

MANAGEMENT DISCUSSION AND ANALYSIS

(As of January 24, 2010)

To The Shareholders of Cinema Internet Networks Inc.:

OVERVIEW

Cinema Internet Networks Inc. ("CinemaWorks") is a twenty-four year old public company listed on the TSX Venture Exchange: (CWK::TSX.V). The Company was originally a hospitality pay-per-view operator in the United States and Canada. Since 2000, the Company has operated as a provider high-speed (broadband) Internet equipment and services company. Currently, the Company supports 8 hotels and provides over 1,000 high-speed connections to university residences. During the past year, the Company sought to expand its Internet-connectivity service business to include high definition video communications and its earlier opportunities with "smart grid" technology, integrating the Internet with power control and automation technologies.

During this quarter management took decisive steps toward expanding its Internet-based business development to incorporate the global need for more intelligent use of resources. Evolving from its VAR agreement in 2006 with Optimal Technologies International to offer sales and services for Optimal's SmartGrid® solutions for electric power and building automation, the Company's current 'green' business opportunity has materialized – "*energy efficiency*" services for large commercial buildings. For the first time since 2006, equipment costs, public urgency surrounding global warming and general business opinion to "do something about it", have all come together to present the Company with global opportunities. *Furthermore, the customers' costs may be financed from energy savings and do not require specific capital budget expenditures.*

On October 27, 2009 the Company announced a joint venture with Simba Energy Reduction International Inc. ("SERI"), a company providing 'green' energy reduction solutions by mashing electrical and Internet network technologies to reduce carbon footprints and significantly save on operating costs. Complementing Google Inc.'s recent high profile entry into the energy reduction sector, the joint venture was expected to initially serve both residential and commercial customers in the Philippines, Mexico, Costa Rica, Panama and Hawaii. However, subsequent to the announcement of the joint venture, the Company agreed with the shareholders of SERI, as well as shareholders of the Simba subsidiaries in the Philippines, Mexico and Hawaii, that the best interests of all parties would be served by eliminating the SERI/CWK joint venture in favor of the direct business development and management by the Company and its management.

This has proven to be an efficient plan, because since that time, the New York City Council on December 9, 2009 approved an initiative to help reduce the city's emissions of greenhouse gases. The legislation requires owners of New York City's largest buildings [22,000 buildings] to pay for energy audits, undertake lighting up-grades and take other steps to reduce energy consumption. The Company expects to aggressively develop energy efficiency opportunities in New York City because of its long history of servicing the hospitality industry in the city with broadband Internet services.

The Company's current business initiative in Mexico is progressing favorably and potentially is by far the largest business opportunity in the Company's 24-year history. Letters of interest and engagement are expected by the end of January 2010 from the **National Autonomous University of Mexico (UNAM) and Grupo Posadas, S.A. de C.V.** The letters will invite SIMBA Energy Networks Inc. and its subsidiary, Simba Mexico, to perform a 30 day energy audit on a single building within each organization before proposing a minimum 10% guaranteed energy savings and electrical cost reduction for the buildings. The intent by all parties will be to immediately follow up with the hundreds of additional buildings owned by the companies.

UNAM is a public university based primarily in Mexico City and generally considered to be the largest one-campus university in the Americas in terms of student population. **Grupo Posadas, S.A. de C.V.**, based in Mexico and owned by Mexicans, is the largest Latin American operator of hotels in Latin America and is the biggest hotel operator in Mexico. The company owns and/or operates hotels in Mexico, Brazil, Argentina and in Texas.

TELEPRESENCE

The Company has a major proposal under consideration with a hotel ownership group with 15 properties in the USA.

ENERGY EFFICIENCY

With global climate and financial problems recognized and accepted, there is no serious argument against the need and the value of increasing the efficiency of electrical equipment installed in all sizes of buildings – from single family dwellings to the largest commercial buildings. Internet-based technology is a key component in successfully monitoring and controlling this technology. Management has carefully followed and assessed opportunities in this sector since 2006 when Optimal Technologies International first introduced Internet-enabled hardware and software to monitor and control energy usage in residential and commercial buildings. Today, cost-effective technology now exists that presents a successful business case and will significantly enable significant energy efficiency savings when closely monitored via the Internet.

Current conditions represent what management feels is a perfect storm of opportunity for the Company. Of note, Google, has recently announced a venture into the USA residential energy efficiency market. This is a mass market, commodity approach compared to the Company's building-specific business case for large commercial buildings, often with annual electrical bills exceeding \$1,000,000. These structures require engineering expertise and various combinations of equipment that often result in savings of 20% or more. The Company's margin on customer installations is substantial and a typical sale will range from \$150,000 to \$250,000.

CARBON CREDITS – a long term bonus opportunity: As part of the Company's long term strategy to build shareholder value, carbon credits will be aggregated from each building for which the Simba group of companies provide services. An individual building currently provides no significant financial opportunity in the emerging voluntary carbon credit market, but management believes that there may be a long term (5 year) possibility of accumulating 'approved' carbon credits worth several million dollars to the Company.

INDUSTRY STRATEGY

In February of 2010, and with shareholder approval, CinemaWorks anticipates seeking financing, post very substantial reduction of the Company's debt, a name change to reflect new energy efficiency business opportunities, and a likely consolidation of the Company's shares structure. With a clean balance sheet, a new business focus and 'new' company structure, the Company's new energy efficiency opportunities will be very attainable. A key attribute of the Company's business case is that the customer *business model enables the cost of increased energy efficiency to be financed from the energy cost savings each month*, instead of requiring a capital budget expenditure.

In addition, management's trusted business relationships in the "territories" of: Philippines, Mexico, Hawaii, New York and Central America should enable the execution of an aggressive business plan. Each territory will operate independently (exception: New York City and Hawaii) with respect to sales and operations and will provide a significant equity stake for its operators.

In addition, the Company is in advanced discussions to acquire proprietary technology for specific applications within commercial buildings (e.g., equipment to improve the efficiency of large chillers). This technology may create additional income through third party distribution agreements, separate and in addition to direct use by the Company and its subsidiaries for their own commercial customers.

With the exception of the Philippines, each of these subsidiaries represent future 100% ownership opportunities for the Company. A company director with years of high level sales management experience in a major Oregon utility, is expected to lead the Company's in-house business development efforts in New York City and Hawaii, two territories with very high electricity rates.

CINEMA INTERNET NETWORKS INC.
QUARTERLY AND YEAR END REPORT - FORM 51-102F1
OCTOBER 31, 2009

OVERALL PERFORMANCE

The Company's legacy business continues to erode and the Company's quarterly performance reflects that erosion as well as the absence of new revenues expected from the Company's Telepresence business plan.

RESULTS OF OPERATIONS

As at October 31, 2009, the Company had installed its equipment and services in 8 hotels, resulting in revenues for the quarter of \$27,131 (2008- \$70,500).

Gross profit continued to drop from the attrition of more hotel broadband customers during the summer.

Management fees have been maintained at the same level with the prior year. Professional fees continue to be a significant cost reflective of the cost of maintaining a public company listing in today's regulatory environment, however, levels decreased from the previous year as the number and complexity of capital transactions was also down. Stock based compensation was not granted during the period.

The Company does not currently have an investor relations program but is preparing for this eventuality upon restructure of the Company and the launch of its new and promising business initiatives. Bad debt expense continued to mount and the elimination of a significant part of this debt via debt for shares will be applied for at the Exchange. This is expected to be a significant positive factor in the restructure of the Company.

QUARTERLY FINANCIAL INFORMATION (All figures in US dollars)

	October, 2009	July, 2009	April, 2009	January, 2009
<i>Operations:</i>				
Revenues	\$ 27,131	\$ 93,460	\$ 62,566	\$ 60,935
Gross profit	15,777	69,685	47,473	36,468
Income (loss)	(52,495)	(50,525)	(30,713)	(76,912)
<i>Balance sheet:</i>				
Cash	6,917	4,805	5,116	5,965
Property & equipment	25,494	26,536	25,475	29,025
Notes payable –L Term	\$ -	\$ -	\$ -	\$ -

	October, 2008	July, 2008	April, 2008	January, 2008
<i>Operations:</i>				
Revenues	\$ 70,500	\$ 71,249	\$ 77,597	\$ 75,844
Gross profit	17,625	15,320	37,335	26,983
Income (loss)	(74,793)	(46,066)	(109,782)	(158,990)
<i>Balance sheet:</i>				
Cash	5,501	8,553	33,574	43,080
Property & equipment	32,932	37,668	50,818	45,427
Notes payable – L Term	\$ -	\$ --	--	-

Quarter ended October 2009 vs 2008

The Company's net loss for the quarter of (\$52,495) compared to 2008, which amounted to a net loss of (\$74,793). Sales were lower (\$27,131 compared to \$70,500 in 2008) as a result of no new installations being completed during the quarter, and the effect of certain hotel contracts terminating without renewal. Gross profit continued to decrease as a result of the rapid decline in the Company's hotel internet operations. Given its declining revenues from the hotel sector, the Company is trying to contain costs while pursuing its 'energy efficiency' opportunities.

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QUARTERLY AND YEAR END REPORT - FORM 51-102F1
OCTOBER 31, 2009

LIQUIDITY

The Company currently requires an average of approximately \$60,000 per quarter plus legal, audit and public company maintenance to cover general and administrative expenses, which at the current level of sales, is not being generated internally. This shortfall is now extremely critical, however Management continues to seek additional equity funding.

The Company's contractual obligations and payments due within the next five years are summarized below. However, an agreement has been reached to settle a \$45,667 capital lease obligation for shares.

CAPITAL RESOURCES

The Company does not have commitments for capital expenditures. The Company depends upon the junior capital markets to raise equity and debt financing needed to fund its working capital requirements to the extent not generated internally. Its ability to continue to raise equity financing for any purpose, or course, remains subject to the general investment climate and investors' interest in supporting the Company's business objectives. No significant financial commitments exist.

OFF – BALANCE SHEET ARRANGEMENTS

None

RELATED PARTY TRANSACTIONS (All figures in US dollars)

		2009	2008
		<u>(3 months)</u>	<u>(3 months)</u>
<i>For the period:</i>			
Management fees	(William Massey)	\$ 15,000	\$ 15,000
Consulting	(Moez Manji)	14,232	14,733
Interest expense	(William Massey)	-	-
Debt settled for issuance of shares	Massey / Manji	5,651	96,243
		<u>October 31, 2009</u>	<u>October 31, 2008</u>
<i>As at balance sheet date:</i>			
Due to related parties, included in accounts payable		24,772	78,990
Loan to related party	(Moez Manji)	35,500	35,550
Notes payable		-	-
Obligation to issue shares	(William Massey)	\$ -	-

Transactions with related parties are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Management fees, wages and consulting arise from services provided to the Company in the conduct of its day to day business activities. Amounts owing for notes payable have resulted from the funding of Company operations at times when cash generated from operating activities was insufficient to meet ongoing obligations. Amounts due to related parties included in current liabilities resulted from bonuses accrued in the 2003 fiscal year and cash advances to the Company.

PROPOSED TRANSACTIONS

None

CRITICAL ACCOUNTING ESTIMATES

Revenue for the sale and installation of equipment is recognized when the title passes and the system is installed and operational. Revenue from the sale of services is recognized when the services are provided. Amounts received relating to future periods are recorded as customer deposits and are recognized when the services are provided.

CONTROLS AND PROCEDURES

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted as part of the Company's continuous disclosure requirements is recorded, processed, summarized and reported, within the time periods specified by applicable regulatory authority. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in Company reports is accumulated and communicated to management, including the Company's Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have not been any changes in our internal control over financial reporting or any other factors during the year ended July 31, 2009, that have materially affected, or are reasonably likely to materially affect our internal control over financial reporting.

COMMITMENTS

The Company entered into two management agreements with directors of the Company. The Company is required to pay \$5,000 and CDN\$5,000 per month commencing July 1, 2006 for a term of five years. In the event there is an acquisition of control of more than 20% of all the issued capital of the Company, each agreement can be terminated at the option of the director and the Company is required to pay compensation of \$120,000 and CDN\$120,000, respectively.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, investment, accounts payable and accrued liabilities, customer deposits, notes payable and obligation under capital lease. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest risks arising from these financial instruments. The fair value of these financial instruments approximates their carrying values, unless otherwise noted.

The Company is exposed to credit risk only with respect to uncertainties as to the timing and amount of collectability of accounts receivable. The Company mitigates credit risk through standard credit and reference checks. The Company is exposed to financial risk arising from fluctuations in foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to foreign currency risk.

SUBSEQUENT EVENTS

None