The Bermuda Press (Holdings) Limited

ANNUAL REPORT 2018

Incorporated in Bermuda

A public company quoted on the Bermuda Stock Exchange (BPH.BH) with over 600 shareholders.

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The Bermuda Press (Holdings) Limited

ANNUAL **REPORT** 2018

Contents

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ANNUAL **REPORT** | 2018

Report to Shareholders

It is said the best predictor of future behaviour is past behaviour. In reviewing previous chairman's reports to shareholders, it is painfully obvious that the issues challenging Bermuda are ones that have continued to plague us for many years.

Your Company's success is tied directly to the success of the local economy. Unfortunately, Bermuda has adopted a culture of being slow to change, and the local economy is suffering as a result. For Bermuda to be successful in a global economy, it must be bold, nimble and embrace change.

Politics

For years, local politicians have repeated the narrative that "it is not our fault" and blamed the declining local economy on the 2007-08 global economic downturn. However, the global economy recovered and the local economy has continued to be stagnant as a result of domestic politics and policymaking.

Twelve months ago, your Board welcomed the announcement that the Government planned to address immigration reform and the 60:40 ownership rule for local companies. Twelve months later, nothing has changed. For too long Bermuda has embraced a culture of being slow to change and adapt. Contrast that with our worldwide reputation in the 1970s and 1980s for being nimble and responsive to the legislative needs of international business. The ensuing success of IB over the next two decades speaks for itself. Our politicians must be decisive and bold to survive in an increasingly competitive global marketplace.

Caustic partisan politics and race being leveraged for political gain have no place in a country of 60,000 people; they serve only to erode business confidence and have a negative impact on society. On the rare occasions that we have witnessed bipartisan politics — the economic substance legislation, for example — the island united to accomplish what was required to ensure our future success. Our political leaders need to spend less time focusing on blame and more time effecting positive change. You can't drive a car looking in the rear-view mirror.

For Bermuda to be successful in a global economy, it must be bold, nimble and embrace change.

Immigration and Tourism

Immigration and employment issues are complex and emotive; mergers and acquisitions within the international business sectors, uncertainty for expatriate workers and their families with no pathway to residency or status, and the cost of living are contributing to a decline in the resident population in Bermuda and, therefore, the number of jobs. Increased population creates demand and demand creates jobs. It cannot be clearer.

Work-permit policy issues such as term limits, introduced by the Government in 2002, lengthy delays in processing work-permit applications, and a failure to provide a pathway to residency or citizenship are self-inflicted problems. The 2018 Digest of Statistics, produced by the Government, reports that the number of private-sector work permits fell from 18,131 in 2007 to 9,634 in 2017, or by 46.9%. During the same period, the number of jobs in the economy fell from 39,849 to 33,653, or by 15.5%. In 2015, the Government abolished term limits as the number of occupied jobs fell to 33,319. Unfortunately, 6,894 jobs (17.3%) had already left the economy before corrective action was taken. The Government must be bold to reverse this trend.

Two-and-a-half years ago, the Government introduced the Pathways to Status legislation, which was intended to stabilise and grow the resident population. Unfortunately, public protests against the legislation shut down Parliament and, despite the formation of a bipartisan committee to review immigration policy, nothing has been tabled publicly. With an ageing population and the high cost of living, our economy will continue to erode unless decisive action is taken to increase the resident population. Our reliance on international business and the associated expatriate workforce means economic growth is dependent on immigration policy reform. Together, we must be welcoming and encourage business leaders to set up, expand and invest in Bermuda.

Looking beyond immigration based on work permits, Bermuda has an opportunity to encourage ageing baby boomers to winter on our shores. The baby boomer population within the United States is retiring and countries such Costa Rica, Panama, St Bart's, Barbados and Aruba have been welcoming growth from tourism immigration. A recent article in The Wall Street Journal outlined that many older Americans are looking outside of the USA for a warm, easily accessible and safe second home to winter in.

Bermuda fits this profile better than most locations as we have a temperate climate and low crime rate as well as being easy to get to and English speaking. Historically, tourists who wanted to stay longer than 30 days had to apply to the Department of Immigration for permission, a lengthy and tedious process. This has been somewhat relaxed in recent years. The introduction of a "Permanent Tourist" category would allow for long-term stays and the ability to purchase a home or condominium, without granting the ability to work. Bermuda wants tourists and we need to be welcoming of people by encouraging longer stays.

Commercial tourism is another opportunity that Bermuda could capitalise on. The Cayman Islands has instituted a very successful commercial tourism plan that is generating significant revenue for their government. In fact, the Cayman government recorded a surplus in FY 2018 and Cayman has zero land tax. The Cayman tourism plan allows citizens of other countries to invest in Cayman by purchasing a house or condo, and in turn they are granted permission to reside in Cayman permanently. Additionally, after five years, they are able to apply for a Cayman passport. This model has been successful in Cayman and could be easily modified to suit Bermuda's needs.

The Bermuda Government has recently shown a greater willingness to think outside the box and it is incumbent on all Bermudians to assist by putting forward new ideas. We must be bold, nimble and embrace change.

Taxation

The tax system, based on the cost of labour and consumption, does not encourage economic growth, and increasing existing, or introducing new, taxes based on consumption will only cause the cost of living to increase. The Government has continued to borrow to fund budget deficits despite reducing expenditures (excluding interest payments on debt) from $1,189M in 2012 to $1,011M in 2018, a 15% reduction. Interest payments on government debt have risen from $56M in 2012 to $118M in 2018, a 111% increase.

The Sage Report noted several overarching themes, which are as relevant today as they were five years ago:

- The Bermuda Government, including the Legislature, is too big for the size of the country it serves. With too many ministries and departments, the organisation has become bloated. One in seven employees in Bermuda, which includes IB, works for the Government
- Some of the services provided by the Government could be delivered more efficiently and more cost-effectively by the private sector
- Inefficient use of the resources entrusted to the Government by the taxpayer should no longer be tolerated

The Government must increase revenue or reduce costs to balance the budget. Without a corresponding increase in the resident population, additional revenue can come only from increasing taxes. Cost savings from reducing the number of employees within the Civil Service will likely only shift costs from payroll to financial aid, unless displaced workers can find employment in the private sector.

The present narrative is to increase revenue by introducing new taxes and that the effective tax rate compared to GDP of approximately 17% should (or could) be increased to 20%. This represents a 17.6% increase in the amount of tax that would be collected. This addresses the Government's immediate budget-deficit issue; however, it will increase the cost of living and may make it too expensive for companies to do business in Bermuda. We must position ourselves to be globally competitive, and increases in taxes will likely have a negative impact on the local economy.

For Bermuda to be successful in the global economy, it must be bold, nimble and embrace change.

Importance of Journalism

The most important function of journalism is to convey information. Conveying information is an important part of the democratic decision-making process, as it brings transparency to society and, for its part, makes sure that decisions are aligned with public interest and that the public are aware of their rights.

There was a time when newspapers, radio and television were the primary sources of journalism. The public relied on trusted media outlets to curate information and tell both sides of a story in an unbiased reporting of the facts. The rapid growth in information sharing through websites, social media and instant messaging means anyone can share information or “fake news”. The need for journalism and a trusted news source to hold government accountable and to keep the public informed is more important than ever.

It is the journalists of The Royal Gazette who will ensure the Government is held to account and that the public are informed in a professional and unbiased way.

Significant Milestones

In June, we announced the closure of the commercial supply operations at Office Solutions. This line of the business had suffered sales decline as a result of changes in technology and contraction in the economy. Our equipment business continues as normal and has not been affected by our decision to stop selling commercial office supplies. We continue to sell and offer full service and support, including consumables, for both the Canon and Sharp equipment lines.

The Bermuda Press Digital, located in the Roger Davidson building, has relocated its large format production equipment to the Addendum Lane building. The introduction of sign printing, to complement our print offering, meant the operations needed more space. We continue to offer same-day service by delivering finished product each afternoon.

The Royal Gazette acquired the equipment and completed planning to integrate live video into its news and advertising product offering. In early 2019, we will introduce video into our platforms as new way to monetise content through video advertising and sponsorships. The use of video will also enhance the value of the website to our audience.

eMoo launched its new web platform in May. The new site improved its mobile offering, introduced new features on the main site and integrates with social media. After some initial challenges, we have been able to reduce cost and increase the monetisation of the site.

In October 2018, your Company acquired the 20% minority interest in Crown House Properties and now owns 100% of the company.

Crown House Properties negotiated new ten-year leases on four floors with its anchor tenant. This was an important transaction, as your Company has relied on rental income to support operations in the past.

Crown House has begun upgrading the exterior and interior of the building. Over the next two years, we will complete upgrades to the lobby and elevators to ensure the building remains attractive to tenants.

The Road Ahead

A recent PwC report on global economic growth noted that CEOs with a negative outlook on the global economy jumped from 5% to 29% and those with a positive outlook fell from 67% to 42%. At the same time business confidence in Bermuda has fallen dramatically since 2016. The composite index is down to 86.4%, its lowest level since the BCI surveys began in 2014. Bermuda must embrace change and promote long-term economic growth policies to increase the resident population and encourage inward investment if we are to avoid another decade of decline and stagnation.

Immigration reform to address a long-term resident’s ability to remain on the island, to remain vested and to further invest in the local economy is long overdue. Further delays in immigration reform will mean a decline in the expatriate population and continued erosion in the number of employment opportunities for Bermudians in Bermuda.

External pressure from the European Union to introduce economic substance legislation is an opportunity for Bermuda. The reputation of Bermuda as a legitimate international business centre positions the island favourably with decision-makers who are considering redomiciling from less reputable jurisdictions and establishing operations to meet economic substance requirements. The employment opportunities, use of office space and need for service providers would have a positive impact on the local economy. The challenge is in ensuring Bermuda is nimble enough to capitalise on this opportunity.

Your Company will continue to closely review its business operations and make changes to ensure its success. Management is focused on the core product lines and is strategically planning for an increasingly digital future. In addition, management is examining new business opportunities as it considers diversifying operations to enhance shareholder value. The reality for your Company is that in the absence of healthy local economic growth, certain business divisions may struggle to remain profitable and we are actively seeking to mitigate and manage this risk.

Financial Performance

In 2018, your Company's revenue decreased to $25,518,000 as compared with $26,648,000 in the previous year, and expense reductions amounted to $2,126,000 during the year. The decline in revenues can be attributed to the print and the retail and office supply divisions. These divisions are heavily dependent on the local economy, and the slowdown in economic activity post-America's Cup has been significant.

On a positive note, because of careful planning, cost reductions and improved margins, the net profit for the year increased to $2,149,000 in 2018 from $1,210,000 in 2017.

In previous Annual Reports, we have noted the rationalisation and profitability of the Group's subsidiaries would be the primary focus of your Board. In 2018, the difficult decision to exit the commercial stationery supplies business was finalised and actioned by management. Management has co-ordinated an orderly and controlled exit from this line of business that minimises losses. The Board continues to review operating results of all divisions and does not believe that operations that are loss-making should be funded at the expense of our shareholders.

Our real estate holdings have continued to deliver positive results. Securing a new ten-year lease with the main tenant of Crown House comes at the expense of a reduction in rental income. The market for commercial space remains saturated with vacancies and ensuring we secure existing tenants was the priority.

The Crown House building is almost 20 years old and we are investing in renovations to ensure we retain existing tenants and attract new tenants for vacant spaces. At present, there is vacant space on the second floor and the existing first-floor tenant is vacating the space in March 2019. Management is working diligently to ensuring we secure new tenants for these spaces. Additionally, a vacant floor in the Roger Davidson building is now being renovated and we are searching for a new tenant.

The Board of Directors continuously reviews the Company's ability to pay dividends and was pleased to announce in February 2018 that the dividend would increase to $0.07 per share for the quarter ended March 31, 2018. This increase was maintained during the rest of the year. Dividends declared during the year (October 2017 to September 2018) amounted to 26 cents per share compared with 20 cents in 2016-17, a 30% increase, and represents a 3.7% yield based on the present share price of $7.00. The Board will continue to review your Company's performance and its ability to maintain and further increase dividend payments to shareholders.

Governance and Your 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 as well as financial 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 widely held by more than 600 shareholders from a broad cross-section of the community. In keeping with best practices, the Board of Directors compensation plan includes compensation in the form of company shares. At present, the numbers of shares required under the compensation plan have been met by repurchasing shares from existing shareholders. In future periods, we will continue to repurchase shares from existing shareholders to minimise the need to issue shares from the company's authorised capital.

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 104,165 shares at 30 September 2018.

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 $7.00. As previously noted, the Board will continue to review your Company's performance and the ability to maintain and further increase the dividend payments to shareholders in future periods.

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

Your Company

In June 2018, Mr Cameron Poland joined your Company in the role of Chief Financial Officer. The Board would like to welcome Cameron and acknowledge the efforts of Mr Derek Winch, the former CFO, for his hard work and dedication to ensure a positive and successful transition of the role. Mr Winch and Mr Poland also worked together on staffing and succession planning within the finance and accounting team, and it is safe to say we have a very strong team and are well positioned for the future.

We would also like to acknowledge the continuing efforts of Mr Jonathan Howes, your Chief Executive Officer. Mr Howes continues to work tirelessly to ensure we are evolving and adapting operations. He takes a "hands-on" approach and is 100% cent committed to ensuring the long-term success of your companies.

The Board is proud of our management and staff, and salutes their continuing efforts to ensure your Company is successful in a challenging economic environment. Our employees understand that adapting to constant change and doing more with less is the new norm.

We also appreciate our business relationships with readers, customers, suppliers and tenants.

Most of all, we value and acknowledge the support of our shareholders and your faith in the Company's future, which we most heartily share.

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 is currently an "Entrepreneur in Residence" at Cornell University's School of Hotel Administration and is a past board member of Trinity College School, an independent school in Ontario, Canada.

Stephen R. Davidson

DEPUTY CHAIRMAN

Stephen R. Davidson 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.

Dudley R. Cottingham

DIRECTOR

Dudley R. Cottingham is a Director of Continental Trust Corporation Limited and a Consultant to Continental Management 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.

Carl H. Paiva, J.P.

DIRECTOR

Carl H. Paiva, J.P., was Chief Executive Officer and majority owner of C Travel Ltd. He earned his degree in English Literature and Art History from King's College, Pennsylvania. Presently he is splitting his time between New York City and Bermuda and is involved in the Broadway scene as a producer and investor.

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.

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.

Jonathan Howes

DIRECTOR

Jonathan P. Howes is the CEO of The Bermuda Press (Holdings) Limited. He is a graduate from of the University of Cape Breton (Bachelors of Business Administration) and was admitted to Chartered Professional Accountants of Bermuda as a CPA in 2000. He has worked in both local and international companies in Bermuda since 1999. He currently serves on the Boards of the Bermuda Chamber of Commerce and the Chartered Professional Accountants of Bermuda.

Muriel Richardson

DIRECTOR

Muriel Richardson recently retired as General Manager from the award-winning Rosedon Hotel. She is the immediate past Chair of the Bermuda Hospitality Institute, past President and Chair of the Bermuda Hotel Association, and a former Director of the Caribbean Hotel and Tourism Association. She has also served on many government boards and currently works as a consultant to the Hospitality Industry.

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)

	2018	2017	2016	2015	2014
Operating revenue	25,518	26,648	26,617	27,213	25,291
Operating expenses	23,257	25,383	25,259	26,557	24,297
Operating profit	2,261	1,265	1,358	656	994
Finance income	11	27	18	15	14
Finance costs	(27)	(82)	(113)	(157)	(103)
(Loss) gain on disposal and impairment of assets	(96)	-	1	-	-
Profit for the year	2,149	1,210	1,264	514	905
Profit attributable to:					
Equity holders of the company	1,734	777	824	33	548
Non-controlling interests	415	433	440	481	357
Current assets	10,720	10,191	9,833	9,653	9,580
Available-for-sale financial assets	178	141	131	121	131
Investment in leases	1,019	1,312	1,197	1,379	1,375
Property, plant and equipment	4,342	4,602	4,910	5,345	5,876
Investment properties	14,418	14,230	14,715	15,324	15,967
Goodwill	4,718	4,718	4,718	4,718	4,718
	35,395	35,194	35,504	36,540	37,647
Current liabilities	3,448	4,298	4,751	6,079	7,226
Borrowings	-	359	741	1,108	1,461
Equity attributable to owners of the parent	29,692	28,297	27,805	27,186	26,874
Minority interest	2,255	2,240	2,207	2,167	2,086
	35,395	35,194	35,504	36,540	37,647
Additions to goodwill	-	-	-	-	1,927
Additions to capital assets	1,582	880	740	583	786
Cash dividends paid	343	286	141	-	552
Number of issued ordinary shares	1,427,521	1,428,550	1,429,556	1,430,245	1,395,920
Profit attributable to equity holders of the company per share	1.21	0.54	0.58	0.02	0.40
Cash dividend paid per share	0.24	0.20	0.10	-	0.40
Shareholders' equity per share	20.80	19.81	19.45	19.01	19.25
Profit attributable to equity holders of the company as a percentage of revenue	6.8%	2.9%	3.1%	0.1%	2.2%
Profit attributable to equity holders of the company as a percentage of shareholders' equity	5.8%	2.7%	3.0%	0.1%	2.0%

The Bermuda Press (Holdings) Limited

FINANCIAL STATEMENTS

September 30, 2018

Independent auditor's report

To the Shareholders of The Bermuda Press (Holdings) Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of The Bermuda Press (Holdings) Limited (the Company) and its subsidiaries (together 'the Group') as at September 30, 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Bermuda Press (Holdings) Limited's consolidated financial statements comprise:

- the consolidated balance sheet as at September 30, 2018;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the consolidated financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

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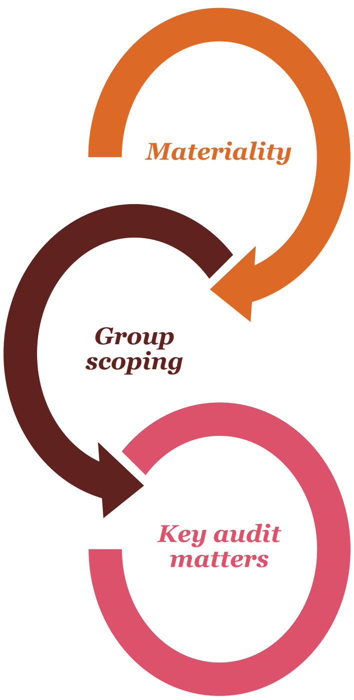
Our audit approach

- ***Overview***



Materiality

- Overall group materiality: $263,500 which approximates 1% of total revenues.

Group scoping

- We performed full scope audits on the key operating subsidiaries, being The Bermuda Press Limited, Island Press Limited, Office Solutions Limited, E-Moo (Bermuda) Limited, Bermuda Directories Limited, Crown House Properties Limited and The Royal Gazette Limited.
- The group engagement team was the auditor for both the Company and the subsidiaries.
- Audit coverage: 100% of consolidated revenues

Key audit matter

- Goodwill impairment assessment

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

How we tailored our group audit scope

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

The Bermuda Press (Holdings) Limited is the parent of a group of entities. The Group is structured into three segments (see Note 23 to the consolidated financial statements) and is a consolidation of 12 separate legal entities (see Note 1 to the consolidated financial statements). In establishing the overall group audit strategy and plan, we determined the type of work that needed to be performed at the components by the group engagement team. This consisted of full scope audits on The Bermuda Press (Holdings) Limited, The Bermuda Press Limited, Island Press Limited, Office Solutions Limited, E-Moo (Bermuda) Limited, Bermuda Directories Limited, Crown House Properties Limited and The Royal Gazette Limited, as these components are individually financially significant to the Group. We performed audit procedures over individually significant balances within the following companies: Engravers Limited, Chameleon Print Express Limited and Atlantic Print Services Limited. The group engagement team performed analytical procedures over BP Media Limited and Industrial Electronic Controls Limited as these components were determined to be financially inconsequential.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall group materiality	$263,500
How we determined it	1% of total revenues
Rationale for the materiality benchmark applied	We chose total revenues as the benchmark based on our analysis of the common information needs of users of the consolidated financial statements and because, in our view, it is a stable benchmark in comparison to net income in recent years. We chose 1% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $13,200, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key audit matter	How our audit addressed the key audit matter
Goodwill impairment assessment *See notes 2(c) and 9 of the consolidated financial statements for detail of goodwill balance.*	
As at September 30, 2018, goodwill totalled $4,718,000 arising on acquisitions made by the group since 2011. We focused on this area because it is a management determined estimate, and as both the commercial printing and publishing and retail cash generating units ("CGUs") to which this goodwill is allocated, have incurred losses in recent years. Management prepared discounted future cash flow forecasts in order to assess whether an impairment charge should be recorded to goodwill in respect of each CGU. The most significant judgements and assumptions relate to: • projected revenue and expense growth/contraction; • discount rate; • projected levels of capital expenditure to maintain assets in their current condition and use; and • allocation of overheads. Management concluded that no goodwill impairment charge should be recorded.	We evaluated management's cashflow forecasts for both CGUs and the process by which they were developed. We tested the mathematical calculations for accuracy and checked for internal consistency. We compared previous forecasts to actual results to assess the performance of the business and the accuracy of management's forecasting. We tested management's judgements and assumptions supporting management's conclusion that no goodwill impairment was required as follows: • Compared projected revenue and expense growth/contraction to historic trends and externally available information including current and recent Bermuda inflation rates; • Compared the discount rate used by management of 9.9% to both the Group's internal weighted average cost of capital and to our independent assessment of the rate of return required by an external investor based on market data; • Compared the projected levels of capital expenditure to maintain the CGUs' property, plant and equipment in its current condition and use over the forecast period against management's capital expenditure budgets and historic actual capital expenditure; and • Tested the allocation of overheads to CGUs against both historic internal allocations to the CGUs and also through evaluating the supporting methodology for the costs included within the forecast allocations. We did not identify any exceptions or contradictory information in these procedures that would result in a goodwill impairment charge being required.

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Other information

Management is responsible for the other information. The other information comprises the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

Management is responsible for the preparation and fair presentation of the 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.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

PricewaterhouseCoopers Ltd.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants
Hamilton
Bermuda

December 19, 2018

Consolidated Balance Sheet

As at September 30, 2018

(Amounts in thousands of dollars)

	Notes	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents		3,591	2,900
Trade and other receivables	3	4,527	4,762
Inventories	4	2,602	2,529
		10,720	10,191
Non-current assets			
Available-for-sale financial assets	5	178	141
Investment in leases	6	1,019	1,312
Property, plant and equipment	7	4,342	4,602
Investment properties	8	14,418	14,230
Goodwill	9	4,718	4,718
Total assets		35,395	35,194
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	10	3,348	3,841
Borrowings	11	-	386
Dividends payable	19	100	71
		3,448	4,298
Non-current liabilities			
Borrowings	11	-	359
Total liabilities		3,448	4,657
Equity attributable to owners of the parent			
Share capital	18	3,426	3,429
Share premium	18	1,673	1,674
Other reserves	20	-	6,700
Other comprehensive income		112	75
Retained earnings		24,481	16,419
		29,692	28,297
Non-controlling interest		2,255	2,240
Total equity		31,947	30,537
Total liabilities and equity		35,395	35,194

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

Consolidated Statement of Comprehensive Income

For the year ended September 30, 2018

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

	Notes	2018	2017
Operating revenue			
Publishing and retail	23	18,152	18,784
Commercial printing	23	4,116	4,535
Rental		3,030	3,116
Other	6	220	213
		25,518	26,648
Operating expenses			
Payroll and employee benefits	16	13,685	14,582
Materials, merchandise and supplies		4,080	4,784
Administrative expenses	17	3,934	4,344
Depreciation and amortization	7,8	1,558	1,673
		23,257	25,383
Operating profit		2,261	1,265
Finance income	5	11	27
Finance costs	11	(27)	(82)
Loss on disposal of assets	7,8	(96)	-
Profit for the year		2,149	1,210
Profit attributable to:			
Equity holders of the company		1,734	777
Non-controlling interests		415	433
		2,149	1,210
Other comprehensive income for the year			
Changes in fair value of available-for-sale financial assets	5	37	10
Total comprehensive income for the year		2,186	1,220
Comprehensive income attributable to:			
Equity holders of the company		1,771	787
Non-controlling interests		415	433
		2,186	1,220
Earnings per share:			
Basic and diluted	19	1.21	0.54

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

Consolidated Statement of Changes in Equity

For the year ended September 30, 2018

(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, 2016		3,431	1,681	6,700	15,928	65	27,805	2,207	30,012
Profit for the year		-	-	-	777	-	777	433	1,210
Other comprehensive income	5	-	-	-	-	10	10	-	10
Total comprehensive income		-	-	-	777	10	787	433	1,220
Purchase of treasury shares	18	(36)	(84)	-	-	-	(120)	-	(120)
Issuance of treasury shares	18	34	77	-	-	-	111	-	111
Dividends	19	-	-	-	(286)	-	(286)	(400)	(686)
Balance as of September 30, 2017		3,429	1,674	6,700	16,419	75	28,297	2,240	30,537
Profit for the year		-	-	-	1,734	-	1,734	415	2,149
Other comprehensive income	5	-	-	-	-	37	37	-	37
Total comprehensive income		-	-	-	1,734	37	1,771	415	2,186
Purchase of treasury shares	18	(19)	(29)	-	-	-	(48)	-	(48)
Issuance of treasury shares	18	16	28	-	-	-	44	-	44
Transfer of reserves	20	-	-	(6,700)	6,700	-	-	-	-
Dividends	19	-	-	-	(372)	-	(372)	(400)	(772)
Balance as of September 30, 2018		3,426	1,673	-	24,481	112	29,692	2,255	31,947

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

Consolidated Statement of Cash Flows

For the year ended September 30, 2018

(Amounts in thousands of dollars)

	Notes	2018	2017
Cash flows from operating activities			
Profit for the year		2,149	1,210
Adjustments for:			
Depreciation and amortization	7,8	1,558	1,673
Finance costs		27	82
Finance income		(11)	(27)
Interest paid		(27)	(82)
Investment income received		5	22
Loss on property, plant and equipment		96	-
Changes in non-cash working capital:			
Trade and other receivables		235	359
Inventories		(73)	425
Accounts payable and accrued liabilities		(493)	(429)
Cash generated from operating activities		3,466	3,233
Cash flows used for investing activities			
Purchase of property, plant and equipment	7,8	(1,582)	(880)
Dividends received on available-for-sale financial assets	5	6	5
Net movement in investments in leases		293	(115)
Net cash used for investing activities		(1,283)	(990)
Cash flows used for financing activities			
Issuance of treasury shares	18	44	111
Purchase of treasury shares	18	(48)	(120)
Repayment of borrowings	11	(745)	(366)
Dividends paid to company's shareholders	19	(343)	(286)
Dividends paid to non-controlling interests	19	(400)	(400)
Net cash used for financing activities		(1,492)	(1,061)
Increase in cash and cash equivalents		691	1,182
Cash and cash equivalents at beginning of year		2,900	1,718
Cash and cash equivalents at end of year		3,591	2,900
Cash and cash equivalents comprises:			
Cash and cash equivalents at bank		3,591	2,900
Bank overdraft		-	-
		3,591	2,900

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

Consolidated Notes to Financial Statements

Consolidated Notes to Financial Statements for the Year Ended September 30, 2018

(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, 2018 %	September 30, 2017 %
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 Directors on December 19, 2018.

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.

These 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

There were no new or amended standards applicable to, and adopted by, the Company in the year which had a significant impact on the consolidated financial statements.

New standards and interpretations not yet adopted

IFRS 15, 'Revenue from contracts with customers', was issued in May 2014 by the IASB and FASB, a converged standard on revenue recognition. The standard is effective for reporting periods beginning on or after January 1, 2018, and allows for early adoption. The standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15 and intends to adopt the standard in the accounting period beginning on October 1, 2018.

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

IFRS 16, 'Leases' was issued in January 2016 and is effective for reporting periods beginning on or after January 1, 2019 and will replace IAS 17 Leases. Earlier application is permitted, but only in conjunction with IFRS 15. Under the previous guidance in IAS 17, a lessee had to make a distinction between a finance lease and an operating lease. IFRS 16 requires the lessee to recognise almost all lease contracts on the balance sheet; the only optional exemptions are for certain short-term leases and leases of low value assets. The Company intends to adopt the standard in the accounting period beginning on October 1, 2019.

IFRS 9, 'Financial instruments', was published in July 2014 and replaces the existing guidance in IAS 39, 'Financial instruments: recognition and measurement', and is effective for periods beginning on or after January 1, 2018. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets. The Company is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9 and intends to adopt the standard in the accounting period beginning October 1, 2018.

(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 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 a significant effect on the 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 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 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 cash-generating units ("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 CGU level.

The CGUs to which goodwill is allocated are:

- Publishing and retail (consisting of the Company's subsidiaries The Royal Gazette Limited, E-Moo (Bermuda) Limited and Bermuda Directories Limited), to which goodwill of $2,988 is allocated; and
- Commercial printing, to which goodwill of $1,730 is allocated.

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

Determining whether goodwill is impaired requires an estimation of the recoverable value on a value in use basis, of the CGU to which the goodwill has been allocated. The CGU value in use is determined using discounted cash flow techniques, based on financial projections over a period of five years with a terminal value at the end of the five-year period and with underlying key assumptions and inputs being the expected future cash flows and the discount rate applied. The discount rate selected was estimated considering the risks associated with the expected future cash flows and considering the rate of return that investors would require. The expected future cash flows were estimated based on financial budgets and forecasts approved by management (nil terminal growth rate was applied) and consideration of historical financial information.

Tangible and finite-lived intangible assets are deducted from the estimated value in use and the residual value is compared to the carrying value of goodwill. If the residual value is less than the carrying value of goodwill, an impairment charge is recognized in the period to reduce the carrying value to its recoverable amount.

The following are key assumptions used in the impairment assessment for both CGUs:

Projected revenue and expense contraction/growth:	5% contraction to 3% growth
Discount rate applied in cash flow projections	9.9%

An increase in the discount rate of 12.3% would not result in an impairment charge to goodwill.

(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, etc. 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, Bermuda Directories Limited, Atlantic Print Services Limited, Island Press Limited and Industrial Electronic Controls Limited.

(ii) Transactions eliminated on consolidation

Intra-group transactions, balances and income and expenses 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) 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.

(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.

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

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 12 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 and other receivables' and 'investment in leases' in the 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 12 months of the end of the reporting period. The Company's available-for-sale financial assets comprise equity securities.

(ii) Recognition and measurement

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. Financial assets 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 financial assets 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 amortized cost using the effective interest method.

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

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in other comprehensive income 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 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 amortized 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 reorganization, 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 recognized 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 recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated statement of comprehensive income.

(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 income 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 and 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 either the average cost or first-in, first-out 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) Available-for-sale financial assets

Available-for-sale financial assets are measured at fair value in the balance sheet. Fair value changes on available-for-sale financial assets are recognized directly in equity, through other comprehensive income.

(j) Investment in leases

Revenue from the sale of equipment under finance leases is recognized at the inception of the lease. Finance income is recognized over the life of each respective lease using the amortized cost method and is included in other revenue. Leases not qualifying as finance 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.

(k) 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.

(l) 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.

(m) 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.

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

(n) Accounts payable

Accounts payable 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. Accounts payable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(o) Accrued employee and other post-retirement benefits

The Company makes contributions to administered pension plans on a defined contribution basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense when they accrue to employees.

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.

(p) 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.

(q) 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.

(r) 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 is recognized upon delivery as the leases are accounted for as finance leases. 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.

(s) Dividend distribution

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

(t) 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 for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

3. Trade and other receivables

	September 30, 2018	September 30, 2017
Trade receivables	2,758	3,163
Current portion of investment in leases (Note 6)	1,097	1,146
Prepaid insurance	107	110
Prepaid government taxes	26	30
Other prepaid assets	539	313
	4,527	4,762

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

	September 30, 2018	September 30, 2017
Balance, beginning of the year	156	255
Write-offs	(52)	(60)
Recoveries	(2)	(42)
Additions	38	3
Balance, end of the year	140	156

The ageing of trade receivables is as follows:

	September 30, 2018	September 30, 2017
Current	1,520	1,817
30 days	567	593
60 days	268	315
90 days and over	543	594
	2,898	3,319
Allowance for doubtful accounts	(140)	(156)
	2,758	3,163

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

4. Inventories

	September 30, 2018	September 30, 2017
Materials and supplies	1,036	1,013
Merchandise	1,689	1,627
Work-in-progress	14	34
Provision for obsolescence	(137)	(145)
	2,602	2,529

During the year, the Company expensed inventory totalling $4,007 (2017 - $4,657) as part of normal operations. Inventory written off during the year totalled $38 (2017 - $122) and is included in materials, merchandise and supplies on the consolidated statement of comprehensive income.

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

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, 2018	September 30, 2017
Balance, beginning of the year	141	131
Increase in fair value	37	10
Balance, end of year	178	141

Changes in fair value in the amount of $37 (2017 – $10) have been reflected in other comprehensive income.

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 $6 (2017 - $5) and was included in finance income.

6. Investment in leases

	September 30, 2018	September 30, 2017
Total investment in finance leases	2,261	2,637
Unearned finance income	(145)	(179)
	2,116	2,458
Less allowance for doubtful receivables	-	-
Current portion included in trade and other receivables (Note 3)	(1,097)	(1,146)
Long-term portion	1,019	1,312

Finance income arising from the investments in leases amounted to $123 (2017 - $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 are $166 (2017 - $213).

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 0 and 10 years. Leases have renewal terms of between 0 and 10 years.

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:

	2018 Finance leases	2018 Operating leases
2019	1,097	2,399
2020	608	2,259
2021	333	299
2022	71	126
2023 and later	7	-
	2,116	5,083

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

	2017 Finance leases	2017 Operating leases
2018	1,146	2,849
2019	804	2,279
2020	327	2,160
2021	152	258
2022 and later	29	93
	2,458	7,639

7. Property, plant and equipment

	Land	Buildings	Machinery	Vehicles	Fixtures and equipment	Total
Cost:						
September 30, 2016	393	4,055	14,958	304	4,447	24,157
Additions	-	140	296	77	212	725
Disposals	-	-	(49)	(33)	(202)	(284)
September 30, 2017	393	4,195	15,205	348	4,457	24,598
Additions	-	206	160	4	316	686
Disposals		(155)	(185)	(4)	(77)	(421)
September 30, 2018	393	4,246	15,180	348	4,696	24,863
Depreciation/impairment:						
September 30, 2016	-	2,692	12,359	264	3,932	19,247
Charge for the year	-	122	543	24	344	1,033
Depreciation on disposals	-	-	(49)	(33)	(202)	(284)
September 30, 2017	-	2,814	12,853	255	4,074	19,996
Charge for the year	-	124	507	25	240	896
Depreciation on disposals	-	(110)	(184)	(4)	(73)	(371)
September 30, 2018	-	2,828	13,176	276	4,241	20,521
Net book value:						
September 30, 2017	393	1,381	2,352	93	383	4,602
September 30, 2018	393	1,418	2,004	72	455	4,342

At September 30, 2018 the Company had $12,624 (2017 - $13,667) in fully depreciated assets that were still in use.

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

8. Investment properties

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

	September 30, 2018	September 30, 2017
Cost	25,104	24,379
Accumulated depreciation	(10,686)	(10,149)
Net book value	14,418	14,230

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

	September 30, 2018	September 30, 2017
Balance, beginning of the year	14,230	14,715
Additions	893	155
Disposals	(169)	-
Depreciation on disposals	126	-
Depreciation	(662)	(640)
Balance, end of year	14,418	14,230

The fair value of the Company's investment properties is $24.3 million (2017 - $25.3 million). Fair value has been determined using discounted future cash flows for the Mills Creek, Roger Davidson and Crown House properties. The Company recognized $3,030 (2017 - $3,116) in rental income and $774 (2017 - $728) in operating expenses pertaining to its investment properties.

9. Goodwill

	September 30, 2018	September 30, 2017
Balance, beginning of year	4,718	4,718
Additions	-	-
Balance, end of year	4,718	4,718

10. Accounts payable and accrued liabilities

	September 30, 2018	September 30, 2017
Trade payables	536	438
Accrued liabilities	675	904
Accrued payroll liabilities	1,067	1,346
Unearned income	1,070	1,153
	3,348	3,841

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

11. Borrowings

	September 30, 2018	September 30, 2017
Current		
Bank overdraft	-	-
Third-party loan	-	386
	-	386
Non-current		
Third-party loan	-	359
Total Borrowings	-	745

(a) Bank overdraft

The Company has overdraft facilities totalling $1.6 million (2017 - $1.625 million) bearing interest at the bank's base rate plus 1.5% which are repayable on demand. The base rate at September 30 was 5.5% (2017 – 4.75%). 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. In November 2017, the Company repaid the remaining balance, including accrued interest. The total interest expense relating to this loan amounted to $7 (2017 - $55) during the year.

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

As part of the Company's financing of the transaction described in Note 24, in September 2018 the Company entered into a term loan of up to $2.0 million bearing interest at 6.5% and being repayable in equal monthly installments over 5 years from the date of drawdown. No amounts were drawn down on this facility at September 30, 2018. The Facility is secured through a first registered collateral mortgage over the Crown House property, together with a conditional assignment of the rents of Crown House Properties Limited.

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 receivable and investment in leases. The maximum credit exposure to credit risk at the reporting date was:

	September 30, 2018	September 30, 2017
Trade receivables	2,758	3,163
Investment in leases	2,116	2,458
Cash and cash equivalents	3,591	2,900
	8,465	8,521

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

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 overdraft facilities.

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

2018	Carrying amount	Contractual cash flows	Less than 1 year	1 - 2 Years	2 - 5 Years	More than 5 years
Accounts payable and accrued liabilities	3,348	3,348	3,348	-	-	-
Dividends payable	100	100	100	-	-	-
	3,448	3,448	3,448	-	-	-

2017	Carrying amount	Contractual cash flows	Less than 1 year	1 - 2 Years	2 - 5 Years	More than 5 years
Accounts payable and accrued liabilities	3,841	3,841	3,841	-	-	-
Borrowings	745	791	421	370	-	-
Dividends payable	71	71	71	-	-	-
	4,657	4,703	4,333	370	-	-

The Company has $1,600 in unutilised overdraft facilities as at 30 September 2018 (2017 - $1,625). 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.

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

(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 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, 2018 and 2017 for evidence of impairment. The Company has determined that these assets held at September 30, 2018 and 2017 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 income by an increase of $18 (2017 - $14) or decrease of $18 (2017 - $14). 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 with The Bank of N.T. Butterfield & Sons Limited (Note 11).

Interest rate sensitivity

At September 30th, 2018 the Company did not have any third party borrowings, nor did the company utilize its overdraft facilities during the year. Therefore there would be no impact on net income due to changes interest rates on the current year results. The prior year had a sensitivity analysis to interest rate risk performed assuming the amount of liability for the bank overdraft and floating rate bank borrowings outstanding at the prior year-end was outstanding for the whole year. A 50 basis point increase or decrease was 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 in the prior year would be an increase of $7 or decrease of $7.

13. Financial instruments by category

	September 30, 2018		September 30, 2017	
	Loans and receivables	**Available for sale**	**Loans and receivables**	**Available for sale**
Assets				
Cash and cash equivalents	3,591	-	2,900	-
Available-for-sale financial assets	-	178	-	141
Trade and other receivables (excluding prepayments)	3,855	-	4,309	-
Investment in leases, non-current	1,019	-	1,312	-
Total	8,465	178	8,521	141

	September 30, 2018 Liabilities at amortized cost	**September 30, 2017 Liabilities at amortized cost**
Liabilities		
Borrowings	-	745
Trade and other payables	3,348	3,841
Dividends payable	100	71
Total	3,448	4,657

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

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 their fair values due to their short term nature. Available-for-sale financial assets are carried at fair value. Borrowings are carried at amortized 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 and their 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, 2018.

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	178	-	-	178
Total assets	178	-	-	178

The following table presents the Company's assets that are measured at fair value at September 30, 2017.

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	141	-	-	141
Total assets	141	-	-	141

15. 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, 2018	September 30, 2017
Salaries, directors fees and short-term benefits	803	920
Post-employment benefits	25	33
Other long-term benefits	39	38
	867	991

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

16. Payroll and employee benefit expenses

	September 30, 2018	September 30, 2017
Wages and salaries	11,065	11,792
Termination benefits	114	146
Pension contributions – defined contribution plan	668	721
Other long-term benefits and taxes	1,838	1,923
	13,685	14,582

17. Administrative expenses

	September 30, 2018	September 30, 2017
Consultants and professional fees	283	497
Insurance	226	229
Taxes	131	113
Telecommunications and utilities	949	1,133
Other administrative expenses	2,345	2,372
	3,934	4,344

18. Share capital

	Number of shares	Ordinary shares ($'000)	Share premium ($'000)	Total ($'000)
At October 1, 2016	1,429,556	3,431	1,681	5,112
Shares reissued	13,799	34	77	111
Shares repurchased	(14,805)	(36)	(84)	(120)
At September 30, 2017	1,428,550	3,429	1,674	5,103
Shares reissued	6,786	16	28	44
Shares repurchased	(7,815)	(19)	(29)	(48)
At September 30, 2018	1,427,521	3,426	1,673	5,099

The Company has authorized 3,300,000 (2017 – 3,300,000) common shares of par value $2.40 each.

The Company acquired 7,815 of its own shares during the year (2017 – 14,805) and the total amount paid to acquire these shares was $48 (2017 - $120). The company issued 6,786 shares (2017: 13,799) during the year with a value of $44 (2017 - $111) to satisfy accrued liabilities. The Company held 2,724 (2017 – 1,695) of 'treasury shares' at September 30, 2018.

All shares issued by the Company were fully paid.

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

19. Earnings per share and dividends

Basic and diluted 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, 2018	September 30, 2017
Profit attributable to common shareholders	1,734	777
Average number of common shares outstanding	1,428	1,429
Basic earnings per share	1.21	0.54

During the year the Company declared dividends of $372 (2017 - $286) to equity holders of the Company. This represents a payment of $0.26 per share (2017 - $0.20). There were no dilutive potential ordinary shares as at September 30, 2018 or 2017. Dividends payable were $100 at September 30, 2018 (2017 - $71).

During the year the Company's subsidiary, Crown House Properties Limited declared and paid dividends of $2,000 (2017 - $2,000) to which $400 (2017 - $400) was paid to non-controlling interests.

20. Other reserves

In prior years, the Board had made appropriations of retained earnings as detailed below. These represented amounts transferred from retained earnings balance on a resolution of the Board. In September 2018 the Board authorized these amounts to be released into unappropriated retained earnings.

(a) General reserve

The 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 to increase this reserve in the current or 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 to $2.2 million at September 30, 2017. No transfers were made to increase this reserve in the current or prior year.

21. 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, 2018	September 30, 2017
Equity attributable to owners of the parent	29,692	28,297
Borrowings	-	745
Cash and cash equivalents, net of bank overdraft	(3,591)	(2,900)
	26,101	26,142

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.

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

22. Commitments and contingencies

(a) Capital commitments:

There are no commitments for capital expenditure as of September 30, 2018 or 2017.

(b) Lease commitments:

There are no lease commitments as of September 30, 2018 or 2017

(c) Contingent liabilities:

There are no contingent liabilities to disclose as of September 30, 2018 or 2017.

23. Segmented information

The Company has identified its reportable segments based on the responsibility for the operations. Publishing and retail covers newspaper, online, magazine and directory publishing and the sale of stationery and office equipment. Commercial printing covers commercial and retail printing. 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.

2018	**Publishing and retail $**	**Commercial Printing $**	**Rental and other $**	**Inter-segment eliminations $**	**Total $**
Revenue from external customers	18,152	4,116	3,250	-	25,518
Revenue from internal customers	226	645	2,710	(3,581)	-
	18,378	4,761	5,960	(3,581)	25,518
Expenses	18,227	5,007	2,046	(3,581)	21,699
Depreciation and amortization	546	184	828	-	1,558
Interest expense	33	-	15	(21)	27
	18,806	5,191	2,889	(3,602)	23,284
Segment income (loss)	(428)	(430)	3,071	21	2,234
Finance income	5	-	27	(21)	11
Loss on sale of assets	-	-	(96)	-	(96)
Total income (loss)	(423)	(430)	3,002	-	2,149
Segment assets	9,258	1,542	28,532	(3,937)	35,395

Consolidated Notes for the Year Ended September 30, 2018
(Amounts in thousands of dollars)

2017	Publishing and retail $	Commercial Printing $	Rental and other $	Inter-segment eliminations $	Total $
Revenue from external customers	18,784	4,535	3,329	-	26,648
Revenue from internal customers	274	555	2,463	(3,292)	-
	19,058	5,090	5,792	(3,292)	26,648
Expenses	19,731	4,947	2,324	(3,292)	23,710
Depreciation and amortization	601	243	829	-	1,673
Interest expense	59	-	55	(32)	82
	20,391	5,190	3,208	(3,324)	25,465
Segment income (loss)	(1,333)	(100)	2,584	32	1,183
Finance income	22	-	37	(32)	27
Total income (loss)	(1,311)	(100)	2,621	-	1,210
Segment assets	8,902	1,468	28,770	(3,946)	35,194

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.

Non-controlling interests

As described in Note 1, non-controlling interests relate to 20% holding in Crown House Properties Limited. The assets, liabilities and results of Crown House Properties Limited are:

	2018	2017
Current assets	2,359	2,854
Non-current assets	9,085	8,692
Current liabilities	(301)	(478)
Non-current liabilities	-	-
Revenues	2,683	2,663
Net income/comprehensive income	2,074	2,165

24. Subsequent events

On October 2, 2018, the Company completed a transaction to acquire Crown House Properties Limited's minority shareholder, Par-la-Ville Holdings Ltd., for consideration of $3.66 million. As a result, Crown House Properties Limited became a wholly owned subsidiary of the Company.

As disclosed in Note 11, as part of the Company's financing of this transaction a new term loan agreement was entered into in September 2018.

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