reportable segments. Deferred tax assets and post-employment benefit assets are however regularly reviewed by the chief operating decision maker.

Major customers comprise independent movie patrons who attend cinemas throughout the Group.

Revenue from film activities includes $52,928,000 (2021 - $20,855,000) earned from other Caribbean countries.

Segment eliminations comprise film rental charged to the cinemas and management fees charged by head office.

5. Segment Reporting (Continued)

	2022							
	Cinema Activities							
	Carib Cinema $'000	Palace Cineplex $'000	Palace Multiplex $'000	Sunshine Palace $'000	New Kingston Drive In $'000	Film Activities $'000	Screen Advertising Activities $'000	Total $'000
Revenue –								
Box office receipts	141,956	10,435	61,405	88,635	21,764	-	-	324,195
Confectionery sales	99,584	6,735	38,961	51,320	13,112	-	-	209,712
Film rental	-	-	-	-	-	231,937	-	231,937
Screen advertising	6,869	102	4,227	4,245	3,502	-	11,399	30,344
Other activities	51	12,168	18,831	7	443	-	-	31,500
	248,460	29,440	123,424	144,207	38,821	231,937	11,399	827,688
Eliminations*								(178,644)
Revenue from external customers								649,044
Segment result (1)	(30,775)	(8,777)	(10,130)	(62,748)	(6,124)	44,621	5,841	(68,092)
Eliminations								11,356
								(56,736)
Segment assets (2)	524,593	18,308	42,777	447,046	11,322	79	84	1,044,209
Unallocated assets								727,691
Total assets								1,771,900
Segment liabilities (3)	9,929	24,163	71,578	259,809	2,333	-	-	367,812
Unallocated liabilities								1,013,111
Total liabilities								1,380,923
Capital expenditure	-	126	67	50	436	-	-	679
Eliminations								-
Unallocated head office capital expenditure								3,355
Total capital expenditure								4,034
Depreciation	19,115	3,570	3,823	27,788	517	10	20	54,843
Unallocated head office depreciation								8,094
Total depreciation								62,937
Interest expense	272	-	-	-	-	-	-	272
Unallocated head office interest expense								45,047
Eliminations								-
Total interest expense								45,319

*Eliminations of $167,245,000 and $11,399,000 relate to film rental and screen advertising, respectively.

5. Segment Reporting (Continued)

	2021							
	Cinema Activities							
	Carib Cinema $'000	Palace Cineplex $'000	Palace Multiplex $'000	Sunshine Palace $'000	New Kingston Drive In $'000	Film Activities $'000	Screen Advertising Activities $'000	Total $'000
Revenue –								
Box office receipts	15,473	1,504	2,134	15,375	8,795	-	-	43,281
Confectionery sales	11,172	1,112	1,384	8,847	5,149	-	-	27,664
Film rental	-	-	-	-	-	42,773	-	42,773
Screen advertising	4,796	680	828	3,580	2,954	-	7,772	20,610
Other activities	200	-	-	-	-	-	-	322
	31,641	3,296	4,346	27,802	17,020	42,773	7,772	134,650
Eliminations*								(28,879)
Revenue from external customers								105,771
Segment result (1)	(64,663)	(32,580)	(51,816)	(88,604)	(9,188)	4,923	3,090	(238,838)
Eliminations								1,238
								(237,600)
Segment assets (2)	542,419	15,873	67,663	497,660	14,508	88	103	1,138,314
Unallocated assets								420,890
Total assets								1,559,204
Segment liabilities (3)	3,084	27,810	95,059	252,891	8,966	-	-	387,810
Unallocated liabilities								528,277
Total liabilities								916,087
Capital expenditure								
Eliminations	3,664	-	114	4,186	6,941	-	-	14,905
Unallocated head office capital expenditure								-
Total capital expenditure								2,295
								17,200
Depreciation								
Unallocated head office depreciation	17,579	3,691	4,629	22,128	276	28	20	48,351
Total depreciation								7,346
								55,697
Interest expense								
Unallocated head office interest expense	-	-	-	2,407	-	-	-	2,407
Eliminations								13,491
Total interest expense								-
								15,898

*Eliminations relate to film rental

5. Segment Reporting (Continued)

(1) Losses from the reportable segments is reconciled to the Group's losses before taxation as follows:

	The Group	
	2022 $'000	2021 $'000
Losses from reportable segments	(56,736)	(237,600)
Unallocated income -		
Other operating income	9,415	6,689
Unallocated costs -		
Administrative expenses	(174,487)	(113,096)
Other	(762)	(825)
	(175,249)	(113,921)
Unallocated interest expense	(45,047)	(13,491)
	(45,047)	(13,491)
	(267,617)	(358,323)

(2) Reportable segments' assets are reconciled to the Group's total assets as follows:

	The Group	
	2022 $'000	2021 $'000
Segment assets from reportable segments	1,044,209	1,138,314
Unallocated assets -		
Property, plant and equipment	270,191	274,929
Investments	240,436	19,383
Post-employment benefit asset	39,380	40,968
Inventories	37,943	33,359
Receivables	43,713	27,228
Cash and cash equivalents	96,028	25,023
	1,771,900	1,559,204

5. Segment Reporting (Continued)

(3) Reportable segments' liabilities are reconciled to the Group's total liabilities as follows:

	The Group	
	2022 $'000	2021 $'000
Segment liabilities from reportable segments	367,812	387,810
Unallocated liabilities -		
Payables	257,251	162,871
Long term liabilities	711,182	283,875
Deferred tax liability	39,850	46,785
Bank overdraft	-	29,887
Taxation payable	4,828	4,859
	1,380,923	916,087

6. Other Operating Income

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Dividend income	709	600	-	-
Gain on sale of property, plant and equipment	-	98	-	80
Interest income	3,611	66	3,611	66
Management fees	-	-	11,356	1,238
Exchange (loss)/gain on foreign balances	(899)	683	(899)	683
Insurance refund	-	3,568	-	3,568
Other	5,994	1,674	5,994	1,674
	9,415	6,689	20,062	7,309

7. Expenses by Nature

Total direct and administration expenses:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Advertising and promotion	10,488	12,193	7,334	7,724
Auditors' remuneration:				
Current year	5,560	5,460	4,500	4,400
Prior year	(169)	(162)	(150)	128
Bank security and fees	3,863	946	2,218	672
Cost of inventories recognised as expense	109,076	17,304	56,736	10,942
Depreciation	62,936	55,697	43,821	38,118
Film cost	182,361	33,401	182,361	33,401
Insurance	12,847	13,359	8,161	8,578
Legal and professional fees	41,713	4,001	41,338	2,852
Licence fees	3,571	607	2,059	459
Motor vehicle expenses	4,044	3,249	4,044	3,249
Other	15,748	18,818	12,040	15,475
Repairs, maintenance and renewals	36,368	26,057	29,501	23,901
Security	18,270	8,860	12,980	6,770
Staff costs (Note 8)	189,579	111,208	151,143	92,890
Stationery and supplies	16,490	5,851	10,544	4,509
Lease interest expense	12,641	15,147	12,641	15,147
Amortization expense	60,910	67,935	60,910	67,935
Transportation and courier	2,906	1,031	2,373	691
Utilities	91,555	53,923	57,139	33,430
	880,757	454,885	701,693	371,271

8. Staff Costs

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Wages and salaries	143,754	78,486	114,714	65,524
Payroll taxes – Employer's portion	16,568	8,964	12,696	7,251
Pension (Note 15)	4,483	6,136	4,483	6,136
Other	24,774	17,622	19,250	13,979
	189,579	111,208	151,143	92,890

9. Taxation

Taxation is computed on the profit for the year adjusted for tax purposes and comprises income tax at 25%.

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Current taxation	-	235	-	-
Deferred taxation (Note 14)	(6,935)	24,449	(1,151)	24,388
	(6,935)	24,684	(1,151)	24,388

The tax on the loss before taxation differs from the theoretical amount that would arise using the applicable tax rate of 25%, as follows:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Loss before taxation	(267,617)	(358,323)	(237,014)	(293,701)
Tax calculated at applicable tax rates	(66,904)	(89,598)	(59,253)	(73,425)
Adjusted for the effects of:				
Reversal of prior year deferred taxes	-	24,449	-	24,388
Adjustment to pension and post employment benefits	1,121	1,534	1,121	1,534
Disallowed expenses	56	247	31	223
Acceleration of capital allowances	17,514	14,276	15,393	12,549
Foreign exchange adjustment	(262)	35	(262)	35
Interest receivable/(payable)	(143)	(15)	(143)	(15)
IFRS 16 adjustment	(16,523)	(17,979)	(16,523)	(17,979)
Tax losses on which no deferred tax is recognised	65,185	88,538	59,636	77,091
Deferred taxes	(6,935)	-	(1,151)	-
Other	(44)	3,197	-	(13)
	(6,935)	24,684	(1,151)	24,388

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets against current liabilities and when the deferred income taxes relate to the same fiscal authority.

Subject to agreement with Tax Administration Jamaica (TAJ), losses available for offset against future profits are approximately $764,452,000 (2021 $503,712,000). No deferred taxation has been recognised on these tax losses due to the uncertainty of future taxable profits.

10. Net Loss and Retained Earnings Attributable to the Stockholders

	2022 $'000	2021 $'000
(a) Net loss attributable to the stockholders of the Company is dealt with as follows in the financial statements of:		
The Company	(235,862)	(318,089)
The subsidiaries	(24,809)	(64,850)
	(260,671)	(382,939)

	2022 $'000	2021 $'000
(b) Accumulated deficit attributable to the stockholders of the Company are dealt with as follows in the financial statements of:		
The Company	(453,554)	(220,587)
The subsidiaries	39,843	64,652
	(413,711)	(155,935)

11. Earnings Per Stock Unit

Earnings per stock unit is calculated by dividing the net loss attributable to stockholders by the number of ordinary stock units in issue at year end.

	2022	2021
Net loss attributable to stockholders ($'000)	(260,671)	(382,939)
Number of ordinary stock units ('000)	1,437	1,437
Earnings per stock unit ($ per share)	(181.40)	(266.49)

The Company has no potentially dilutive ordinary shares.

12. Property, Plant and Equipment

	The Group				
	Freehold Land $'000	Buildings $'000	Leasehold Improvements $'000	Equipment, Fixtures & Motor Vehicles $'000	Total $'000
Cost or deemed cost -					
At 1 July 2020	45,484	78,153	196,807	815,093	1,135,537
Additions	-	-	5,800	11,399	17,199
Revaluation	466,050	187,139	-	-	653,189
Disposals	-	-	-	(3,267)	(3,267)
At 30 June 2021	511,534	265,292	202,607	823,225	1,802,658
Additions	-	1,504	-	2,530	4,034
At 30 June 2022	511,534	266,796	202,607	825,755	1,806,692
Depreciation -					
At 1 July 2020	1,448	42,454	66,904	491,117	601,923
Charge for the year	672	1,934	3,377	49,714	55,697
Relieved on disposal	-	-	-	(1,077)	(1,077)
At 30 June 2021	2,120	44,388	70,281	539,754	656,543
Charge for the year	672	6,641	3,470	52,152	62,936
At 30 June 2022	2,792	51,029	73,751	591,907	719,479
Net Book Value -					
30 June 2022	508,742	215,767	128,856	233,848	1,087,213
30 June 2021	509,414	220,904	132,326	283,471	1,146,115

During 2021, the Group changed its accounting policy for property, plant and equipment. The revised accounting policy has resulted in land and buildings being carried at market value. The change was necessary to provide the users of the financial statements with more relevant information. As stipulated by IAS 8, Accounting Policies, Changes in Estimates and Errors, the initial application of a revised accounting policy to revalue property, plant and equipment should be dealt with as a revaluation in accordance with IAS 16, Property, Plant and Equipment. As a result, the revaluation gains were recognised in capital reserves as at the date of the accounting policy change.

The market value for land and buildings as on December 21, 2020 and May 10, 2021 was determined by D.C Tavares & Finson Realty Limited. The valuation method used is considered level 2 in the fair value hierarchy.

12. Property, Plant and Equipment

	The Company				
	Freehold Land $'000	Buildings $'000	Leasehold Improvements $'000	Equipment, Fixtures & Motor Vehicles $'000	Total $'000
Cost or deemed cost -					
At 1 July 2020	265	800	196,807	560,017	757,889
Additions	-	-	5,800	7,735	13,535
Revaluation	199,684	49,921	-	-	249,605
Disposals	-	-	-	(1,058)	(1,058)
At 30 June 2021	199,949	50,721	202,607	566,694	1,019,971
Additions	-	1,504	-	2,530	4,034
At 30 June 2022	199,949	52,225	202,607	569,224	1,024,005
Depreciation -					
At 1 July 2020	-	354	66,904	309,440	376,698
Charge for the year	-	-	3,377	34,741	38,118
Relieved on disposal	-	-	-	(1,058)	(1,058)
At 30 June 2021	-	354	70,281	343,122	413,757
Charge for the year	-	1,277	3,470	39,074	43,821
At 30 June 2022	-	1,631	73,751	382,196	457,578
Net Book Value -					
30 June 2022	199,949	50,594	128,856	187,027	566,426
30 June 2021	199,949	50,367	132,326	223,572	606,214

13. Investments

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Quoted equities – at fair value through OCI	25,030	19,383	-	-
Repurchase agreements	215,406	-	215,406	-
Unquoted – Subsidiaries, at cost:				
Cinema Company of Jamaica Limited				
56,101 Ordinary shares	-	-	272	272
Harbour View Cinema Company Limited				
133,998 Ordinary shares	-	-	68	68
Tropical Cinema Company Limited				
116,296 Ordinary shares	-	-	145	145
	240,436	19,383	215,891	485

Repurchase agreements totalling $215,406,000 (2021 - $Nil) for Group and Company matures within 12 months and were classified as current assets.

14. Deferred Income Taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities.

The movement in deferred taxation is as follows:

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Balance at beginning of year	(46,785)	24,449	(12,480)	24,388
Credited/(charged) to profit or loss (Note 9)	6,935	(24,449)	1,151	(24,388)
Charged to other comprehensive income	-	(46,785)	-	(12,480)
Balance at end of year	(39,850)	(46,785)	(11,329)	(12,480)

14. Deferred Income Taxes (Continued)

Deferred taxation includes the following, prior to offsetting of balances:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Deferred tax assets to be recovered after more than 12 months	-	-	-	-
Deferred tax liabilities to be settled after more than 12 months	(39,850)	(46,785)	(11,329)	(12,480)

Deferred taxation asset/liability is due to the following temporary differences:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Accelerated tax depreciation	6,935	-	1,151	-
Revaluation of property, plant and equipment	(46,785)	(46,785)	(12,480)	(12,480)
	(39,850)	(46,785)	(11,329)	(12,480)

Deferred taxation (charged)/credited to profit or loss and other comprehensive income comprises the following temporary differences:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Profit or loss –				
Tax losses reversed	-	(24,449)	-	(24,388)
Accelerated capital allowances	6,935	-	1,151	-
	6,935	(24,449)	1,151	(24,388)
Other comprehensive income –				
Revaluation of property, plant & equipment	-	(46,785)	-	(12,480)
	6,935	(71,234)	1,151	(36,868)

14. Deferred Income Taxes (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefit through future taxable periods is probable. Subject to agreement with Tax Administration Jamaica, losses of approximately $764,452,000 for the Group and $669,894,000 for the Company (2021 – $503,712,000 and $427,998,000, respectively) are available for set off against future profits and may be carried forward indefinitely.

No deferred tax assets have been recognised on tax losses carried forward as there is doubt that taxable profits in the foreseeable future will be available against which the temporary differences can be utilised.

Deferred income tax liabilities have not been provided for withholding and other taxes that would be payable on the undistributed earnings of certain subsidiaries to the extent that such earnings are permanently reinvested and will be tax free if distributed. Such undistributed earnings totalled $62,489,000 (2021 - $87,309,000).

15. Post-employment Benefit Asset

The amounts recognised in the statement of financial position are determined as follows:

	The Group and Company	
	2022	**2021**
	$'000	**$'000**
Present value of funded obligations		
Head office employees' pension plan	(234,747)	(267,186)
Cinema employees' pension plan	(82,612)	(88,155)
	(317,359)	(355,341)
Fair value of plan assets:		
Head office employees' pension plan	263,266	285,946
Cinema employees' pension plan	104,953	111,538
	368,219	397,484
Limitation of asset due to uncertainty of obtaining economic benefits in Cinema employees' plan	(11,480)	(1,175)
Asset in the statement of financial position	39,380	40,968

Head office employees' pension plan

The Company participates in a defined benefit plan, which is open to all permanent head office employees and administered for The Palace Amusement Company (1921) Limited by Sagicor Life Jamaica Limited. Retirement benefits are based on the average annual earnings in the last three years to retirement, and death benefits on members' accumulated contribution

15. Post-employment Benefit Asset (Continued)

Cinema employees' pension plan

The Company participates in a defined benefit plan which is open to all permanent cinema employees and administered by Sagicor Life Jamaica Limited. Retirement benefits are based on the average annual earnings in the last three years to retirement, and death benefits on members' accumulated contribution.

The plans are valued annually by internal actuaries using the Projected Unit Credit Method. The latest actuarial valuation was done as at 30 June 2022.

The movement in the present value of funded obligations over the year is as follows:

	Head office employees' pension plan		Cinema employees' pension plan	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Balance at beginning of year	267,186	271,802	88,155	83,026
Current service cost	6,666	7,416	1,770	1,798
Interest cost	22,932	20,407	7,582	6,269
	296,784	299,625	97,507	91,093
Re-measurements -				
Gains from change in financial assumptions	(28,342)	(31,539)	(8,927)	(7,273)
Experience losses	(13,933)	20,980	(2,294)	10,720
	254,509	289,066	86,286	94,540
Members' contributions	3,930	3,452	2,091	834
Benefits paid	(38,533)	(40,233)	(6,643)	(9,222)
Purchased annuities	14,841	14,901	878	2,003
Balance at end of year	234,747	267,186	82,612	88,155

15. Post-employment Benefit Asset (Continued)

The movement in the fair value of plan assets during the year is as follows:

	Head office employees' pension plan		Cinema employees' pension plan	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance at beginning of year	285,946	286,946	111,538	110,683
Interest income	24,794	21,754	9,779	8,515
Re-measurements -				
Return on plan assets, excluding amounts included in interest income	(27,712)	(875)	(12,690)	(1,276)
Members' contributions	3,930	3,452	2,091	834
Employers' contributions	-	1	-	1
Benefits paid	(38,533)	(40,233)	(6,643)	(9,222)
Purchased annuities	14,841	14,901	878	2,003
Balance at end of year	263,266	285,946	104,953	111,538

The movement on the asset ceiling during the year is as follows:

	Cinema employees' pension plan	
	2022	2021
	$'000	$'000
Balance at beginning of year	1,175	6,436
Interest on asset	106	515
Change in asset ceiling, excluding amounts included in interest expense	10,199	(5,776)
Balance at end of year	11,480	1,175

15. Post-employment Benefit Asset (Continued)

The amounts recognised in profit or loss are as follows:

	Head office employees' pension plan		Cinema employees' pension plan	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Current service cost	6,666	7,416	1,770	1,798
Interest cost	22,932	20,407	7,582	6,269
Interest income on plan assets	(24,794)	(21,754)	(9,779)	(8,515)
Interest on effect of asset ceiling	-	-	106	515
Total included in staff costs	4,804	6,069	(321)	67

The distribution of plan assets in respect of each plan was as follows:

	Head office employees' pension plan				Cinema employees' pension plan			
	2022		2021		2022		2021	
	$'000	%	$'000	%	$'000	%	$'000	%
Pooled investment funds –								
Equity Fund	71,213	27	76,146	26	29,140	27	36,269	33
International Equity Fund	5,468	2	6,276	2	3,233	3	5,469	5
Mortgage and Real Estate Fund	16,376	6	10,309	4	13,489	13	13,707	12
Fixed Income Fund	42,298	17	55,091	19	9,998	10	15,455	14
Global Market Funds	13,291	5	13,741	5	2,960	3	4,838	4
Money Market Fund	3,472	1	3,357	1	2	-	1	-
Foreign Currency Fund	21,096	8	33,243	12	13,399	13	20,955	19
CPI- Indexed	26,602	10	13,498	5	1,573	1	1,123	1
Purchased annuities	81,312	31	74,006	26	13,219	13	14,760	13
Other	(17,862)	(7)	279	-	17,940	17	(1,039)	(1)
	263,266	100	285,946	100	104,953	100	111,538	100

15. Post-employment Benefit Asset (Continued)

The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment portfolio. Expected yields on fixed interest investments are based on gross redemption yields as at the reporting date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

Expected contributions to the post-employment plan for the year ending 30 June 2022 are $3,127,000 for cinema employees and $5,483,000 for head office employees. The actual return on the plan assets was $(441,000) and $(2,918,000) for cinema and head office employees respectively (2021 – ($9,682,000) and ($20,879,000) respectively).

Movements in the amounts recognised in the statement of financial position:

	Head office employees' pension plan		Cinema employees' pension plan	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Asset at beginning of year	18,760	15,144	22,208	21,221
Amounts recognised in the income statement	(4,804)	(6,069)	321	(67)
Remeasurements recognised in OCI	14,563	9,684	(11,668)	1,053
Contributions paid	-	1	-	1
Asset at end of year	28,519	18,760	10,861	22,208

Taxation in relation to the remeasurements recognised in OCI is disclosed in note 14.

The principal actuarial assumptions used were as follows:

	Head office employees' pension plan		Cinema employees' pension plan	
	2022	2021	2022	2021
J$ Discount rate	10.00	9.00%	10.00	9.00%
US$ Discount rate	7.00	5.50%	7.00	5.50%
Inflation rate	5.50	5.50%	5.50	5.50%
Future salary increases	7.50	7.50%	5.50	5.50%
Future pension increases	-	-	2.75	2.75%

Mortality assumptions are based on the American 1994 Group Annuitant Mortality (GAM94) table.

15. Post-employment Benefit Asset (Continued)

Plan risks

Through its defined benefit pension plans, the Group is exposed to a number of risks. The Group does not use derivatives to manage its plan risks. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. Pensions are secured through the purchase of annuities. The remaining assets are invested in segregated pooled funds. The Group has not changed the processes used to manage its risks from previous periods.

The most significant of these plan risks are detailed below:

(i) Investment risk
The plan liabilities are calculated using a discount rate set with reference to Government of Jamaica bond yields. If plan assets underperform in this yield, this will create a deficit.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension scheme. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term assets with maturities that match the benefit payments as they fall due. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations.

(ii) Changes in bond yields
A decrease in Government of Jamaica bond yields will increase plans' liabilities, although this will be partially offset by an increase in the return on plans' assets which are linked to debt investments.

(iii) Salary risk
The present value of the plans' liabilities is calculated with reference to the future salaries of members. Therefore, an increase in the salary of members will increase the plans' liabilities.

(iv) Life expectancy
The majority of the plans' obligations are to provide benefits for the life of the members, so increases in life expectancy will result in an increase in the plans' liabilities.

15. Post-employment Benefit Asset (Continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Head office employees

	Impact on post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(19,342)	24,309
Future salary increases	1%	13,307	(11,729)
Future pension increases	1%	15,489	(13,744)
Life expectancy	1 year	1,344	(1,398)

Cinema employees

	Impact on post-employment obligations		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
		$'000	$'000
Discount rate	1%	(6,452)	8,324
Future salary increases	1%	3,330	(2,853)
Future pension increases	1%	7,680	(6,619)
Life expectancy	1 year	619	(636)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

16. Due from/to Subsidiary Companies

This represents the year end balance arising mainly from the Group's centralised treasury function. The subsidiaries conduct all transactions through their current accounts with the Company. No interest is charged on these balances.

17 Inventories

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Confectionery and snacks	22,599	12,629	20,680	10,995
General stores	23,029	23,920	23,029	23,920
Goods in transit	552	364	552	364
	46,180	36,913	44,261	35,279

18. Receivables

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade receivables	23,399	7,932	23,399	7,932
Provision for doubtful debts	(595)	(1,414)	(595)	(1,414)
	22,804	6,518	22,804	6,518
Prepayments	1,583	1,450	1,033	1,007
Other	22,634	19,885	21,890	18,138
	47,021	27,853	45,727	25,663

19. Cash and Cash Equivalents

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash at bank and in hand	98,110	25,656	97,306	25,396
Bank overdraft (Note 21(a))	-	(29,887)	-	(29,887)
Cash and cash equivalents	98,110	(4,231)	97,306	(4,491)

20. Payables

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Trade payables	152,788	80,579	152,788	80,579
Accruals and other payables	255,638	202,772	238,182	192,161
	408,426	283,351	390,970	272,740

21. Borrowings

(a) Bank overdraft

The Group and Company have bank overdraft totalling $Nil (2021 - $26,437,000) which attract interest at Nil% (2021 – 9%) per annum.

(b) Financial Covenants

The bank requires maintenance of a minimum Debt- Service Coverage and Total Debt to Tangible Net Worth (TNW) ratios. As at year end, the Group did not meet these covenants. The Company received a bank waiver letter for a period of one year for the breach of these covenant from the financial institution for the year ended 30 June 2022.

21. Borrowings (Continued)

(c) Long term liabilities

	The Group and Company	
	2022 $'000	2021 $'000
(i) Victoria Mutual Investments Limited -		
Non-revolving term loan facility 1	545,942	-
Non- revolving term loan facility 2	107,005	-
(ii) Bank of Nova Scotia Jamaica Limited -		
Non-revolving loan	-	225,640
(iii) Director's Loan	58,235	58,235
	711,182	283,875
Less: Current portion	-	(28,727)
	711,182	255,148

(i) This loan was obtained in September 2021 from Victoria Mutual Investments Limited. The loan was obtained to pay out existing debt facility with Bank of Nova Scotia and provide working capital support. The loan is issued in two facilities and incur interest of 8.75% for facility number 1 and 6% for facility number 2. There is a 24 month moratorium for facility number one after which principal payments will be amortized monthly. Facility number 2 will have a bullet payment on maturity. The loan is secured by properties held by the Group.

(ii) This loan was obtained in May 2021 from Bank of Nova Scotia Jamaica Limited, with $170.2 million being funds received for COVID measures and the amount of $55.4 million from 2020 loan facility were rolled into one facility. The loans incur an interest rate of 7% per annum and were repayable in February 2027. The loans were however, paid in full during 2021. The loan was secured by properties held by the Group.

The carrying amounts and fair value of the non-current borrowings are as follows:

	Carrying amount		Fair value	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Borrowings	711,182	255,148	958,987	373,747

22. Share Capital

	2022 $'000	2021 $'000
Authorised -		
1,500,000 ordinary shares		
Issued and fully paid –		
1,437,028 stock units of no par value	1,437	1,437

23. Capital Reserve

	The Group		The Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Unrealised surplus on assets carried at deemed cost	1,727	1,727	1,373	1,373
Realised capital gains	163,868	163,868	146,992	146,992
Reserve on valuation of property, plant and equipment, net of taxes	606,404	606,404	237,125	237,125
Other	389	389	-	-
	772,388	772,388	385,490	385,490

24. Fair Value Reserve

This represents the unrealised surplus on revaluation of investments carried at FVOCI.

25. Cash Flows from Operating Activities

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Net loss	(260,682)	(383,007)	(235,863)	(318,089)
Items not affecting cash resources:				
Depreciation	62,936	55,697	43,821	38,118
Gain on sale of property, plant and equipment	-	(98)	-	(80)
Interest income	(3,611)	(66)	(3,611)	(66)
Dividend income	(709)	(600)	-	-
Exchange gain/(losses) on foreign balances	899	(683)	899	(683)
Interest expense	45,319	15,898	45,047	15,898
Lease interest expense	12,641	15,147	12,641	15,147
Amortisation expense	60,910	67,935	60,910	67,935
Taxation	(6,935)	24,684	(1,151)	24,388
	(89,232)	(205,093)	(77,307)	(157,432)
Changes in operating assets and liabilities:				
Inventories	(9,267)	25,222	(8,982)	23,784
Receivables	(17,969)	2,752	(18,865)	3,221
Post-employment benefit assets	4,483	6,134	4,483	6,134
Due from subsidiaries	-	-	(4,578)	(48,189)
Payables	124,868	96,582	118,025	96,767
	12,883	(74,403)	12,776	(75,715)
Taxation paid	-	(234)	-	-
Cash provided by/(used in) operating activities	12,883	(74,637)	12,776	(75,715)

26. Related Party Transactions and Balances

(a) Purchases of services

Film rental charged by the parent company for the year amounted to $98,376,000 (2021 - $10,622,000) respectively. Trade payables include $98,549,000 (2021 – $67,110,000) due to the parent company in respect of these expenses.

(b) Key management compensation

	2022 $'000	2021 $'000
Wages and salaries	35,861	28,953
Payroll taxes – Employer's portion	2,604	1,876
Other	6,237	5,994
	44,702	36,823
Directors' emoluments –		
Management remuneration (included above)	19,463	19,028

(c) Transactions between the Company and its subsidiaries

During the year, the Company earned management fees of $11,356,000 (2021 – $1,238,000), film revenue of $84,946,000 (2021 – $9,126,000) and screen advertising administrative fees of $4,134,000 (2021 - $2,903,000) from a subsidiary.

(d) Year end balances arising from transactions with related parties

	2022 $'000	2021 $'000
Receivables -		
Subsidiary companies	85,959	79,857
Payables -		
Subsidiary companies	45,012	43,488

(e) Guarantees

The Cinema Company of Jamaica Limited has provided an unlimited guarantee in respect of the Bank of Nova Scotia Jamaica Limited loans (Note 21). The guarantee is secured by a first legal mortgage over the Carib cinema building. The loan was repaid during the year.

27. Contingent Liabilities

At 30 June 2022, the Group and Company were contingently liable in respect of letters of credit issued to third parties in the ordinary course of business totalling $3,251,000 (2021 - $10,578,000). The Group and Company were also contingently liable for credit cards totalling $7,000,000 (2021 - $4,485,000).

28. Leases

The Company operates certain cinemas from leased premises and the minimum lease commitments under non-cancellable operating leases through to their expiry are:

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the statement of financial position

	The Group and Company	
	30 June 2022 $'000	**1 July 2021 $'000**
Right-of-use assets		
Theatre buildings	213,560	262,316
Lease liabilities		
Current	50,071	67,920
Non-current	166,566	199,410
	216,637	267,330

The right-of-use assets in the statement of financial position relate to rental of commercial spaces leased for the theatre operations.

(b) Amounts recognised in the statement of profit or loss IFRS16

The Group and Company's Statement of Comprehensive Income shows amortization expense of $60,910,000 (2021 - $67,935,000) for right-of-use assets and interest expense relating to leases of $12,641,000 (2021 - $15,147,000).

29. Invasion of Ukraine

Since February 2022, the invasion of Ukraine has brought about macroeconomic instability across the globe. To date, the Company have not seen a material impact on the operations. However, the Company continues to monitor the situation. No changes to the activities of the Company is foreseen in the near future.

30. Subsequent event

On the 31 August 2022, the lease arrangement for the New Kingston Drive Through operations ended and the Group did not renew the lease agreement.

Form Of Proxy

I/We ____

of ____

being a member/members of **The Palace Amusement Company (1921) Limited** hereby appoint ________________________________ of ____

or failing him/her ____

of ____

as my/our proxy to vote on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, 24 January 2023, at 2:00 p.m. at Cinema 1, Carib Theatre, 93A Slipe Road, Kingston 5, Jamaica and at any adjournment thereof.

	FOR	AGAINST
RESOLUTION 1		
RESOLUTION 2		
RESOLUTION 3		

Unless otherwise instructed, the proxy will vote as he/she thinks fit.

Dated this ____________________________ day of _______________________2023.

____
Signature

____
Signature

____
Signature

Place
Stamp
Here
J$100

In the case of a body corporate, this form should be executed under seal in accordance with the Company's Articles.

Note: To be valid, this Proxy must be deposited with the Company Secretary at 6 ½ Hillview Avenue, Kingston 10 or at the Registered Office of the Company at 1A South Camp Road, Kingston C.S.O., Jamaica, not less than 48 hours before the time appointed for holding the Meeting. A Proxy need not be a member of the Company.

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