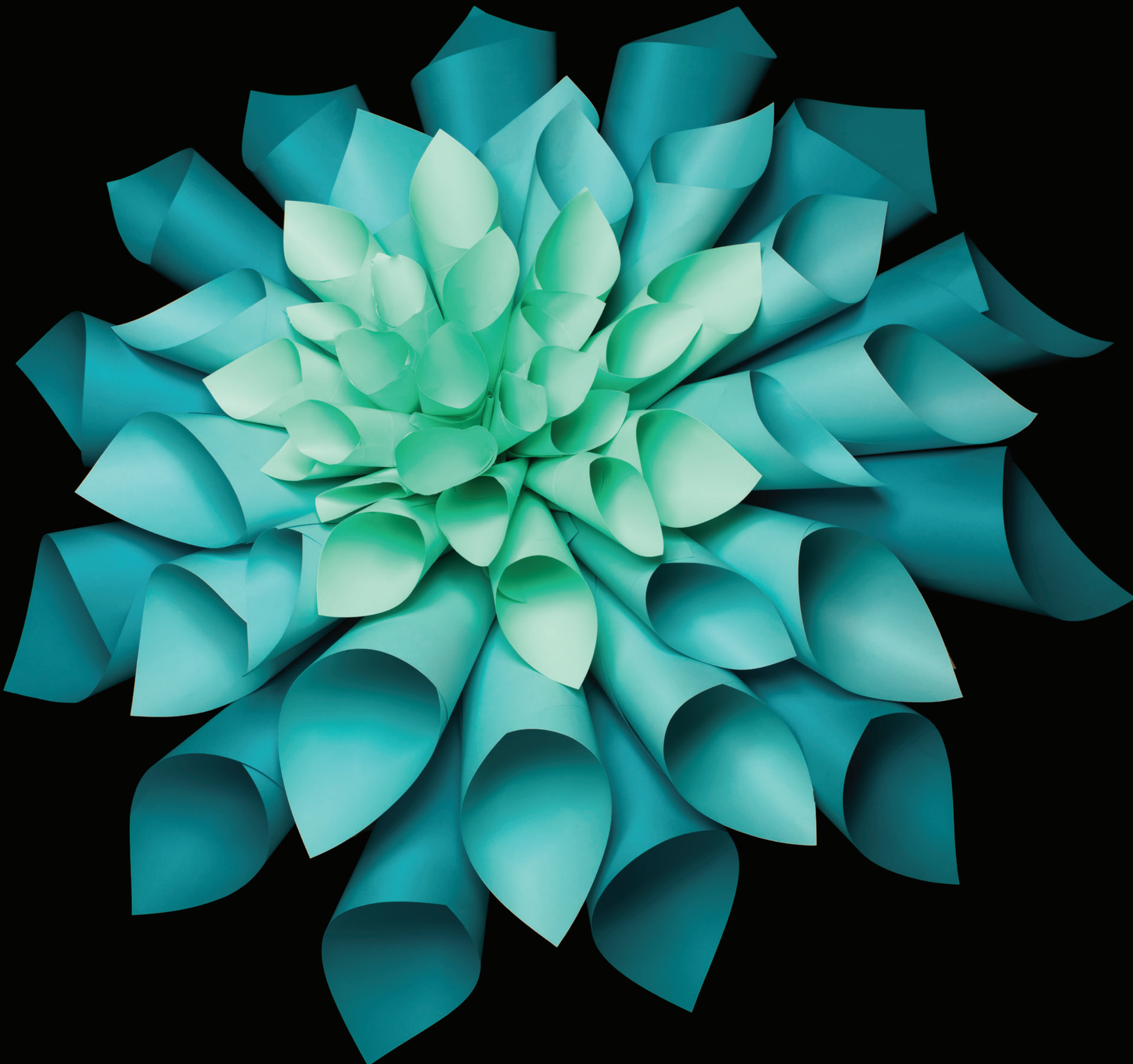

GROWING OUR FUTURE

THE BERMUDA PRESS (HOLDINGS) LIMITED | ANNUAL REPORT 2019

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

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Contents

The Bermuda Press (Holdings) Limited

ANNUAL **REPORT** | 2019

Report to Shareholders

As one of the oldest companies in Bermuda, I feel it is incumbent on us to encourage, assist and highlight to the Government, and the country, that we are not moving rapidly enough to address the economic issues we are facing.

Bermuda is at an inflection point. Our population is contracting and economic growth opportunities are being limited by a declining customer base. The recent budget is being received as fair given our current economic challenges; however the Government seems to be struggling to make difficult decisions, especially as it relates to immigration reform.

As we reflect on the past decade it should be called the "lost decade". The challenges facing Bermuda, both internally and externally, have been continually kicked around in a scoreless game of political football at the expense of Bermudians and no decisive action has been taken. Instead we continue to perpetuate the culture of "No" and demonstrate that we are not capable of being bold, nimble or embracing change.

Last year I wrote that the best predictor of future behaviour is past behaviour. Unfortunately this could not have been more accurate. The inability of government to address the issues facing our economy is unacceptable and the sheer lack of will, or perhaps ability, to effect change is costing Bermudians dearly. It is time that all Bermudians stand up and demand action.

Immigration Reform – Three and a half years after the announcement of comprehensive immigration reform no changes have been enacted. The first step, arguably the least contentious of the many immigration reform topics, to recognise mixed-status families, has been delayed and is yet to be brought to the legislature.

Continued contraction in the number of jobs in the international business sector as a result of mergers, acquisitions and technology, combined with the number of retirees leaving Bermuda due to the cost of living, Bermudians relocating to the UK with young children and the simple fact that the birth rate of Bermudians is lower than the death rate means the population will continue to contract unless we take action. We must be prepared to welcome guest workers and foreign investors to become permanent members of our community.

Between 2012 and 2018 births exceeded deaths by 798. At the same time the population of Bermuda declined from 64,911 to 63,919 and the number of work permits fell by 37.5% or 5,635. The decline in population is having a ripple effect in the economy and impedes the ability of all local businesses to remain viable. Many in the business community believe that the true population of Bermuda is lower than what is being estimated by reports from the Department of Statistics.

Bermudians cannot continue to sit by idly and allow changes in policies and procedures relating to the issuance of work permits that make attracting talent more difficult. We must focus on making residing in Bermuda more attractive with real immigration reform based on plans to stabilise and grow the population. Senior executives and their families, who have been resident in Bermuda for many years and are net positive contributors to the economy; we must retain these people.

Additionally we must consider alternative options to attract wealthy individuals to Bermuda. Commercial tourism and immigration both offer economic benefit to Bermuda and can be structured in a way that does not present any risk of disadvantaging Bermudians in the job market. Many other jurisdictions have experienced the benefits of welcoming family offices and wealthy individuals wishing to retire to a warmer climate. The investigative reporting series comparing the trajectory of the Cayman Islands and Bermuda offers valuable insight and proof that action and policy have enhanced Cayman's competitiveness demonstrably in a short period of time. We would be wise to incorporate several of these policies into Bermuda as a matter of priority as further delays will mean opportunities are lost to other jurisdictions.

Education – For more than two decades the education system in Bermuda has failed to provide our youth with the quality of education and skills required to compete and excel in the local economy. The reliance on expatriate workers to make up skill-set gaps is a significant contributor to the social and economic divide between expatriates and Bermudians.

Government should be recognized for making the bold decision to phase out middle schools. Unfortunately, this does not address the quality of the education a student receives. There are many options that need to be explored, such as providing vouchers to local private schools or overseas boarding schools. The cost of such a system, if we were to guarantee a certain number of students per school, is comparable to what it costs us to educate a student in Bermuda and the quality of education is higher. Thinking outside the box to reform the education system should be the number one priority of our government, regardless of who the ruling party is, as the problem has persisted for far too long. Decisive action must be taken to deliver excellence in education or another generation of our children will be economically disadvantaged in the local economy.

Health Care - The escalating cost of healthcare in Bermuda is a significant challenge for businesses. The recently announced changes to healthcare insurance without addressing the true underlying issues that are the root cause of our costly healthcare system is not addressing the crux of the issue. Replacing the insurance companies with a national scheme does not lower the overall cost of health care and will result in a number of job losses at insurance companies while potentially increasing jobs in the civil service.

Pension Reform - Bermudians and expatriates should be equitably treated in the handling of pension contributions by employers. The mandatory inclusion of expats in the proposed pension amendments means that businesses have no commercial advantage hiring non-Bermudians into the workforce. However, tax implications for foreign workers must be taken into consideration to ensure that as a jurisdiction we are competitive and able to attract talent. Additionally, the proposed temporary reduction in contributions, which would have compounded over time, is simply pushing the problem of retirement benefits into the future. Another cause for concern is the proposed mandatory local investment as Bermuda has limited investment opportunities with low risk and pension assets must be safeguarded from high-risk losses.

Economic Substance - The recent announcement that Bermuda has been removed from EU watch list and is fully compliant with tax standards is positive news for Bermuda. Our removal from the 'blacklist' in 2019 and the 'grey list' in 2020 means we will remain the jurisdiction of choice for existing and future international business operations. In recent months, there has been a noted increase in the number of tenants looking for smaller office space and while this may not initially create employment opportunities, it will have a positive impact on the commercial real estate market as companies seek to comply with economic substance regulations.

Foreign Investment – The new proposed changes to the 60/40 ownership rule, which will allow up to 60 percent (40/60) of a Bermuda company to be owned by a foreign entity, is another bold step by our government, and a move in the right direction. Government should be applauded for taking action. However, the mandate that 60 percent of the board must be Bermudian may thwart the desired effect of attracting significant foreign capital.

Cost of Living – The recent announcement of a reduction in electricity costs is a start; however the sugar tax, increases in land tax, introduction of a dividend tax and inflation considerably outweigh the impact of any reduction in the cost of living from electricity pricing. Bermuda remains one of the most expensive places in the world to live and increases in operating costs as a result of taxes and the fact that we are dependent on importing raw materials from other jurisdictions is making it impossible for local businesses to remain profitable and competitive.

Two-Pillar Economy – For too long, Bermuda has relied on a two-pillar economy. The hype surrounding diversification as a result of fintech has faded. Bermuda continues to have failed in taking bold steps to grow the economy and without economic growth and diversification that encourages inward foreign investment, our economy struggles.

Reflecting again on the recent articles in The Royal Gazette, the economic growth in the Cayman Islands is a result of their government's decisive action to grow the economy by building new economic pillars, increasing the population, and encouraging inward foreign investment. There have been issues in Cayman associated with the growth and ensuring that the average Caymanian is benefiting, a topic that obviously resonates in Bermuda based on our government's slogan of "Bermudians first". However, a stagnant economy, with a low business confidence score, a lack of both direction and the will to make decisions and effect change, means that we will not see economic prosperity and the average Bermudian will see an erosion of their financial wellbeing.

Bermuda needs bold leadership and to put aside political differences and partisan politics as we begin the next decade.

Significant Milestones

The management of our real estate operations required a considerable amount of time during the year. Crown House Properties experienced significant tenancy changes as the ground floor space was vacated by our anchor tenant in March. In May a new tenant took most of the vacated space with major renovations having been completed. Additionally, we secured a tenant for the first floor space in the Roger Davidson building, vacated by the Stationery Store in October, commencing April 1, 2020, and the second floor of the Roger Davidson building was completely gutted and refreshed in order to make it marketable and we anticipate finding a new tenant for this space in 2020.

The Stationery Store was relocated and now shares space with Bermuda Press Digital on the lower floor of the Roger Davidson building. We leveraged our signage operation to ensure that customers were well aware of the relocation. The reduction in the footprint of the retail operation was strategic and part of the strategy to combine the on-demand retail printing and the stationery supply operations into one functional business unit, much like the "Fedex Office" model in other jurisdictions.

During 2019 your Board and management also focused on building a digital first strategy for The Royal Gazette. For many years management has worked tirelessly to find efficiencies and manage costs to combat declining advertising revenues. At the same time, we have been discussing the opportunity and timing of a digital first strategy. Your Board concluded that the environment was right and has taken the decision to transform the publishing division to a digital first platform with an integrated subscription platform. The new software platform was selected in late 2019 and during the first half of 2020 the new systems are being installed and management are implementing the changes to the business model. The

Royal Gazette will continue to print a daily newspaper and the editorial team will focus on continuing to produce the highest quality of reporting.

A review of the equipment at Bermuda Press resulted in the decision to install two new Canon digital presses. We were able to obtain a reduced duty rate on the new equipment from the Government. The new presses will replace the aging existing machines; will offer new inline binding options for customers, increase print quality and capacity to produce digital print jobs, a growing segment of the print business. We also continue to see growth in the large format print segment that we entered three years ago, and will continue to develop production capacity in this area.

The Road Ahead

The major strategic decisions of 2019 are now being executed and your Board will focus on ensuring these decisions are well implemented and iterated by management as they launch the digital first strategy. The goal is to grow subscription revenues through the introduction of a paywall to monetise our online content, while at the same time maintaining the printed newspaper. We believe this is the right strategy and now is the right time as it will ensure the future success of the newspaper.

Technology will continue to change the world and the importance of independent, unbiased journalism from a trusted source has never been more important. Fake news is everywhere and we must continue to offer our audience a timely, reliable and trusted source for news.

Your Company will continue to regularly review its business operations and make changes to ensure success. Management is focused on the core product lines and is strategically planning for an increasingly digital future.

We will continue the focus of reducing our footprint in non-core businesses and concentrate our attention on printing, publishing and real estate, while exploring new opportunities to further diversify your company and enhance shareholder value. The reality for your Company is that in the absence of healthy local economic growth, certain business divisions will struggle to be profitable and we will mitigate and manage this risk.

Financial Performance

In 2019, your Company's revenue decreased to $23,016,000 as compared with $25,518,000 in the previous year, and expense reductions amounted to $1,171,000 during the year. The decline in revenues can be attributed to the renegotiation of leases to retain tenants and advertising revenue declines at The Royal Gazette. All of our divisions are heavily dependent on the local economy, and the continued stagnant economic climate is causing contraction.

On a positive note, we have maintained a high level of occupancy in our commercial real estate operations and this revenue will provide the resources required to transition the remaining businesses for the future.

We continue to focus on the profitability of the Group's subsidiaries and we are continuing to make significant changes to the subsidiary operations. The Board regularly reviews the operating results of all divisions and will exit loss-making operations.

Many of our real estate holdings are aging and we have been, and will continue to, make investments 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 of Crown House and the second floor of the Roger Davidson building. Management are working diligently to ensure we secure new tenants for all vacant spaces.

The Board of Directors continuously reviews the Company's ability to pay dividends and maintained the $0.07 per share quarterly dividend throughout 2019. Dividends declared during the year (October 2018 to September 2019) amounted to 28 cents per share compared with 26 cents in 2017-18 and represents a 3.5% yield based on the present share price of $8.00. The Board will continue to review your Company's performance and expects to maintain and ultimately increase dividend payments to shareholders in future years.

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 107,311 shares at 30 September 2019.

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 $8.00. As previously noted, the Board will continue to review your Company's performance and expects to maintain the current dividend rate this year and further increase the dividend payments to shareholders in future years.

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

Your Company

The Board would also like to acknowledge the continuing efforts of Mr Jonathan Howes, your Chief Executive Officer, and Mr Cameron Poland, your Chief Financial Officer. They continue to work tirelessly to ensure we are evolving and adapting operations and are profitable. Both have a "hands-on" approach and are completely 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.

I began this report to you by noting some of the challenges facing Bermuda. I will conclude by announcing my intent to retire from the Board this year. I joined your Board in 1997 and have served as your chairman for the past 6 years. You placed your trust in me as a Director and I have been fortunate to participate in the significant changes that the Board has led, for that I thank you. As I prepare to retire from your Board I feel your Company is in good hands and well positioned for the future.

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)

	2019	2018	2017	2016	2015
Operating revenue	23,016	25,518	26,648	26,617	27,213
Operating expenses	22,086	23,257	25,383	25,259	26,557
Operating profit (loss)	930	2,261	1,265	1,358	656
Finance income	6	11	27	18	15
Finance costs	(128)	(27)	(82)	(113)	(157)
(Loss) gain on disposal of assets	(70)	(96)	-	1	-
Profit (loss) for the year	738	2,149	1,210	1,264	514
Profit (loss) attributable to:					
Equity holders of the company	738	1,734	777	824	33
Non-controlling interests	-	415	433	440	481
Current assets	8,580	10,720	10,191	9,833	9,653
Financial assets at fair value through other comprehensive income	233	178	141	131	121
Investment in leases	542	1,019	1,312	1,197	1,379
Property, plant and equipment	4,203	4,342	4,602	4,910	5,345
Investment properties	15,090	14,418	14,230	14,715	15,324
Goodwill	4,718	4,718	4,718	4,718	4,718
	33,366	35,395	35,194	35,504	36,540
Current liabilities	3,480	3,448	4,298	4,751	6,079
Borrowings - non-current	1,309	-	359	741	1,108
Equity attributable to owners of the parent	28,577	29,692	28,297	27,805	27,186
Minority interest	-	2,255	2,240	2,207	2,167
	33,366	35,395	35,194	35,504	36,540
Additions to goodwill	-	-	-	-	-
Additions to capital assets	2,122	1,582	880	740	583
Cash dividends paid	400	343	286	141	-
Number of issued ordinary shares	1,426,977	1,427,521	1,428,550	1,429,556	1,430,245
Profit (loss) attributable to equity holders of the company per share	0.52	1.21	0.54	0.58	0.02
Cash dividend paid per share	0.28	0.26	0.20	0.10	-
Shareholders' equity per share	20.03	20.80	19.81	19.45	19.01
Profit (loss) attributable to equity holders of the company as a percentage of revenue	3.2%	6.8%	2.9%	3.1%	0.1%
Profit (loss) attributable to equity holders of the company as a percentage of shareholders' equity	2.6%	5.8%	2.7%	3.0%	0.1%

The Bermuda Press (Holdings) Limited

FINANCIAL **STATEMENTS**

September 30, 2019

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, 2019, 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, 2019;
- 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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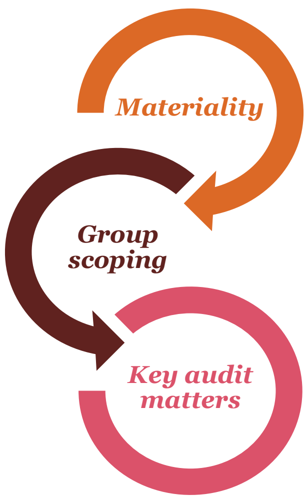
Our audit approach

Overview



- Overall group materiality: $230,000 which approximates 1% of total revenues.

- 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.

- 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 Group is structured into three segments (see Note 23 to the consolidated financial statements) and is a consolidation of 14 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, Industrial Electronic Controls Limited and Crown House Holdings Ltd. for the purposes of risk assessment as these components were determined to be financially inconsequential.

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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	$230,000
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 $11,500, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters
Key audit matters are those matters that, in our professional 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), 2(d)(iii) and 9 of the consolidated financial statements for detail of goodwill balance.* As at September 30, 2019, 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 future 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, and evaluated management's explanations and support for deviations from previous forecasts. 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.

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 20, 2019

Consolidated Balance Sheet

As at September 30, 2019

(Amounts in thousands of dollars)

	Notes	2019	2018
ASSETS			
Current assets			
Cash and cash equivalents		2,094	3,591
Trade receivables	3	2,734	2,758
Other current assets	3	1,321	1,769
Inventories	4	2,431	2,602
		8,580	10,720
Non-current assets			
Financial assets at fair value through other comprehensive income	5	233	178
Investment in leases	6	542	1,019
Property, plant and equipment	7	4,203	4,342
Investment properties	8	15,090	14,418
Goodwill	9	4,718	4,718
Total assets		33,366	35,395
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable and accrued liabilities	10	1,984	2,278
Contract liabilities – unearned income	25	1,025	1,070
Borrowings	11	371	-
Dividends payable	19	100	100
		3,480	3,448
Non-current liabilities			
Borrowings	11	1,309	-
Total liabilities		4,789	3,448
Equity attributable to owners of the parent			
Share capital	18	3,425	3,426
Share premium	18	1,675	1,673
Other comprehensive income	18	167	112
Retained earnings		23,310	24,481
		28,577	29,692
Non-controlling interest	24	-	2,255
Total equity		28,577	31,947
Total liabilities and equity		33,366	35,395

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

Consolidated Statement of Comprehensive Income

For the year ended September 30, 2019

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

	Notes	2019	2018
Operating revenue			
Publishing and retail	23	15,649	18,152
Commercial printing	23	4,165	4,116
Rental	23	2,938	3,030
Other	23,6	264	220
		23,016	25,518
Operating expenses			
Payroll and employee benefits	16	13,009	13,685
Materials, merchandise and supplies		3,416	4,080
Administrative expenses	17	4,142	3,934
Depreciation and amortization	7,8	1,519	1,558
		22,086	23,257
Operating profit		930	2,261
Finance income	5	6	11
Finance costs	11	(128)	(27)
Loss on disposal of assets	7,8	(70)	(96)
Profit for the year		738	2,149
Profit attributable to:			
Equity holders of the company		738	1,734
Non-controlling interests		-	415
		738	2,149
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss			
Changes in fair value of equity investments at fair value through other comprehensive income	5	55	37
Total comprehensive income for the year		793	2,186
Comprehensive income attributable to:			
Equity holders of the company		793	1,771
Non-controlling interests		-	415
		793	2,186
Earnings per share:			
Basic and diluted	19	0.52	1.21

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

Consolidated Statement of Changes in Equity

For the year ended September 30, 2019

(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, 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
Profit for the year		-	-	-	738	-	738	-	738
Other comprehensive income	5	-	-	-	-	55	55	-	55
Total comprehensive income		-	-	-	738	55	793	-	793
Purchase of treasury shares	18	(9)	(12)	-	-	-	(21)	-	(21)
Issuance of treasury shares	18	8	14	-	-	-	22	-	22
Acquisition of non-controlling interest	24	-	-	-	(1,509)	-	(1,509)	(2,255)	(3,764)
Dividends	19	-	-	-	(400)	-	(400)	-	(400)
Balance as of September 30, 2019		3,425	1,675	-	23,310	167	28,577	-	28,577

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

Consolidated Statement of Cash Flows

For the year ended September 30, 2019

(Amounts in thousands of dollars)

	Notes	2019	2018
Cash flows from operating activities			
Profit for the year		738	2,149
Adjustments for:			
Depreciation and amortization	7,8	1,519	1,558
Finance income		(6)	(11)
Investment income received		-	5
Loss on property, plant and equipment		70	96
Changes in non-cash working capital:			
Trade and other receivables		472	235
Inventories		171	(73)
Accounts payable and accrued liabilities		(339)	(493)
Cash generated from operating activities		2,625	3,466
Cash flows used for investing activities			
Purchase of property, plant and equipment and investment properties	7,8	(2,122)	(1,582)
Dividends received on financial assets at fair value through other comprehensive income	5	6	6
Acquisition of non-controlling interest	24	(3,764)	-
Net movement in investments in leases	6	477	293
Net cash used for investing activities		(5,403)	(1,283)
Cash flows used for financing activities			
Issuance of treasury shares	18	22	44
Purchase of treasury shares	18	(21)	(48)
Proceeds from long term debt	11	2,000	-
Repayment of long term debt	11	(320)	(745)
Dividends paid to company's shareholders	19	(400)	(343)
Dividends paid to non-controlling interests	19	-	(400)
Net cash used for financing activities		1,281	(1,492)
(Decrease)/increase in cash and cash equivalents		(1,497)	691
Cash and cash equivalents at beginning of year		3,591	2,900
Cash and cash equivalents at end of year		2,094	3,591
Cash and cash equivalents comprises:			
Cash and cash equivalents at bank		2,094	3,591
Bank overdraft		-	-
		2,094	3,591

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

Consolidated Notes to the Financial Statements

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019

(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, 2019 %	September 30, 2018 %
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 (Note 24)	100	80
Crown House Holdings Ltd. (Note 24)	100	-
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 20, 2019.

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 financial assets at fair value through other comprehensive income.

(b) (i) New and amended standards adopted by the Company

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 Financial Instruments replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of IFRS 9 from October 1, 2018 resulted in the Company revising its impairment methodology in respect of its trade and other receivables to apply the "expected credit loss model". This replaced the "incurred loss model" and means that a loss event will no longer need to occur before an impairment loss is recognized. To measure expected credit losses, historic and forward looking assessments are performed.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

Trade and other receivables are written off when there is no reasonable expectation of recovery. Application of the expected credit loss model did not have a significant or material impact on the provision for trade and other receivables at October 1, 2018. The Company has considered the impact of IFRS 9 on its other financial assets and liabilities, with no impact noted at October 1, 2018. There were, therefore, no changes to the Company's consolidated financial statements as previously reported at September 30, 2018 as a result of the adoption of IFRS 9.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 supersedes IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five step model, outlined in Note 2(q) to account for revenue arising from contracts with customers and requires revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with customers. The standard also specifies the accounting for incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The standard requires additional disclosures.

The Company adopted IFRS 15 Revenue from Contracts with Customers on October 1, 2018 using the modified retrospective method. The Company elected the practical expedient to apply the new guidance only to contracts that were not substantially complete at the adoption date. There were no changes to the Company's Consolidated Financial Statements as previously reported at September 30, 2018 and for the year then ended as a result of the adoption of IFRS 15.

(ii) New standards and interpretations not yet adopted

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. The company is currently evaluating the impact to the consolidated financial statements of adoption of this standard.

(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 and assumptions about risk of default and expected loss rates based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

(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

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

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.

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:	4% contraction to 4% growth
Discount rate applied in cash flow projections	9.9%

An increase in the discount rate of 8.6% 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, Crown House Holdings Ltd., 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.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

(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: financial assets at amortized cost and financial assets at fair value through other comprehensive income. The classification depends on the purpose for which the financial assets were acquired and is determined upon initial recognition.

Financial assets at amortized cost are non-derivative financial assets whose objective is to collect contractual cash flows and whose contractual terms give rise to cash flows that are solely repayment of principal and interest. 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 financial assets at amortized cost comprise 'cash and cash equivalents', 'trade receivables' and 'investment in leases' in the balance sheet.

Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and which the Company has irrevocably elected at initial recognition to recognize in this category.

(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. Financial assets at fair value through other comprehensive income are subsequently carried at fair value. Financial assets at amortized cost are subsequently carried at amortized cost using the effective interest method.

Changes in the fair value of monetary securities classified as financial assets at fair value through other comprehensive income are recognized in other comprehensive income.

When securities classified as financial assets at fair value through other comprehensive income are sold, the accumulated fair value adjustments recognized in other comprehensive income is reclassified to retained earnings.

Interest on financial assets at fair value through other comprehensive income calculated using the effective interest method is recognized in the statement of comprehensive income as part of finance income. Dividends on financial assets at fair value through other comprehensive income 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) Financial 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.

For trade receivables and investment in leases, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime credit losses to be recognized from initial recognition of the receivable. To measure expected credit losses, receivables have been grouped based on shared credit risk characteristics and days past due. The expected loss rates are determined by reference to historic credit loss experience, as adjusted to reflect current and forward looking information or macro-economic factors affecting the ability of the customers to settle the receivables.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

When the Company considers that there are no realistic prospects of recovery of the assets, the relevant amounts are written off. If the amount of the impairment loss subsequently decreases, or amounts written off are subsequently recovered, the previously recognized impairment loss is credited to the consolidated statement of comprehensive income.

(ii) Assets classified as fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise equity instruments. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. See Note 2 (e)(ii).

(g) Cash and cash equivalents

Cash and cash equivalents consist 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) 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.

(j) Property, plant and equipment

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

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

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(k) Investment properties

Investment property is carried at cost. Depreciation is calculated on the straight-line method using rates based on the expected useful lives of the respective assets. Buildings are depreciated by their identifiable components over 10 to 50 years.

(l) Impairment of long-lived assets

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

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

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(m) 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.

(n) 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.

(o) Deferred costs

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

(p) Borrowings

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

(q) Revenue recognition

The Company earns revenue through its principal business activities outlined in Note 1 and recognizes revenue through the following steps:
1. Identification of the contract with the customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognize revenue when, or as, performance obligations are satisfied.

Advertising
Advertising revenue relates to amounts charged for space purchased in the Company's newspapers, magazines, websites and directories, and is recognized over time as the associated advertisement is published. The transaction price is based on published rates or by contractual agreement.

Circulation
Circulation revenue relates to the distribution of printed newspapers and online subscriptions with the transaction price based on fixed published rates. Revenue in respect of circulation is recognized at a point in time as printed newspapers are delivered to the customer, net of an estimated allowance for returns. Revenue in respect of subscriptions is recognized over time, on a monthly basis, as the Company provides the subscription service.

Retail sales
Revenue for retail sales is recognized at a point in time as the item is purchased by the customer. The transaction price is based on fixed point-of-sale pricing. Trade discounts are recognized at the point of sale.

Commercial printing
Job printing revenue relates to charges for printing services provided to third parties and is recognized at a point in time as the completed product is delivered to the customer. The transaction price is based on fixed pricing agreed with the customer prior to initiation of work.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

Rental income
Rental income from investment properties is recognized on a straight-line basis over time based on the terms of the lease. The transaction price is determined based on contractually agreed pricing. Lease incentives granted are recognized as an integral part of the total rental income over the term of the lease.

Equipment leasing and maintenance
Lease revenue for office equipment is recognized from delivery of the equipment, as the leases are accounted for as finance leases in accordance with IAS 17 - Leases. The transaction price is based on contractual agreement and the application of market interest rates.

(r) Contract Balances

Contract Assets
A contract asset is the right to consideration in exchange for goods or services transferred to the customer. A contract asset is recorded when the Company performs by transferring goods or services to a customer before the customer pays consideration or before the Company has invoiced the customer. The Company recognizes unconditional rights to consideration separately as a receivable.

Trade Receivables
A receivable represents amounts that have been billed to the customer and only the passage of time is required before payment of the consideration is due. Refer to the accounting policies of financial instruments in Note 2(c)(i) and 2(f)(i) for the Company's policy on trade receivables.

Contract Liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. A contract liability is recorded by the Company if a customer pays consideration before the Company transfers goods or services to the customer. Contract liabilities are recognized as revenue when the Company performs under the contract.

Contract obtainment and fulfillment costs
The Company pays commissions to employees for obtaining certain sales contracts. The Company has elected to apply the optional practical expedient for costs to obtain the contract which allows for the Company to immediately expense sales commissions because the amortization period of the asset that the Company otherwise would have used is one year or less.

(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.

3. Trade receivables and other current assets

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

	September 30, 2019	September 30, 2018
Balance, beginning of the year	140	156
Write-offs	(24)	(52)
Recoveries	(5)	(2)
Additions	120	38
Balance, end of the year	231	140

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

The ageing of trade receivables is as follows:

	September 30, 2019	Loss allowance	Expected loss rate
Current	1,549	(8)	0.5
30 days	471	(8)	1.7
60 days	262	(7)	2.7
90 days and over	683	(208)	30.5
	2,965	(231)	7.8
Allowance for doubtful accounts	(231)		
	2,734		

	September 30, 2018	Loss allowance	Expected loss rate
Current	1,520	(8)	0.5
30 days	567	(6)	1.1
60 days	268	(6)	2.2
90 days and over	543	(120)	22.1
	2,898	(140)	4.8
Allowance for doubtful accounts	(140)		
	2,758		

Other current assets comprise:

	September 30, 2019	September 30, 2018
Current portion of investment in leases (Note 6)	693	1,097
Prepaid insurance	45	107
Prepaid government taxes	9	26
Other prepaid assets	574	539
	1,321	1,769

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

4. Inventories

	September 30, 2019	September 30, 2018
Materials and supplies	1,187	1,036
Merchandise	1,404	1,689
Work-in-progress	4	14
Provision for obsolescence	(164)	(137)
	2,431	2,602

During the year, the Company expensed inventory totalling $3,587 (2018 - $4,007) as part of normal operations. Inventory written off during the year totalled $80 (2018 - $38) and is included in materials, merchandise and supplies on the consolidated statement of comprehensive income.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

5. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise equity securities listed in Bermuda whose fair value is determined by reference to their quoted market price.

	September 30, 2019	September 30, 2018
Balance, beginning of the year	178	141
Increase in fair value	55	37
Balance, end of year	233	178

Changes in fair value in the amount of $55 (2018 – $37) have been reflected in other comprehensive income.

Dividend income during the year was $6 (2018 - $6) and was included in finance income.

6. Investment in leases

	September 30, 2019	September 30, 2018
Total investment in finance leases	1,317	2,261
Unearned finance income	(82)	(145)
	1,235	2,116
Less allowance for doubtful receivables	-	-
Current portion included in trade and other receivables (Note 3)	(693)	(1,097)
Long-term portion	542	1,019

Finance income arising from the investments in leases amounted to $100 (2018 - $123) 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 $104 (2018 - $166).

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:

	2019 Finance leases	2019 Operating leases
2020	693	2,553
2021	421	2,513
2022	109	2,340
2023	12	1,968
2024 and later	-	7,827
	1,235	17,201

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

	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

7. Property, plant and equipment

	Land	Buildings	Machinery	Vehicles	Fixtures and equipment	Total
Cost:						
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
Additions	-	51	61	72	481	665
Disposals	-	-	(18)	(72)	(1,820)	(1,910)
September 30, 2019	393	4,297	15,223	348	3,357	23,618
Depreciation:						
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
Charge for the year	-	125	283	35	361	804
Depreciation on disposals	-	-	(18)	(72)	(1,820)	(1,910)
September 30, 2019	-	2,953	13,441	239	2,782	19,415
Net book value:						
September 30, 2018	393	1,418	2,004	72	455	4,342
September 30, 2019	393	1,344	1,782	109	575	4,203

At September 30, 2019 the Company had $11,677 (2018 - $12,624) in fully depreciated assets that were still in use.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(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, 2019	September 30, 2018
Cost	26,352	25,104
Accumulated depreciation	(11,262)	(10,686)
Net book value	15,090	14,418

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

	September 30, 2019	September 30, 2018
Balance, beginning of the year	14,418	14,230
Additions	1,457	893
Disposals	(209)	(169)
Depreciation on disposals	139	126
Depreciation	(715)	(662)
Balance, end of year	15,090	14,418

The fair value of the Company's investment properties is $24.8 million (2018 - $24.3 million). Fair value has been determined using discounted future cash flows for the Mills Creek, Roger Davidson and Crown House properties. The Company recognized $2,938 (2018 - $3,030) in rental income and $1,236 (2018 - $774) in operating expenses pertaining to its investment properties.

9. Goodwill

	September 30, 2019	September 30, 2018
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, 2019	September 30, 2018
Trade payables	436	536
Accrued liabilities	579	675
Accrued payroll liabilities	969	1,067
	1,984	2,278

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

11. Borrowings

	September 30, 2019	September 30, 2018
Current		
Third-party loan	371	-
		-
Non-current		
Third-party loan	1,309	-
Total Borrowings	1,680	-

(a) Bank overdraft

The Company has overdraft facilities totalling $1.6 million (2018 - $1.6 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% (2018 – 5.5%). 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 drew $2.0 million on the term loan during the year ended September 30, 2019 in connection with the purchase of the non-controlling interest in Crown House Properties Limited described in Note 24. The term loan of up to $2.0 million was entered into in September 2018 and bears interest at 6.5% and is repayable in equal monthly installments over 5 years from the date of drawdown. 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.

Interest expense for the year totaled $111 (2018: $nil)

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, 2019	September 30, 2018
Trade receivables	2,734	2,758
Investment in leases	1,235	2,116
Cash and cash equivalents	2,094	3,591
	6,063	8,465

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.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

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:

2019	Carrying amount	Contractual cash flows	Less than 1 year	1 - 2 Years	2 - 5 Years	More than 5 years
Accounts payable and accrued liabilities	3,009	3,009	3,009	-	-	-
Borrowings	1,680	1,918	470	470	978	-
Dividends payable	100	100	100	-	-	-
	4,789	5,027	3,579	470	978	-

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	-	-	-

The Company has $1.6 million in unutilised overdraft facilities as at 30 September 2019 (2018 - $1.6 million). Management has frameworks in place to monitor the Company's liquidity and ensure that banking covenants are complied with. The Company does not expect to encounter significant difficulties in meeting its financial liabilities.

(c) Market risk

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

(i) Foreign currency risk

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

(ii) Price risk

The Company is exposed to equity securities price risk because of investments held and classified at fair value through other comprehensive income. The fair value is determined by reference to their quoted market prices. A 10% movement in fair values of the investments would impact other comprehensive income by an increase of $23 (2018 - $18) or decrease of $23 (2018 - $18). 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.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

(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

A sensitivity analysis to interest rate risk is performed assuming the amount of liability for the bank overdraft and floating rate bank borrowings outstanding at the 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 year would be an increase of $17 or decrease of $17.

13. Financial instruments by category

	September 30, 2019		September 30, 2018	
	Financial assets at amortized cost $	Financial assets at fair value available through comprehensive income $	Financial assets at amortized cost $	Financial assets at fair value available through comprehensive income $
Assets				
Cash and cash equivalents	2,094	-	3,591	-
Financial assets at fair value through comprehensive income	-	233	-	178
Trade receivables and other current assets (excluding prepayments)	3,427	-	3,855	-
Investment in leases, non-current	542	-	1,019	-
Total	6,063	233	8,465	178

	September 30, 2019 Liabilities at amortized cost	September 30, 2018 Liabilities at amortized cost
Liabilities		
Borrowings	1,680	-
Accounts payable and accrued liabilities	1,984	2,278
Dividends payable	100	100
Total	3,464	2,378

14. Fair value of financial assets and liabilities

The carrying value reflected in the financial statements for cash and cash equivalents, trade receivables and other current assets, and accounts payable and accrued liabilities are assumed to approximate their fair values due to their short term nature. Equity investments, classified as financial assets at fair value through other comprehensive income, 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:

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

- 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, 2019.

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	233	-	-	233
Total assets	233	-	-	233

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
Financial assets at fair value through other comprehensive income	178	-	-	178
Total assets	178	-	-	178

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, 2019	September 30, 2018
Salaries, directors fees and short-term benefits	828	803
Post-employment benefits	26	25
Other long-term benefits	45	39
	899	867

16. Payroll and employee benefit expenses

	September 30, 2019	September 30, 2018
Wages and salaries	10,555	11,065
Termination benefits	8	114
Pension contributions – defined contribution plan	613	668
Other long-term benefits and taxes	1,833	1,838
	13,009	13,685

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

17. Administrative expenses

	September 30, 2019	September 30, 2018
Consultants and professional fees	255	283
Insurance	224	226
Taxes	164	131
Telecommunications and utilities	946	949
Other administrative expenses	2,553	2,345
	4,142	3,934

18. Share capital

	Number of shares	Ordinary shares ($'000)	Share premium ($'000)	Total ($'000)
At October 1, 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
Shares reissued	3,146	8	14	22
Shares repurchased	(3,690)	(9)	(12)	(21)
At September 30, 2019	1,426,977	3,425	1,675	5,100

The Company has authorized 3,300,000 (2018 – 3,300,000) common shares of par value $2.40 each.

The Company acquired 3,690 of its own shares during the year (2018 – 7,815) and the total amount paid to acquire these shares was $21 (2018 - $48). The company issued 3,146 shares (2018: 6,786) during the year with a value of $22 (2018 - $44) to satisfy accrued liabilities. The Company held 3,268 (2018 – 2,724) of 'treasury shares' at September 30, 2019.

All shares issued by the Company were fully paid.

The Company's other comprehensive income comprises accumulated changes in the fair value of equity investments held.

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, 2019	September 30, 2018
Profit attributable to common shareholders	738	1,734
Average number of common shares outstanding	1,427	1,428
Basic earnings per share	0.52	1.21

During the year the Company declared dividends of $400 (2018 - $372) to equity holders of the Company. This represents a payment of $0.28 per share (2018 - $0.26). There were no dilutive potential ordinary shares as at September 30, 2019 or 2018. Dividends payable were $100 at September 30, 2019 (2018 - $100).

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

During the year the Company's subsidiary, Crown House Properties Limited declared and paid dividends of $nil (2018 - $2,000) to which $nil (2018 - $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, 2019	September 30, 2018
Equity attributable to owners of the parent	28,577	29,692
Borrowings	1,680	-
Cash and cash equivalents, net of bank overdraft	(2,094)	(3,591)
	28,163	26,101

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.

22. Commitments and contingencies

(a) Capital commitments:

There are no commitments for capital expenditure as of September 30, 2019 or 2018.

(b) Lease commitments:

There are no lease commitments as of September 30, 2019 or 2018.

(c) Contingent liabilities:

There are no contingent liabilities to disclose as of September 30, 2019 or 2018.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

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.

2019	Publishing and retail $	Commercial Printing $	Rental and other $	Inter-segment eliminations $	Total $
Revenue from external customers	15,649	4,165	3,202	-	23,016
Revenue from internal customers	266	383	2,855	(3,504)	-
	15,915	4,548	6,057	(3,504)	23,016
Expenses	16,526	5,034	2,511	(3,504)	20,567
Depreciation and amortization	516	99	904	-	1,519
Interest expense	18	-	110	-	128
	17,060	5,133	3,525	(3,504)	22,214
Segment income (loss)	(1,145)	(585)	2,532	-	802
Finance income	6	-	-	-	6
Loss on sale of assets	-	-	(70)	-	(70)
Total income (loss)	(1,139)	(585)	2,462	-	738
Segment assets	8,396	1,654	30,902	(7,586)	33,366

Included in Publishing and retail revenue are Publishing revenues of $12,409 and Retail revenues of $3,240.

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

Included in Publishing and retail revenue are Publishing revenues of $13,884 and retail revenues of $4,268.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2019
(Amounts in thousands of dollars)

	2019	2018
Timing of revenue recognition:		
At a point in time	8,633	9,685
Over time	14,383	15,833
Revenue from external customers	23,016	25,518

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.

24. Acquisition of non-controlling interest

On October 2, 2018, the Company, via its subsidiary Crown House Holdings Ltd., completed a transaction to acquire the non-controlling interest from Crown House Properties Limited's minority shareholder, Par-la-Ville Holdings Ltd., for consideration, including associated costs, of $3.76 million. As a result, Crown House Properties Limited became a wholly owned subsidiary of the Company.

As the transaction did not impact the Company's control of Crown House Properties Limited, the difference between the consideration paid and the carrying value of the non-controlling interest at the transaction date was recorded within equity.

25. Revenue from contracts with customers

REMAINING LONG-TERM PROJECTS

The Company does not have any long-term contracts of greater than one year other than those related to leasing of equipment accounted for in accordance with IAS 17 Leases. Contracts in respect of remaining revenue streams are for one year or less and are billed in line with delivery of the associated goods or services. As permitted under IFRS 15, the transaction price allocated to unsatisfied contracts is not disclosed.

ASSETS RECOGNIZED FROM COSTS TO FULFILL A CONTRACT

The Company has not created any assets from costs to fulfill its contracts.

CONTRACT LIABILITIES

The Company's contract liabilities consist of unearned income totaling $1,025 (2018: $1,070). During the year the Company recognized in revenue the full amount of the contract liability balance at September 30, 2018.

The movement in the contract liabilities balance from September 30, 2018 to September 30, 2019 of $45 reflects the timing of payments received from customers. The Company expects 100% of the unearned income balance at September 30, 2019 to be earned in the year ended September 30, 2020.

26. Changes to prior period presentation

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

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