The Bermuda Press (Holdings) Limited

ANNUAL **REPORT**

2015

The Bermuda Press (Holdings) Limited

ANNUAL **REPORT** 2015

Contents

Incorporated in Bermuda
A public company quoted on the Bermuda Stock Exchange (BPH.BH) with over 500 shareholders

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The Bermuda Press (Holdings) Limited

Annual Report 2015

Report to Shareholders

As we look back at 2015, it will be remembered as a year of transition. We have previously stated that your Company must adapt constantly to changing market conditions to survive. It is equally as important that we take the time to pause, reassess and ensure that the changes we implement are adopted into our culture. Your Company's focus during 2015 was on the amalgamation of the Island Press and Bermuda.com operations into our existing business units. We are now beginning to realise the synergies from the combined and revitalised operations.

For seven years, we have been witness to deteriorating economic conditions in Bermuda. The deterioration was initially blamed on a global recession; but it is now clear that self-inflicted wounds have challenged Bermuda's ability to rebound from the recession. These include the previous government's poor fiscal management in the public sector, excessive expansion of the Civil Service, and hostility towards the business community and expatriate workers. In retrospect, the term-limits policy was poorly conceived and resulted in thousands of individuals and families leaving Bermuda, causing significant damage to our fragile economy.

Your Company has fought hard to survive. Through the economic downturn, we focused on cost cutting by finding operational efficiencies, by modernising production and through the physical consolidation of operations. We introduced new products and diversified revenue by expanding our digital print operations and by growing our digital advertising platforms.

When Bermuda emerges from the recession, your Company will be in a position to leverage an improving economy and to continue its 188 years of service to the Bermuda community.

Financial Performance

In 2015, revenues increased to $27,213,000 as compared with $25,291,000 in the previous year. Net profit for your Company in 2015 was $514,000, down from $905,000 in 2014.

The revenue growth is as a result of 2015 being the first full year of the amalgamation of Island Press and Bermuda.com into the Company, combined with an increase in print and digital advertising sales at The Royal Gazette. The revenue growth in the group's publishing operations was slightly offset by a decline in revenues from Office Solutions. Office Solutions' commercial supply business was negatively affected by unforeseen staffing issues and changing consumer preferences that have now been addressed.

The difficult decision, in September 2014, to suspend dividends to shareholders was made to preserve cash and to limit borrowings related to the acquisition of Island Press and Bermuda.com. Your Board was pleased to announce in January that we will reinstate the payment of a dividend to shareholders in March 2016.

Significant Milestones

In July 2015, Dexter Smith assumed the role of Editor of The Royal Gazette. Mr Smith grew up in Pembroke's "back-of-town" and first joined the Gazette as a sports reporter in 1982. He is a veteran journalist and editor with more than 33 years' experience in Bermuda and the United Kingdom. Most recently Mr Smith spent 12 years working at The Times and The Sunday Times in England before being recruited back to The Royal Gazette in 2013.

We welcome Mr Smith into this leadership role at a critical time in the media industry and look forward to his ideas and innovation as your newspaper positions itself for the digital media age. As evidenced by the demise of so many respected newspapers around the world, this will be no easy task and your support and encouragement is needed now more than ever.

Thomas Jefferson once said: "Were it left to me to decide whether we should have a government without newspapers or newspapers without a government, I should not hesitate a moment to prefer the latter." Your Company understands the heightened level of social responsibility that The Royal Gazette holds as the only remaining newspaper in Bermuda. As generations of reporters can attest, reporting the news fairly can sometimes attract favour, and sometimes discontent. The Royal Gazette, however, is committed to being inclusive of the entire community and upholding the highest standards of journalism.

At times, doing the right thing comes at a cost and with controversy. In 2015, The Royal Gazette continued its fight

for freedom of the press when it successfully challenged the Registrar of the Supreme Court after the refusal of The Royal Gazette's application to obtain information filed in a case pending in the Supreme Court. In its argument, The Royal Gazette cited the dictum of an English Court of Appeal case where the importance of open justice was discussed: "In a democracy, where power depends on the consent of the people governed, the answer must lie in the transparency of the legal process. Open justice lets in the light and allows the public to scrutinise the workings of the law, for better or for worse".

A recent PEW Research Journalism Project further noted that "freedom and democracy depend upon individuals who refuse to give up their belief that the free flow of timely, truthful information is what has made freedom, self-government and human dignity possible". The Royal Gazette will remain steadfast in its fight to ensure access to public information and for the freedom of the press in Bermuda.

In 2015, your group of Companies began the journey to become certified by Investors in People (IIP). IIP is an international set of human resource management standards that define what it takes to lead, support and manage people well. With more than 200 employees in full-time and part-time roles, and employee-related costs exceeding 50 per cent of our annual expenditures, we are working to ensure that we have world-class HR policies and administration.

The largest project of 2015 was the merging of the Bermuda Press and Island Press operations into one building. The move involved reducing the amount of space occupied by the Office Solutions warehouse, and relocating all the equipment, inventory and employees from the Elliot street property into the Bermuda Press building, while we remained fully operational. The move was completed before the end of September 2015 and had a significant impact on the cost of the print operations in the year. Looking forward, the print division will recognise substantial cost savings during 2016.

In June 2015, the sales teams from eMoo and The Royal Gazette merged into a single entity: BP Media. BP Media has been repositioned as the sales arm of our publishing companies to streamline customer relationships, increase customer engagement and to enhance the value proposition to the customers through bundled products.

The Royal Gazette soft-launched its IOS and Android mobile and tablet apps for news. A public launch will be tied to the release of a new content subscription model in 2016.

The Road Ahead

Leading indicators have noted several quarters of positive GDP growth for Bermuda's economy; however, the economy is still very fragile. Falling fuel prices and increases in car sales owing to pent-up demand have been the recent drivers of GDP growth. Your Company's and Bermuda's largest hurdle to success remain the declining population and workforce. Examining our key operational units, it is obvious that the size of the population and the size of the workforce will have a dramatic effect on our success.

The recession, combined with immigration policies that are not aligned with the need to increase residential population and stimulate economic growth is a perfect economic storm. Bermuda has experienced a 17.6 per cent decline (2008

through 2015, according to the Government of Bermuda Budget Statements of 2011-12 and 2015-16) in the number of full-time jobs on the island, an exodus of foreign workers and a declining birthrate with an ageing population. The impact of these factors on the economy include declining retail spending, increasing healthcare costs, falling property values, less rental income, fewer ratepayers for utilities and declining government revenues from both payroll taxes and customs duties. Several initiatives to increase the residential population, ranging from commercial immigration to pathways to citizenship, have been proposed. We support the government's efforts in this regard, however, until Bermuda actually takes action and increases its residential population, the island will continue to struggle with limited economic growth.

We also support efforts to diversify Bermuda's economy beyond the traditional pillars of international business and tourism. Our tourism product is in desperate need of capital reinvestment, ranging from our hotels, to tourism activities, to our civic amenities such as the Hamilton waterfront and mass transportation. At times, leadership has been fragmented and Bermudians have been resistant to change in this area. The resulting high costs and declining airlift have led to tumbling visitor numbers over the years. Bermuda and Bermudians – from the Government to unions – must work together if we are to attract the necessary investment to rebuild Bermuda as an elite travel destination, with the corresponding uplift in jobs and opportunity.

It is clear that Bermuda's future economic diversification must include knowledge-based industries' which require an educated, motivated and competent workforce. Bermuda must foster entrepreneurial behaviour and support innovation from our business leaders that expand our industry. The Government will also need to play a role by ensuring that opportunities are not encumbered by bureaucratic red tape or uncompetitive taxation, while pushing forward key infrastructure such as cost-efficient, high speed internet access.

Your Company's future is inextricably linked to the future success of Bermuda:

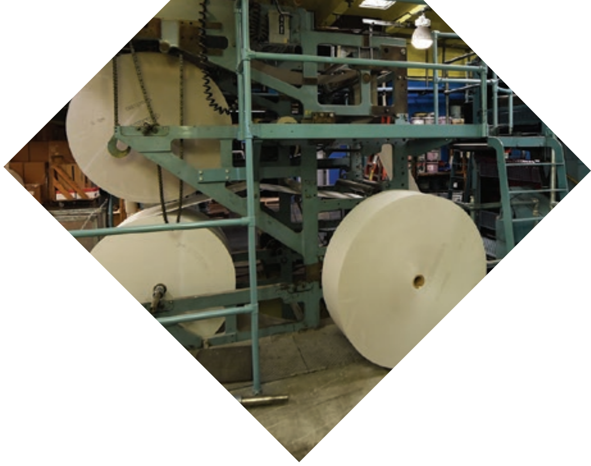
- Our operations need leaders. The education system must produce future leaders that are capable of initiation, vision and leadership to lead our Group in the future.
- Our operations need customers. The economy must grow and that will require an increase in our residential population and the number of full-time jobs.

Governance and Board

The Board of The Bermuda Press (Holdings) Limited endorses good corporate governance practices and oversees an organisation-wide commitment to the highest standards of legislative compliance, financial accountability and ethical behaviour. The Directors' objective is to increase shareholder value within an appropriate framework that protects the rights and enhances the interest of all shareholders, while ensuring the Company is properly managed.

As a listed issuer on the Bermuda Stock Exchange, your Company maintains 80/20 ownership (Bermudian to foreign) and is proud to be held widely by more than 600 shareholders who represent a broad cross-section of the community.

As part of our annual report, the Company is required to make certain public disclosures. We confirm that the total interests of all directors and officers of the Company in the shares of



the Company amounted to 269,086 shares at September 30, 2015. We also confirm that no rights to subscribe to shares in the Company have been granted to, or exercised by, any director or officer and that the Company has no service or consulting contracts with any of its directors. Finally, we confirm that there were no significant contracts in existence during or at the end of the financial year in which a director of the Company is or was materially interested, either directly or indirectly.

At the time of this report, our shares last traded on the Bermuda Stock Exchange at $6.50. As previously noted, the Board has announced a dividend payable in March 2016 and will continue to review the ability of the Company to pay dividends in future periods.

Additionally, at the time of the announcement of the dividend, the Board announced a share-repurchase programme that will become effective on March 1, 2016. The Board approved the repurchase up to $1,000,000 worth of common shares, which equates to 153,846 common shares at the existing market price of $6.50 or approximately 11 per cent of the outstanding shares. The share repurchase will be conducted in accordance with all relevant Bermuda Stock Exchange regulations. We believe that the repurchase is the best strategic way to add value to shareholders, as the shares are trading below their book value on the BSX at present.

Your Board is confident that the Company is positioned correctly to take full advantage of any future improvement in the local economy.

Your Company

The Board would like to welcome Derek Winch, who joined the Company in the role of Chief Financial Officer in May 2015. Mr Winch resided in Bermuda from 1996 to 2000 and has extensive knowledge of local companies. Mr Winch was appointed as CFO after his role as Director of Finance with the Ottawa Senators NHL team.

In closing, I would like to thank my fellow Board members and our Chief Executive Officer, Jonathan Howes, for their continued and tireless commitment to your Company. The Board and senior management work closely together to identify the threats and opportunities in a timely manner to ensure the continuing success of your Company.

I have previously noted the Investors in People initiative in this report. The Board is proud of our management and staff, and recognises that investing in them is critical to building a team that can adapt quickly to change, as well as create solutions that grow your Company.

Further, it would be remiss to not acknowledge the importance of our business relationships with readers, customers, suppliers and tenants.

In closing, I would like to thank you, our shareholders, for your continuing support and belief in the Company's future.

Stephen W. Thomson,
CHAIRMAN

Directors

Stephen W. Thomson

CHAIRMAN AND DIRECTOR

Stephen W. Thomson is the Chairman of The Bermuda Press (Holdings) Limited. He is President of Mailboxes Unlimited Ltd. and Just Shirts Group of Dry Cleaners. He is a past V.P. of The Bermuda Amateur Swimming Association and past board member of The Bermuda Olympic Association's Technical Committee.He currently sits on the board of Trinity College School, an independent school in Ontario, Canada and The Pillsbury Institute's board at Cornell University in Ithaca, New York.

Stephen R. Davidson

DIRECTOR

Stephen R. Davidson, Director is an officer of QuoVadis, a provider of managed datacenter and online identity services with operations in Bermuda and Europe. He also sits on the board of the Bermuda End-to-End Charitable Trust. He is a graduate of Dartmouth College and Georgetown University.

Gavin R. Arton

DIRECTOR

Gavin R. Arton, is Chairman of BF&M Limited, a Director of Ascendant Group Limited, Bermuda Commercial Bank Ltd., Watlington Waterworks Ltd. and a number of international companies. He is Chairman of P.A.L.S., Bermuda's cancer care charity, previously Senior Vice President of XL Capital Ltd. and a Fellow of the Institute of Directors.

Dudley R. Cottingham

DIRECTOR

Dudley R. Cottingham, is a Managing Director of Arthur Morris & Company Limited. He is a Fellow of the Institute of Chartered Accountants in England & Wales, a Certified Professional Accountant of Bermuda and a Fellow of the Institute of Directors.

Gregory D. Haycock FCA, JP

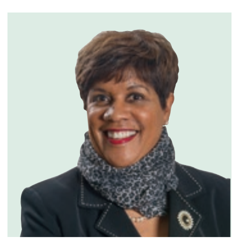
DIRECTOR

Gregory D. Haycock, F.C.A., J.P., is a Retired Senior Partner of KPMG, Bermuda and the KPMG European Board. He has served on the Boards of the Bermuda Monetary Authority and as a Chairman of the Bermuda International Business Association and is currently Chairman of several international companies in Bermuda.

Carl H. Paiva, JP

DIRECTOR

Carl H. Paiva, J.P., was Chief Executive Officer of C Travel Ltd. He earned his degree in English Literature and Art History from King's College, Pennsylvania.



Muriel Richardson

DIRECTOR

Muriel Richardson, is the General Manager of Rosedon Hotel. She is the Chair of the Bermuda Hospitality Institute and was the past President and Chair of the Bermuda Hotel Association. She presently serves as a Director of Caribbean Hotel and Tourism Association.

Christopher E. Swan

DIRECTOR

Christopher E. Swan, is Senior Partner of Barristers & Attorneys-at-Law Christopher E. Swan & Co. He is an active cricketer and football coach.

Chiara T. Nannini

DIRECTOR

Chiara T. Nannini, is an Associate Attorney in the Corporate department of Conyers Dill & Pearman Limited. Chiara holds a Bachelor of Arts from the University of Virginia (Political Science and Italian), Bachelor of Laws (Hons) from the London School of Economics and Political Science and a Postgraduate Diploma in Professional Legal Skills from City University, Bar Professional Training Course. She is admitted to the Bar of Bermuda, British Virgin Islands (Eastern Caribbean Court) and England & Wales.

Financial Facts

(Amounts in thousands of dollars, except per share data)	**2015**	**2014**	**2013**	2012	2011
Operating revenue	27,213	25,291	25,150	25,670	27,438
Operating expenses	26,557	24,297	24,139	25,995	27,284
Operating profit (loss)	656	994	1,011	(325)	154
Finance income	15	14	16	5	6
Finance costs	(157)	(103)	(102)	(91)	(97)
(Loss) gain on disposal and impairment of assets	-	-	(3)	(27)	106
Share of losses of affiliate	-	-	-	-	(371)
Profit (loss) for the year	514	905	922	(438)	(202)
Profit (loss) attributable to:					
Equity holders of the company	33	548	549	(793)	(613)
Non-controlling interests	481	357	373	355	411
Current assets	9,653	9,580	7,683	7,676	9,537
Available for sale financial assets	121	131	135	137	150
Investment in leases	1,379	1,375	1,222	1,237	635
Property, plant and equipment	5,345	5,876	6,188	6,709	11,276
Investment properties	15,324	15,967	16,521	16,986	12,463
Investment in affiliate	-	-	-	-	2,173
Goodwill	4,718	4,718	2,791	2,985	194
	36,540	37,647	34,540	35,730	36,428
Current liabilities	6,079	7,226	5,216	5,710	4,178
Borrowings	1,108	1,461	606	1,156	1,706
Equity attributable to owners of the parent	27,186	26,874	26,659	26,678	28,033
Minority interest	2,167	2,086	2,059	2,186	2,511
	36,540	34,647	34,540	35,730	36,428
Additions to goodwill	-	1,927	-	2,791	-
Additions to capital assets	583	786	822	1,976	3,634
Cash dividends paid	-	552	552	552	552
Number of issued ordinary shares	1,430,245	1,395,920	1,378,699	1,380,245	1,380,245
Profit (loss) attributable to equity holders of the company per share	0.02	0.40	0.40	(0.57)	(0.44)
Cash dividend paid per share	-	0.40	0.40	0.40	0.40
Shareholders' equity per share	19.01	19.25	19.33	19.33	20.31
Profit (loss) attributable to equity holders of the company as a percentage of revenue	0.1	2.2	2.2	(3.1)	(2.2)
Profit (loss) attributable to equity holders of the company as a percentage of shareholders' equity	0.1	2.0	2.0	(3.0)	(2.2)

The Bermuda Press (Holdings) Limited

Financial Statements

September 30th, 2015

pwc

February 17, 2016

Independent Auditor's Report

To the Shareholders of
The Bermuda Press (Holdings) Limited

We have audited the accompanying consolidated financial statements of The Bermuda Press (Holdings) Limited and its subsidiaries, which comprise the consolidated balance sheet as at September 30, 2015 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of The Bermuda Press (Holdings) Limited and its subsidiaries as at September 30, 2015 and their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

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Consolidated Balance Sheet

As at September 30, 2015

(Amounts in thousands of dollars)

	Notes	2015	2014
ASSETS			
Current assets			
Cash and cash equivalents		1,615	1,612
Trade and other receivables	3	5,280	5,080
Inventories	4	2,758	2,888
		9,653	9,580
Non-current assets			
Available-for-sale financial assets	5	121	131
Investment in leases	6	1,379	1,375
Property, plant and equipment	7	5,345	5,876
Investment properties	8	15,324	15,967
Goodwill	9	4,718	4,718
Total assets		36,540	37,647
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	10	4,482	5,565
Borrowings	11	1,597	1,661
		6,079	7,226
Non-current liabilities			
Borrowings	11	1,108	1,461
Total liabilities		7,187	8,687
Equity attributable to owners of the parent			
Share capital	20	3,433	3,350
Share premium	20	1,682	1,649
Other reserves	22	6,700	6,700
Other comprehensive income		55	65
Retained earnings		15,316	15,110
		27,186	26,874
Non-controlling interest		2,167	2,086
Total equity		29,353	28,960
Total liabilities and equity		36,540	37,647

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

Consolidated Statement of Comprehensive Income

For the year ended September 30, 2015

(Amounts in thousands of dollars, except per share data)

	Notes	2015	2014
Operating revenue			
Publishing and retail		18,733	18,806
Commercial printing		5,373	3,626
Rental		2,948	2,722
Other	6	159	137
		27,213	25,291
Operating expenses			
Payroll and employee benefits	18	14,934	13,249
Materials, merchandise and supplies		5,560	5,221
Administrative expenses	19	4,306	4,095
Depreciation and amortization	7,8	1,757	1,732
		26,557	24,297
Operating profit		656	994
Finance income	5	15	14
Finance costs	11	(157)	(103)
Profit for the year		514	905
Profit attributable to:			
Equity holders of the company		33	548
Non-controlling interests		481	357
		514	905
Other comprehensive loss for the year			
Changes in fair value of available-for-sale financial assets	5	(10)	(4)
Total comprehensive income for the year		504	901
Comprehensive income attributable to:			
Equity holders of the company		23	544
Non-controlling interests		481	357
		504	901
Earnings per share:			
Basic and diluted	21	0.02	0.40

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

Consolidated Statement of Changes in Equity

For the year ended September 30, 2015

(Amounts in thousands of dollars)

Attributable to equity holders of the company

	Notes	Share capital	Share premium	Other reserves	Retained earnings	Other comprehensive income	Total	Non-controlling interests	Total equity
Balance as of September 30, 2013		3,309	1,377	6,700	15,204	69	26,659	2,059	28,718
Profit for the year		-	-	-	548	-	548	357	905
Other comprehensive loss	5	-	-	-	-	(4)	(4)	-	(4)
Total comprehensive income (loss)		-	-	-	548	(4)	544	357	901
Proceeds from shares issued	20	120	305	-	-	-	425	-	425
Purchase of Treasury shares	20	(79)	(33)	-	(167)	-	(279)	-	(279)
Dividends		-	-	-	(405)	-	(405)	(400)	(805)
Transactions with owners, recognized directly in equity	16	-	-	-	(70)	-	(70)	70	-
Balance as of September 30, 2014		3,350	1,649	6,700	15,110	65	26,874	2,086	28,960
Profit for the year		-	-	-	33	-	33	481	514
Other comprehensive loss		-	-	-	-	(10)	(10)	-	(10)
Total comprehensive income (loss)		-	-	-	33	(10)	23	481	504
Sale of Treasury shares	20	83	33	-	173	-	289	-	289
Dividends		-	-	-	-	-	-	(400)	(400)
Balance as of September 30, 2015		3,433	1,682	6,700	15,316	55	27,186	2,167	29,353

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

Consolidated Statement of Cash Flows

For the year ended September 30, 2015

(Amounts in thousands of dollars)

	Notes	2015	2014
Cash flows from operating activities			
Profit for year		514	905
Adjustments for:			
Depreciation, amortization and impairment	7,8	1,757	1,732
Finance costs		157	103
Finance income		(15)	(14)
Interest paid		(157)	(103)
Investment income received		11	10
Changes in non-cash working capital:			
Trade and other receivables		(225)	109
Inventories		130	(44)
Accounts payable and accrued liabilities		(518)	47
Cash generated from operating activities		1,654	2,745
Cash flows (used for) from investing activities			
Additions to property, plant and equipment		(583)	(786)
Purchase of Treasury shares		-	(279)
Dividends received on available-for-sale financial assets	5	4	4
Proceeds from sale of Treasury shares		289	-
Acquisition of subsidiary, net of cash acquired	15	(565)	(1,380)
Net movement in investments in leases		21	(504)
Net cash used for investing activities		(834)	(2,945)
Cash flows from (used for) financing activities			
Borrowings net of repayments	11	(335)	640
Dividends paid to company's shareholders	21	-	(552)
Dividends paid to non-controlling interests		(400)	(400)
Net cash used for financing activities		(735)	(312)
Increase (decrease) in cash and cash equivalents		85	(512)
Cash and cash equivalents at beginning of year		286	798
Cash and cash equivalents at end of year		371	286
Cash and cash equivalents comprises:			
Cash and cash equivalents at bank		1,615	1,612
Bank overdraft		(1,244)	(1,326)
		371	286

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

Consolidated Notes to Financial Statements

Consolidated Notes to Financial Statements September 30, 2015

(Amounts in thousands of dollars)

1. The company and its regulatory framework

The Bermuda Press (Holdings) Limited (the "Company") was incorporated under the laws of Bermuda with limited liability and its principal business activities include publishing newspapers, magazines and directories, online classified advertising, commercial printing, sale of office supplies and equipment and real estate holdings.

The Company is listed on the Bermuda Stock Exchange and is domiciled in Bermuda. The registered office is located at 2 Par-la-Ville Road, Hamilton, Bermuda.

The Company's subsidiaries with ownership percentages are listed below:

	September 30, 2015 %	September 30, 2014 %
The Royal Gazette Limited	100	100
Office Solutions Limited	100	100
BP Media Limited	100	100
The Bermuda Press Limited	100	100
Engravers Limited	100	100
Chameleon Print Express Limited	100	100
E-Moo (Bermuda) Limited	100	100
Crown House Properties Limited	80	80
Bermuda Directories Limited	100	100
Atlantic Print Services Limited	100	100
Island Press Limited	100	100
Industrial Electronic Controls Limited	100	100

These financial statements were approved by the Board of Directors (the "Board") on February 17, 2016.

2. Basis of preparation and significant accounting policies

(a) Basis of preparation:

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

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS.

The consolidated financial statements are presented in Bermuda dollars ($), which is the functional currency of the Company. The financial statements have been prepared under the historical cost convention as modified by the revaluation of available-for-sale financial assets.

(b) New and amended standards adopted by the Company

The IASB and the IFRIC have published the following standards and interpretations effective in the year and having an impact on the Company:

Amendment to IFRS 8, Operating segments – effective for years beginning on or after July 1, 2014. This standard requires disclosure of judgments made by management aggregating segments, and a reconciliation of segment assets when segment assets are reported.

There are no other IFRSs or IFRIC interpretations that are effective in the current year that have a material impact on the Company.

Consolidated Notes to Financial Statements September 30, 2015
(Amounts in thousands of dollars)

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after October 1, 2015, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company.

(c) Critical estimates and judgments

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities as at the date of the consolidated financial statements and the revenue and expenses during the reporting period. Actual amounts could differ from these estimates.

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year of the revision and future years, where applicable. Judgments made by management in the application of IFRS that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(i) Allowance for impairment losses on receivables

In determining amounts recorded for impairment losses in the consolidated financial statements, management makes judgments regarding indicators of impairment, that is, whether there are indicators that suggest there may be a decrease in the estimated future cash flows from receivables, for example, default and adverse economic conditions. Management also makes estimates of the likely estimated future cash flows from impaired receivables as well as the timing of such cash flows. Historical loss experience is applied where indicators of impairment are not observable on individually significant receivables with similar characteristics, such as credit risks.

(ii) Net realizable value of inventories

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period, to the extent that such events confirm conditions existing at the end of the period. Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

(iii) Residual value and expected useful life of property, plant and equipment

The residual value and the expected useful life of an asset are reviewed at each financial year-end, and, if expectations differ from previous estimates, the change is accounted for. The useful life of an asset is defined in terms of the asset's expected utility to the Company and its subsidiaries. The recoverable amount of property, plant and equipment is dependent upon management's internal assessment of future cash flows from the individual asset or from the cash-generating units ("CGUs") to which the asset belongs.

(iv) Estimated impairment of goodwill

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Determining whether goodwill is impaired requires an estimation of the recoverable value using value in use, of the CGU to which the goodwill has been allocated. The CGU fair value is assessed using the discounted cash flows of the CGU, based on financial projections approved by management over a period of up to five years with a terminal value at the end of the five-year period. Tangible assets are deducted from the estimated enterprise value and the residual value is compared to the carrying value of goodwill. If the residual value is less than the book carrying value of goodwill, an impairment expense is recognized in the period to reduce the carrying value to its recoverable amount. The following are key assumptions used in the impairment assessment calculations:

Benchmark multiples of earnings	2% contraction to 3% growth
Discount rate applied in cash flow projections	4.37%

An increase in the discount rates of 5.5% would not result in any impairment on goodwill.

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(d) Principles of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. The Company also assesses existence of control where it does not have more than 50% of voting power, but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Company's voting rights relative to the size and dispersion of holdings of other shareholdings, give the Company the power to govern the financial and operating policies. Subsidiaries are fully consolidated from the date on which control commences until the date that control ceases.

The consolidated financial statements include the financial statements of the Company and its subsidiaries: The Royal Gazette Limited, Office Solutions Limited, BP Media Limited, The Bermuda Press Limited, Engravers Limited, Chameleon Print Express Limited, E-Moo (Bermuda) Limited, Crown House Properties Limited, Island Press Limited, Atlantic Print Services Limited, Industrial Electronic Controls Limited and Bermuda Directories Limited.

(ii) Transactions eliminated on consolidation

Intra-group transactions, balances and income and expenses on transactions are eliminated in preparing the consolidated financial statements. Profits and losses resulting from inter-company transactions that are recognized in assets are also eliminated.

(iii) Business combinations

The Company applies the acquisition method 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 to the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss, at the time that control is obtained.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

Under a business combination where entities under common control are amalgamated, the carrying values of the assets and liabilities of the entities are combined, with any gain or loss on amalgamation recognised in equity.

(iv) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Company's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the value in use. Any impairment is recognized immediately as an expense and is not subsequently reversed.

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(e) Financial instruments

(i) Classification

Financial assets are classified in the following categories: loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired and is determined upon initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise cash and cash equivalents, trade receivables and investment in leases in the consolidated balance sheet.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period. The Company's available-for-sale financial assets comprise equity securities.

(ii) Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade date, defined as the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities classified as available for sale are recognized in other comprehensive loss.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive loss are included in the consolidated statement of comprehensive income as finance income or finance costs.

Interest on available-for-sale securities calculated using the effective interest method is recognized in the consolidated statement of comprehensive income as part of finance income. Dividends on available-for-sale equity instruments are recognized in the consolidated statement of comprehensive income as part of finance income when the Company's right to receive payments is established.

(f) Impairment of financial assets

(i) Assets carried at amortised cost

The Company assesses, at the end of each reporting period, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

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(ii) Assets classified as available-for-sale

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from other comprehensive loss and recognized in profit or loss. If, in a subsequent period, the fair value of a financial instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is not reversed through the consolidated statement of comprehensive income.

(g) Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, deposits held at call with banks, short-term highly liquid investments with original maturities of three months or less. In the consolidated balance sheet, bank overdrafts are shown within borrowings in current liabilities. For the purposes of the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts.

(h) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the average cost method. It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(i) Investment in leases

Revenue from the sale of equipment under sales-type leases is recognized at the inception of the lease. Income on sales-type leases and direct-financing leases is recognized over the life of each respective lease using the amortised cost method and is included in other revenue. Leases not qualifying as sales-type leases or direct-financing leases are accounted for as operating leases and related revenue is recognized rateably over the term of the lease.

When equipment leases are bundled with product maintenance contracts, revenue is first allocated considering the relative fair value of the lease and non-lease deliverables based upon the estimated relative fair values of each element. Lease deliverables generally include equipment, financing and executory costs, while non-lease deliverables generally consist of product maintenance contracts and supplies.

(j) Property, plant and equipment

Capital assets are carried at historical cost less depreciation. Depreciation is calculated on the straight-line method using rates based on the expected useful lives of the respective assets, as follows:

Buildings	15 – 50 years
Machinery	4 – 15 years
Vehicles	3 – 5 years
Fixtures and equipment	1 – 10 years

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. 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.

(k) Investment properties

Investment property is carried at cost. Depreciation is calculated on the straight-line method using rates based on the expected useful lives of the respective assets. Buildings are depreciated by their identifiable components over 15 to 50 years.

(l) Impairment of long-lived assets

Assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. Any impairment loss would be determined as the excess of the carrying value of the assets over their fair value.

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(m) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Accrued employee and other post-retirement benefits

The Company makes contributions for its defined contribution plan to administered pension plans. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Employee entitlements to paid leave are recognized when they accrue to employees. An accrual is made for the estimated liability for vacation leave, as a result of services rendered by employees up to the reporting date.

The Company has no obligations in respect of other post-retirement benefits for employees or pensioners. Any discretionary payments made by the Company in respect of such benefits are expensed in the period they are made.

(o) Deferred costs

Costs incurred directly relating to the publication of annual directories are deferred and recognized as expenses at the date of publication. Deferred production costs are included in trade and other receivables.

(p) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the net proceeds and the redemption value is recognized in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

(q) Revenue recognition

The Company's principal sources of revenue are advertising, circulation, job printing, retail sales, lease revenue and rental income. Advertising revenue, being amounts charged for space purchased in the Company's newspapers, magazines, websites and directories is recognized upon publication. Circulation revenue is recognized at the time of distribution net of an allowance for returned copies. Job printing revenue, being charges for printing services provided to third parties, is recognized upon delivery. Retail sales, being amounts charged for office supplies to third parties, are recognized upon delivery. Lease revenue for office equipment and office space is recognized pro-rata over the term of the lease. Rental income is recognized pro-rata over the term of the lease. Amounts received in advance are included in unearned income until the revenue is recognized in accordance with the policies noted above.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated financial statements in the period in which the dividends are declared by the Board.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer who makes strategic decisions.

Consolidated Notes to Financial Statements September 30, 2015
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3. Trade and other receivables

	September 30, 2015	September 30, 2014
Trade receivables	3,340	2,915
Current portion of investment in leases (Note 6)	1,325	1,350
Prepaid insurance	122	90
Prepaid government taxes	68	-
Other prepaid assets	425	725
	5,280	5,080

Accounts receivable are presented net of allowances for estimated bad debts.
The movement in the allowance is as follows:

	September 30, 2015	September 30, 2014
Balance, beginning of the year	370	364
Write-offs	(34)	-
Recoveries	(46)	(42)
Additions	63	48
Balance, end of the year	353	370

The ageing of trade receivables is as follows:

	September 30, 2015	September 30, 2014
Current	2,301	2,029
30 days	586	572
60 days	394	195
90 days and over	412	489
	3,693	3,285
Allowance for doubtful accounts	(353)	(370)
	3,340	2,915

All receivables are due within 1 year of the financial year end.

4. Inventories

	September 30, 2015	September 30, 2014
Materials and supplies	1,089	1,130
Merchandise	1,876	2,026
Work-in-progress	56	15
Provision for obsolescence	(263)	(283)
	2,758	2,888

During the year, the Company expensed inventory totalling $5,687 (2014 - $4,595) as part of normal operations. Inventory written off during the year totalled $123 (2014 - $110) and is included in materials, merchandise and supplies on the consolidated statement of comprehensive income.

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5. Available-for-sale financial assets

Available-for-sale financial assets comprise equity securities listed in Bermuda whose fair value is determined by reference to their quoted market price.

	September 30, 2015	September 30, 2014
Balance, beginning of the year	131	135
Decrease in fair value	(10)	(4)
Balance, end of year	121	131

Changes in fair value in the amount of ($10) (2014 – ($4)) have been reflected in other comprehensive loss.

The Company has reviewed all assets held for evidence of impairment and has determined that no assets are impaired and there are no indicators of significant or prolonged decline in the value of the assets.

Dividend income during the year was $4 (2014 - $4) and was included in finance income.

6. Investment in leases

	September 30, 2015	September 30, 2014
Total investment in sales-type leases	2,840	2,824
Unearned finance income	(136)	(99)
	2,704	2,725
Less allowance for doubtful receivables	-	-
Current portion included in trade and other receivables (Note 3)	(1,325)	(1,350)
Long-term portion	1,379	1,375

Finance income arising from the investments in leases amounted to $104 (2014 - $120) and is included in other revenue. Upon completion of the lease the leased equipment can be purchased, renewed or returned at the expected fair value at that time. The unguaranteed residual values accruing to the benefit of the Company is $281 (2014 - $287).

The Company has entered into commercial property leases on its three buildings held for operating lease purposes which have been classified as investment properties on the consolidated balance sheet. These non-cancellable operating leases have remaining non-cancellable lease terms of between 1 and 7 years. Leases have renewal terms of between 0 and 10 years.

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The following is a schedule by year of the future minimum lease payments to be received under finance leases and non-cancellable operating leases at September 30:

	2015 Finance leases	2015 Operating leases
2016	1,325	2,480
2017	898	2,137
2018	398	1,995
2019	69	2,072
2020 and later	14	2,482
	2,704	11,166

	2014 Finance leases	2014 (Restated) Operating leases
2015	1,350	2,962
2016	880	2,480
2017	457	2,137
2018	38	1,995
2019 and later	-	4,554
	2,725	14,128

7. Property, plant and equipment

	Land	Buildings	Machinery	Vehicles	Fixtures and equipment	Total
September 30, 2014	393	3,899	14,250	350	4,803	23,695
Additions	-	99	432	-	52	583
Disposals	-	-	-	-	(522)	(522)
September 30, 2015	393	3,998	14,682	350	4,333	23,756
Depreciation/impairment:						
September 30, 2014	-	2,293	11,451	260	3,815	17,819
Charge for the year	-	327	327	22	438	1,114
Depreciation on disposals	-	-	-	-	(522)	(522)
September 30, 2015	-	2,620	11,778	282	3,731	18,411
Net book values:						
September 30, 2014	393	1,606	2,799	90	988	5,876
September 30, 2015	393	1,378	2,904	68	602	5,345

At September 30, 2015 the Company had $11,824 (2014 - $12,306) in fully depreciated assets that were still in use.

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8. Investment properties

The gross amount and accumulated depreciation of properties leased to third parties are as follows:

	September 30, 2015	September 30, 2014
Cost	24,192	24,192
Accumulated depreciation	(8,868)	(8,225)
Net book value	15,324	15,967

Changes in the Company's book value of investment property are summarized in the following table:

	September 30, 2015	September 30, 2014
Balance, beginning of the year	15,967	16,521
Additions	-	89
Depreciation	(643)	(643)
Balance, end of year	15,324	15,967

The fair value of the Company's investment properties is $28 million (2014 - $28 million). Fair value has been determined using discounted future cash flows for the Mills Creek, Roger Davidson and Crown House properties. The Company recognized $2,948 (2014 - $2,722) in rental income and $566 (2014 - $901) in operating expenses pertaining to its investment properties.

9. Goodwill

	September 30, 2015	September 30, 2014
Balance, beginning of year	4,718	2,791
Additions (Note 15)	-	1,927
Balance, end of year	4,718	4,718

10. Accounts payable and accrued liabilities

	September 30, 2015	September 30, 2014
Trade payables	1,030	2,116
Accrued liabilities	480	686
Accrued payroll liabilities	1,579	1,510
Unearned income	1,393	1,253
	4,482	5,565

11. Borrowings

	September 30, 2015	September 30, 2014
Current		
Bank overdraft	1,244	1,326
Third party loan	353	335
	1,597	1,661
Non-current		
Third party loan	1,108	1,461
Total Borrowings	2,705	3,122

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(a) Bank overdraft

The Company has overdraft facilities totalling $1.75 million bearing interest at the bank's base rate plus 1.5% to 3.0% which are repayable on demand. The base rate at September 30, 2015 was 3.75% (2014 – 3.75%). The facility renews annually on March 31. Fair value approximates the carrying value as it is short term in nature.

(b) Third party loan – The Bank of NT Butterfield & Sons Limited

The Company borrowed $1.85 million during the financial year ended September 30, 2014 in connection with the purchase of controlling interests in several entities (refer to Note 15). The interest rate on the loan is 1.5% plus the Bermuda Dollar base rate (totaling 5.25% as at September 30, 2015). A mortgage against property at 32, Reid Street, Hamilton was issued as security. The total interest expense relating to this loan amounted to $86 (2014 - $20) during the year. Expected repayments of principal are as follows:

	$
2016	353
2017	372
2018	392
2019	344
2020	-
	1,461

(c) Third party loan – 'E-Moo' business combination

This loan was fully settled during the year ended September 30, 2014. The Company borrowed $2.0 million in 2010 in connection with the purchase of the initial equity interest in E-Moo Limited and E-Moo (Bermuda) Limited at a rate of 4% from Bermuda Life Insurance Company Limited, as Trustee for The Bermuda Press (Holdings) Limited Pension Plan. A further $0.75 million was borrowed to fund the final installment on October 28, 2010. Repayments were blended equal monthly installments of principal and interest of $50. The first repayment on both loans was made on December 31, 2010. A mortgage against property at 13 Addendum Lane was issued as security. The total interest expense relating to this loan amounted to $0 (2014 - $37) during the year.

The fair value of the long-term debt, determined by discounting the contractual cash flows at the current rates charged for similar debt instruments, approximates the carrying value due to the variable interest rate.

12. Financial risk management

The Company is exposed to credit risk, liquidity risk and market risk related to its financial assets and liabilities. These risk exposures are managed on an ongoing basis by management.

(a) 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 primarily from credit given to customers and deposits with financial institutions. Balances arising from those activities are cash and cash equivalents, trade accounts receivable, investment in leases. The maximum credit exposure to credit risk at the reporting date was:

	September 30, 2015	September 30, 2014
Trade receivables	3,340	2,915
Investment in leases	2,704	2,725
Cash and cash equivalents	1,615	1,612
	7,659	7,252

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Exposure to credit risk on trade receivables and investment in leases is influenced by the credit worthiness of customers. The Company manages credit risk through the execution of its credit and collection policy whereby customers are analyzed for creditworthiness prior to being offered credit and then continually monitored based on their aging profile and previous financial difficulties. Management has established procedures to restrict access to credit if their accounts are not in good standing and may result in the suspension of credit and move to a prepayment basis.

Cash and cash equivalents are placed with counterparties who have minimal risk of credit default and are rated by Standard & Poor's with credit ratings of between BBB and A-.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due or at a reasonable cost. The Company manages liquidity risk primarily by maintaining sufficient unused capacity within its borrowings and overdraft facilities.

The following are the contractual maturities of financial liabilities, including interest payments as at the reporting date:

2015	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1 - 2 Years**	**2 - 5 Years**	**More than 5 years**
Accounts payable and accrued liabilities	4,482	4,482	4,482	-	-	-
Borrowings	2,705	2,705	1,597	372	736	-
	7,187	7,187	6,079	372	736	-

2014	**Carrying amount**	**Contractual cash flows**	**Less than 1 year**	**1 - 2 Years**	**2 - 5 Years**	**More than 5 years**
Accounts payable and accrued liabilities	5,565	5,565	5,565	-	-	-
Borrowings	3,122	3,122	1,661	353	1,108	-
	8,687	8,687	7,226	353	1,108	-

The Company has $406 in unutilised overdraft facilities as at 30 September 2015 (2014 - $924). Management has frameworks in place to monitor the Company's liquidity and ensure that banking covenants are complied with. The Company does not expect to encounter significant difficulties in meeting its financial liabilities.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on assets.

(i) Foreign currency risk

The Company incurs foreign currency risk primarily on purchases and borrowings that are denominated in a currency other than the Bermuda dollar, primarily US Dollars. However, foreign currency risk is minimal, due to the fact that the Bermuda dollar is pegged to the US Dollar at a 1:1 rate.

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held and classified as available for sale. The fair value is determined by reference to their quoted market prices. It is the Company's opinion that there are no unusual interest rate or credit risks

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associated with available-for-sale financial assets, although they are subject to market risk and general economic conditions which can affect the fair value of these financial assets. To identify market risk the Company reviews individual investment holdings for existence of evidence of impairment.

The Company has reviewed all available-for-sale assets held at September 30, 2015 and 2014 for evidence of impairment. The Company has determined that these assets held at September 30, 2015 and 2014 are not impaired and there are no indicators of significant or prolonged decline in the value of the assets. A 10% movement in fair values of the available-for-sale financial assets would impact other comprehensive loss by an increase of $12 (2014 - $13) or decrease of $12 (2014 - $13). 10% was estimated by management as an appropriate threshold for sensitivity testing based on average price movements on the Bermuda Stock Exchange over a 12-month period.

(iii) Interest Rate risk

Interest risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's exposure to the risk of changes in market interest rates relates primarily to its floating rate overdraft facilities and long-term floating rate loan with The Bank of N.T Butterfield & Sons Limited (Note 11).

Interest rate sensitivity

A sensitivity analysis to interest rate risk is performed assuming the amount of liability for the bank overdraft and floating rate bank borrowings outstanding at the year-end was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Based on the analysis performed, the impact on profit would be an increase of $14 (2014 - $16) or decrease of $14 (2014 - $16).

13. Financial instruments by category

	September 30, 2015		September 30, 2014	
	Loans and receivables	**Available for sale**	**Loans and receivables**	**Available for sale**
Assets				
Cash and cash equivalents	1,615	-	1,612	-
Available-for-sale financial assets	-	121	-	131
Trade and other receivables (excluding prepayments)	4,665	-	4,265	-
Investment in leases, non-current	1,379	-	1,375	-
Total	7,659	121	7,252	131

	September 30, 2015 Liabilities at amortised cost	**September 30, 2014 Liabilities at amortised cost**
Liabilities		
Borrowings	2,705	3,122
Trade and other payables	4,482	5,565
Total	7,187	8,687

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14. Fair value of financial assets and liabilities

The carrying value reflected in the financial statements for cash and cash equivalents, trade and other receivables, and accounts payable and accrued liabilities are assumed to approximate to their fair values due to their short-term nature. Available-for-sale financial assets are carried at fair value. Borrowings are carried at amortised cost with fair value approximating carrying value given variable interest rates. The cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realization or discounts on settlement.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- 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) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Financial instruments in Level 1 are traded in an active market (Bermuda Stock Exchange) and its fair value is based on quoted market prices at the balance sheet date.

The following table presents the Company's assets that are measured at fair value at September 30, 2015.

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	121	-	-	121
Total assets	121	-	-	121

The following table presents the Company's assets that are measured at fair value at September 30, 2014.

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	131	-	-	131
Total assets	131	-	-	131

15. Business Combinations

On August 4, 2014, the Company acquired 100% of outstanding shares of Island Press Limited, Bermuda.Com Limited, Bermuda.Com Guide Limited and Industrial Electrics and Controls Limited ("the acquired entities") for a total consideration of $2,390. The acquired entities consisted mainly of business operations in commercial printing and online advertising.

On August 4, 2014, Pronto Print Limited, an existing subsidiary of the Company, was amalgamated into Island Press Limited.

A further amalgamation took place whereby Bermuda.Com Limited and Bermuda.Com Guide Limited were amalgamated into Bermuda Directories Limited. This transaction also occurred on August 4, 2014.
As a result of the acquisitions and amalgamation of entities above, the Company is expected to increase its presence in commercial printing and online advertising. It also expects to reduce costs through economies of scale. The goodwill of $1,927 arising from the acquisitions is attributable to acquired customer base and economies of scale expected from combining the operations of the acquired entities with the existing operations of the Company.

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The following table summarises the consideration paid for the acquired entities, the fair value of assets acquired and liabilities assumed at acquisition date.

Consideration at August 4th, 2014		
Cash	$	1,400
Deferred consideration (paid during the year-ended September 30, 2015)	$	565
Equity instruments (50,000 ordinary shares)	$	425
Total consideration	$	2,390

Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	20
Capital Assets	103
Inventory	435
Trade and other receivables	599
Trade and other payables	(450)
Unearned income	(244)
Total identifiable net assets	463
Goodwill	1,927
	2,390

Acquisition-related costs of $105 were charged to administrative expenses in the consolidated statement of comprehensive income for the year ended September 30, 2014.

The fair value of the 50 thousand ordinary shares issued as part of the consideration paid for the acquired entities of $425 was based on the published share price on August 4, 2014. For the year-ended September 30, 2014, the revenue included in the consolidated statement of comprehensive income by the acquired entities was $548. The acquired entities also contributed a profit of $80 over the same period.

16. Transactions with non-controlling interests

On July 25, 2014, the Company acquired the remaining 49% of the issued shares of Bermuda Directories Limited for a purchase consideration of one Bermuda Dollar. The Company now holds 100% of the equity share capital of Bermuda Directories Limited. The carrying amount of the non-controlling interest on the date of acquisition was $70. The Company de-recognised the non-controlling interest of $70 and recorded a decrease in equity attributable to owners of the Company of $70.

17. Related parties

As disclosed in 2(d)(ii), intra-group transactions are eliminated on consolidation.

Key management includes directors and members of the executive committee. Key management personnel remuneration includes the following expenses:

	September 30, 2015	September 30, 2014
Salaries, directors fees and short term benefits	662	602
Post-employment benefits	14	24
Other long-term benefits	25	51
	701	677

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18. Payroll and employee benefit expenses

	September 30, 2015	September 30, 2014
Wages and salaries	12,239	10,978
Termination benefits	63	147
Pension contributions – defined contribution plan	746	470
Other long-term benefits and taxes	1,886	1,654
	14,934	13,249

19. Administrative expenses

	September 30, 2015	September 30, 2014
Consultants and professional fees	745	479
Insurance	293	188
Taxes	153	119
Telecommunications and utilities	1,123	803
Other administrative expenses	1,992	2,506
	4,306	4,095

20. Share capital

	Number of shares	Ordinary shares ($'000)	Share premium ($'000)	Total ($'000)
At October 1, 2013	1,378,699	3,309	1,377	4,686
Shares repurchased	(32,779)	(79)	(33)	(112)
Business combinations (Note 15)	50,000	120	305	425
At September 30, 2014	1,395,920	3,350	1,649	4,999
Shares reissued	34,325	83	33	116
At September 30, 2015	1,430,245	3,433	1,682	5,115

The Company has authorized 3,300,000 (2014 – 3,300,000) common shares of par value $2.40 each.

The Company sold 34,325 of its own shares during the year. The total proceeds received from the sale of these shares was $289. The shares were held as Treasury shares. During the prior year the Company acquired 32,779 of its own shares. The total amount paid to acquire these shares was $279. The shares were held as Treasury shares.

All shares issued by the Company were fully paid.

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21. Earnings per share and dividends

Basic earnings per share has been calculated by dividing the consolidated net profit attributable to equity holders of the Company by the weighted average number of common shares in issue during the year.

	September 30, 2015	September 30, 2014
Profit attributable to common shareholders	33	548
Average number of common shares outstanding	1,424	1,379
Basic earnings per share	0.02	0.40

During the year the Company paid no dividends (2014 - $552) to equity holders of the Company. In 2014 this represented a payment of $0.40 per share. There were no dilutive potential ordinary shares as at September 30, 2015 or 2014.

22. Other reserves

The Board has made appropriations of retained earnings as set out below. These represent amounts transferred from retained earnings balance on a resolution of the Board. These amounts will be released to retained earnings when authorized by the Board.

(a) General reserve

This appropriation of $4.5 million was made to provide for future capital expenditures relating to long-term maintenance and improvements of the Company's buildings. No transfers were made in the current year or in the prior year.

(b) Reserve for self-insured risks

In 1994, in an endeavour to reduce the escalating costs of property insurance the Company decided to create a reserve for self-insured risks through an appropriation of retained earnings. In previous years, the Board approved transfers from retained earnings to increase this reserve which now stands at $2.2 million. No transfers were made in the current year or in the prior year.

23. Capital management

The Company's capital management objectives are to maintain financial flexibility in order to preserve its capacity to meet its financial commitments, to pay dividends and to meet its potential obligations resulting from internal growth and acquisitions. The Company defines capital as the total of the following balances:

	September 30, 2015	September 30, 2014
Equity attributable to owners of the parent	27,186	26,874
Borrowings	1,461	1,796
Cash and cash equivalents, net of bank overdraft	(371)	(286)
	28,276	28,384

The Company manages its capital in accordance with changes in operating conditions. In order to maintain or adjust its capital structure the Company may elect to adjust the amount of debt outstanding, adjust the amount of dividends paid to shareholders, return capital to its shareholders, repurchase and cancel its shares or issue new shares. The Company is currently meeting all its financial commitments and there have been no changes in the Company's approach to capital management during the period. The Company is not subject to any external capital requirements.

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24. Commitments and contingencies

(a) Capital commitments:

There are no commitments for capital expenditure as of September 30, 2015 or 2014.

(b) Lease commitments:

The Company leases printing machinery under a cancellable operating lease. The future aggregate minimum lease payments under the operating lease is as follows:

	2015
No later than 1 year	111
Later than 1 year and no later than 5 years	148
Later than 5 years	-
	259

(c) Contingent liabilities:

There are no contingent liabilities to disclose as of September 30, 2015 or 2014.

25. Segmented information

The Company has identified its reportable segments based on the responsibility for the operations. Publishing and retail covers newspaper, online and magazine publishing and the sale of stationery and office equipment. Printing covers commercial and retail printing and directory publishing. The rental and other segment include property rentals, investment activities and other operations.

Sales of goods and services between segments occur on terms agreed between those responsible for the segments. There are no significant differences between segment amounts and consolidated totals other than those arising from inter-segment transactions. The accounting policies of the segments do not differ from those reported in Note 2.

2015	Publishing and retail $	Printing $	Rental and other $	Inter-segment eliminations $	Total $
Revenue from external customers	18,733	5,373	3,107	-	27,213
Revenue from internal customers	463	470	2,813	(3,746)	-
	19,196	5,843	5,920	(3,746)	27,213
Expenses	19,374	7,056	2,116	(3,746)	24,800
Depreciation and amortisation	720	213	824	-	1,757
Finance costs	102	-	87	(32)	157
	20,196	7,269	3,027	(3,778)	26,714
Segment income (loss)	(1,000)	(1,426)	2,893	32	499
Finance income	11	-	36	(32)	15
Total income (loss)	(989)	(1,426)	2,929	-	514
Segment assets	10,432	1,359	28,614	(3,865)	36,540

Consolidated Notes to Financial Statements September 30, 2015
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2014	**Publishing and retail $**	**Printing $**	**Rental and other $**	**Inter-segment eliminations $**	**Total $**
Revenue from external customers	18,806	3,626	2,859	-	25,291
Revenue from internal customers	292	350	2,498	(3,140)	-
	19,098	3,976	5,357	(3,140)	25,291
Expenses	19,451	4,559	1,695	(3,140)	22,565
Depreciation and amortisation	687	230	815	-	1,732
Finance costs	72	-	31	-	103
	20,210	4,789	2,541	(3,140)	24,400
Segment income (loss)	(1,112)	(813)	2,816	-	891
Finance income	6	-	8	-	14
Total income (loss)	(1,106)	(813)	2,824	-	905
Segment assets	11,518	2,071	27,900	(3,842)	37,647

Entity wide information

The breakdown of revenue, all of which is generated by customers in Bermuda, is disclosed on the face of the consolidated statement of comprehensive income and all of the Company's assets are located in Bermuda.

26. Comparative figures

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

Notes

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Web: royalgazette.com

Stationery Store

32 Reid Street,
Hamilton HM 11,
Bermuda

Telephone: 441-295-4008
Email: info@officesolutions.bm
Web: stationerystore.bm

Artcetera

32 Reid Street,
Hamilton HM 11,
Bermuda

Telephone: 441-295-2787
Email: info@officesolutions.bm

office solutions

13 Addendum Lane,
Pembroke HM 07,
Bermuda

Telephone: 441-292-2666
Email: info@officesolutions.bm
Web: officesolutions.bm

CROWN HOUSE PROPERTIES LIMITED

2 Par-la-Ville Road,
Hamilton HM 08,
Bermuda

Telephone: 441-295-5881

BP Media Limited

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Hamilton HM 08,
Bermuda

Telephone: 441-295-5881
Email: info@bpmedia.bm

Bermuda Press Digital

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Bermuda

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Web: bpd.bm

The Bermuda Press Ltd.

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Web: bermudapress.bm

ENGRAVERS LIMITED

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ISLAND PRESS

13 Addendum Lane,
Pembroke HM 07,
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APS

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