THE BERMUDA PRESS (HOLDINGS) LIMITED

ANNUAL REPORT 2020

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

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The Bermuda Press (Holdings) Limited

ANNUAL REPORT | 2020

Report to Shareholders

Over the 400-year human history of Bermuda, our beloved rock has weathered many a tempest from yellow fever to fevered growth, from bleak repression into civil rights, through wars both cold and hot, from carefree tourist haven to hardnosed business hub. Each of the trials and booms have tested our community in a way that's shaped Bermuda's national identity and our path into modernity. For close to two hundred years of that story, your Company has been there to report on Bermuda's history as it unfolds.

The past pandemic year is one of these historic trials that will be pivotal in Bermuda's future, and a tempest we are pleased to report that your Company has weathered.
Several years ago, our Board chairperson lamented that Bermuda often seemed too cautious and fearful to adopt change, with negative consequences on our economy and the prospects for Bermudians.

The scourge of COVID-19 has swept away many of Bermuda's options to coast along without making hard decisions.

The Government of Bermuda was forced, at great speed, to make difficult choices to find a balance between our community's public safety and our economic prosperity. We applaud the work that has been undertaken to protect our public health – knowing that the pandemic carnage endured by some countries would have devastated our isolated community. But at the same time, those measures have created an economic reckoning that Bermudians must now face together.

On an island, it is easy to assume that distant troubles will never wash upon our shores. COVID-19 arrived rapidly, leading to mandated lockdowns and major restrictions on travel and movement that left our tourism industry in crisis and our capital city empty. With the move to remote work for most professionals, the island's economy fell into a doldrums unique in our history with the retail and hospitality sectors at a standstill, and much of the service sector limping along.

Your Company was the loyal reporter of these vast calamities and hard won successes. At the same time, we were equally wounded as our customers, advertisers and subscribers tightened their purse-strings.

We recognise the hard choices faced by our leaders and commiserate the hardships and losses felt by our family, friends and neighbours. We are grateful for the sacrifices and commitment of our Company's staff in keeping the enterprise working through such challenging times. We applaud the kindness and cooperation of the community in extending a hand to our fellow Bermudians and island residents in these times of need.

As a result of the COVID-19 crisis, individuals, business and government all faced financial challenges. A third of Bermuda's workforce received unemployment benefits from government, and many more suffered from reduced income. The gap in government finances tore wider from falling payroll tax and customs duties, while expenses soared for emergency measures and financial guarantees. Our debt ceiling and borrowings are now at levels that were heretofore inconceivable in our lifetimes.

Turning Point for Bermuda

It's clear that Bermuda will be a changed place going forward. Along with the recovery, there is also the opportunity to reform areas that have fostered inequity (such as taxes) or burden (such as public sector inefficiency) or lost opportunity (such as education and immigration issues). These are changes that will affect generations.

We encourage our government to engage in fulsome consultation with all sectors of our community as they chart the course of our country's future. As Bermuda's dominant media outlet, we will maintain the trust the community places in us to fairly report on issues and shine light on both the island's successes and weaknesses.

These are among the most challenging times for our leaders, rife with complexity and tradeoffs in the face of fast changing circumstances. In such circumstances it is tempting to stage-manage the message and to push ahead on mandate.

However, we believe that Bermuda will be best served by active exchange of ideas and public debate, and assert that reliable, independent journalism is vital for the success of democracy in Bermuda. We thank you for your support, and for your criticism when we fall short.

Milestones for your Company

Your Company made sharp changes to remain operational during the COVID-19 crisis. Management constantly recast our forecasts and operating models as circumstances unfolded. We adapted to remote working methods, even in the deadline driven newsroom, and pivoted to comply with rapidly changing health and distancing protocols. Costs were reduced to limit the impact of significant declines in revenue streams.

During the lockdown and subsequent reopening phases, The Royal Gazette continued to produce a daily newspaper while the print and office supply divisions remained operational in support of essential businesses.

Through the recent years of economic stress in Bermuda, and the global challenges to the media sector, your Company has continued to find efficiencies and manage costs to combat declining revenues. As such, under the unique duress of the pandemic, further cost reductions were found by suspending certain business operations, and through the use of layoffs and wage reductions.

Not all milestones have been a struggle. In the year, your Company made important progress in the following areas:

- As traditional retail closed during the lockdown, The Stationery Store fast-launched online sales, with notable success. Staff from our commercial Office Solutions team supported our retail operations by making deliveries.

- The Royal Gazette continues its investment in the people and systems to meet the Digital First challenge. Our audience expect the same in-depth reporting of a print newspaper delivered electronically. This was evidenced as our web traffic soared to record-breaking levels over the last year.

- We undertook a detailed review and restructuring of operations at Bermuda Press to reduce administration costs and acquired new equipment to pursue opportunities in digital and large format printing.

Risks and The Road Ahead

Bermuda's economy has changed in myriad ways in the last 10 years, as dominant local institutions became appendages of multinationals, as the Internet changed every aspect of social and working life, and as our resident population peaked and contracted.

The pressures of these changes have been accentuated in every way by the COVID-19 pandemic. With its debt and deficit, our government will be challenged to provide economic stimulus to expedite the recovery of our economy, which will occur in pockets and in stages. As a result, some of our operating divisions will struggle to be profitable and we will have to mitigate and manage this risk. We will continue to evaluate our footprint in sectors where we see undue risk or systemic decline. We will maintain our sincere commitment to journalism and our supporting assets in real estate. We will explore new opportunities to diversify your Company and to enhance shareholder value. We acknowledge that journalism is under considerable pressure around the world. Larger news outlets have the benefit of scale and can adapt in ways beyond the means of a community-based newspaper like ours. However, we believe that independent media is essential to the civic health of a community and intend to evolve our media operations to serve a changing Bermuda. The Board supports management's plan to reposition The Royal Gazette for Digital First delivery with online subscriptions, while continuing to produce a printed newspaper.

We recognise that we must respect the trust that readers and subscribers place in us. The pandemic accelerated consumption of information online – even the government increased direct engagement through the use of CITV press conferences streamed over the Internet. The Internet is much tainted by floods of misinformation, fad and meme, churned out by predatory social media or messaging spin doctors. This reinforces the importance of unbiased journalism; Bermuda needs a trusted independent source for news that bolsters transparency and accountability.

Our staff took wage reductions to support the Company during the pandemic. Restoring wages may initially offset the benefit of an economic recovery. The operating subsidiaries have acknowledged the sacrifice made by staff and issued wage givebacks in months that operations realised positive cash flows.

Financial Performance

In 2020, the bitter impact of the pandemic was felt across all segments of your Company. Group revenue decreased to $18,704,000 from $23,016,000 in the previous year. The Company sought to counter that decline with operating expense reductions of $2,282,000 during the year.

Your Company is highly dependent on the local economy and the COVID-19 restrictions caused significant contraction of our revenues, including a $2,519,000 (16.1%) decline in advertising and retail revenue, a $1,537,000 (36.9%) decline in commercial printing and a $256,000 (8.0%) decline in tenant and other income.

The Company's net loss for 2020 was $2,963,000 compared with net income of $738,000 in 2019. The net loss contains a noncash write-off of $1,730,000 relating to the impairment of goodwill in commercial printing.

On a positive note, we continue to maintain a high level of occupancy in our real estate. The positive cash flow generated from real estate, combined with cost reductions in operating subsidiaries, resulted in your Company avoiding the need to borrow to fund operations. The Company generated positive cashflow and is positioned to take advantage of investment opportunities that arise in the future.

Due to the financial impact of the COVID-19 pandemic, the Board took the prudent decision to preserve capital by suspending the payment of a dividends. Dividends declared during the year (October 2019 to September 2020) amounted to 7 cents per share compared with 28 cents in 2018-19. This represents a 1.6% yield based on the present share price of $4.26. The Board will continue to review your Company's performance with the goal of reinstating the dividend to shareholders.

Governance and Your Board

The Board 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 Compensation Plan includes compensation in the form of 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

interest of all directors and officers of the Company in shares of the Company amounted to 110,751 shares at September 30, 2020.

We also confirm that no rights to subscribe to shares in the Company have been granted to, or exercised by, any director or officer. 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 is or was materially interested, either directly or indirectly.

Our Gratitude

We cannot over-emphasise the scale of the challenges faced by Bermuda and your Company over the past year, and the work that was required to maintain our operations. The Board is grateful for the sacrifices made by staff and the cooperation of our union partners in accepting wage reductions that allowed the Company to adapt and survive the downturn.

We underline the value of the trust that our readers place in us as a provider of information and analysis that adds value to our community. We also appreciate our business relationships with advertisers, customers, suppliers and tenants.

The Board acknowledges management's steady leadership and "hands on" approach that has been crucial in the Company's navigation of this challenging environment.

We value the support of our shareholders. Your company has evolved with Bermuda for close to 200 years and we will continue be part of Bermuda's bright future as it unfolds.

Stephen R. Davidson

Directors

Stephen R. Davidson

CHAIRPERSON AND DIRECTOR

Stephen R. Davidson is a co-founder of QuoVadis, now part of the world's leading provider of PKI solutions for online identity and encryption. He also sits on the board of the Bermuda End-to-End Charitable Trust. He is a graduate of Dartmouth College and Georgetown University.

Muriel Richardson

VICE CHAIRPERSON AND DIRECTOR

Muriel Richardson was 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.

Gavin R. Arton

DIRECTOR

Gavin R. Arton is a former international insurance company executive and currently serves as a director of or advisor to a number of Bermuda-based and international companies. He is a Fellow of the Institute of Directors.

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 Fellow of the Chartered Professional Accountants of Bermuda 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.

Chiara T. Nannini

DIRECTOR

Chiara T. Nannini is a Director 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.

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.

Stephen W. Thomson

DIRECTOR

Stephen W. Thomson was 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.

Financial Facts

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

	2020	**2019**	**2018**	2017	2016
Operating revenue	18,704	23,016	25,518	26,648	26,617
Operating expenses	19,804	22,086	23,257	25,383	25,259
Operating profit (loss)	(1,100)	930	2,261	1,265	1,358
Finance income	-	6	11	27	18
Finance costs	(111)	(128)	(27)	(82)	(113)
(Loss) gain on disposal and impairment of assets	(22)	(70)	(96)	-	1
Goodwill impairment loss	(1,730)	-	-	-	-
(Loss) profit for the year	(2,963)	738	2,149	1,210	1,264
(Loss) profit attributable to:					
Equity holders of the company	(2,963)	738	1,734	777	824
Non-controlling interests	-	-	415	433	440
Current assets	8,244	8,536	10,657	10,191	9,833
Available-for-sale financial assets	216	233	178	141	131
Investment in leases	288	503	937	1,312	1,197
Property, plant and equipment	4,013	4,203	4,342	4,602	4,910
Investment properties	14,613	15,090	14,418	14,230	14,715
Goodwill	2,988	4,718	4,718	4,718	4,718
	30,362	33,283	35,250	35,194	35,504
Current liabilities	3,884	3,397	3,303	4,298	4,751
Borrowings – non current	1,005	1,309	-	359	741
Equity attributable to owners of the parent	25,473	28,577	29,692	28,297	27,805
Minority interest	-	-	2,255	2,240	2,207
	33,362	33,283	35,250	35,194	35,504
Additions to capital assets	1,011	2,122	1,582	880	740
Cash dividends paid	200	400	343	286	141
Number of issued ordinary shares	1,421,168	1,426,977	1,427,521	1,428,550	1,429,556
(Loss) profit attributable to equity holders of the company per share	(2.08)	0.52	1.21	0.54	0.58
Cash dividend paid per share	0.14	0.28	0.24	0.20	0.10
Shareholders' equity per share	17.92	20.03	20.80	19.81	19.45
(Loss) profit attributable to equity holders of the company as a percentage of revenue	(15.8%)	3.2%	6.8%	2.9%	3.1%
(Loss) profit attributable to equity holders of the company as a percentage of shareholders' equity	(11.6%)	2.6%	5.8%	2.7%	3.0%

The Bermuda Press (Holdings) Limited

FINANCIAL **STATEMENTS**

September 30, 2020

The Bermuda Press (Holdings) Limited

Consolidated Financial Statements
(With Independent Auditor's Report Thereon)
September 30, 2020

The accompanying report of KPMG Audit Limited ("KPMG") is for the sole and exclusive use of The Bermuda Press (Holdings) Limited (the "Company").

No person, other than the Company, is authorized to rely upon the report of KPMG unless KPMG expressly so authorizes.

Furthermore, the report of KPMG is as of March 10, 2021, and KPMG has carried out no procedures of any nature subsequent to that date which in any way extends that date.

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Bermuda Press (Holdings) Limited

We have audited the accompanying consolidated financial statements of The Bermuda Press (Holdings) Limited and its subsidiaries (the "Company"), which comprise the consolidated balance sheet as at September 30, 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at September 30, 2020, and the results of its operations and its cash flows for the year then ended in accordance with IFRS.

Emphasis of matter

As discussed in Note 26 to the consolidated financial statements, the 2019 consolidated financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

KPMG

Other matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The report to shareholders is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

The accompanying consolidated financial statements of the Company as at September 30, 2019 and for the year then ended were audited by another auditor whose report thereon dated December 20, 2019 expressed an unmodified opinion on those consolidated financial statements, before the restatements to correct the misstatements described in Note 26 to the consolidated financial statements.

As part of our audit of the 2020 consolidated financial statements, we also audited the adjustments described in Note 26 that were applied to restate the 2019 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 consolidated financial statements of The Bermuda Press (Holdings) Limited and its subsidiaries other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 consolidated financial statements as a whole.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
March 10, 2021

Consolidated Balance Sheet

As at September 30, 2020

(Amounts in thousands of dollars)

	Notes	September 30, 2020	September 30, 2019 *As restated (Note 26)*	October 1, 2018 *As restated (Note 26)*
ASSETS				
Current assets				
Cash and cash equivalents		2,335	2,094	3,591
Trade receivables	3	2,358	2,734	2,758
Other current assets	3,6	1,188	1,277	1,706
Inventories	4	2,363	2,431	2,602
		8,244	8,536	10,657
Non-current assets				
Financial assets at fair value through other comprehensive income	5	216	233	178
Investment in leases	6	288	503	937
Property, plant and equipment	7	4,013	4,203	4,342
Investment properties	8	14,613	15,090	14,418
Goodwill	9	2,988	4,718	4,718
Total assets		30,362	33,283	35,250
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable and accrued liabilities	10	2,794	1,984	2,278
Contract liabilities – unearned income	24	694	942	925
Borrowings	11	396	371	-
Dividends payable	19	-	100	100
		3,884	3,397	3,303
Non-current liabilities				
Borrowings	11	1,005	1,309	-
Total liabilities		4,889	4,706	3,303
Equity attributable to owners of the company				
Share capital	18	3,411	3,425	3,426
Share premium	18	1,665	1,675	1,673
Other comprehensive income	18	150	167	112
Retained earnings		20,247	23,310	24,481
		25,473	28,577	29,692
Non-controlling interest		-	-	2,255
Total equity		25,473	28,577	31,947
Total liabilities and equity		30,362	33,283	35,250

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

Consolidated Statement of Comprehensive Income

For the year ended September 30, 2020

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

	Notes	2020	2019
Operating revenue			
Operating revenue			
Publishing and retail	22	13,130	15,649
Commercial printing	22	2,628	4,165
Rental	22	2,844	2,938
Other	6,22	102	264
		18,704	23,016
Operating expenses			
Payroll and employee benefits	16	11,274	13,009
Materials, merchandise and supplies		2,958	3,416
Administrative expenses	17	3,500	4,051
Impairment loss on trade receivables	3	416	91
Depreciation and amortization	7,8	1,656	1,519
		19,804	22,086
Operating (loss) profit		(1,100)	930
Finance income	5	-	6
Finance costs	11	(111)	(128)
Goodwill impairment loss	9	(1,730)	-
Loss on disposal of property, plant and equipment	7,8	(22)	(70)
(Loss) profit for the year		(2,963)	738
(Loss) profit attributable to:			
Equity holders of the company		(2,963)	738
Other comprehensive (loss) 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	(17)	55
Total comprehensive (loss) income for the year		(2,980)	793
Comprehensive (loss) income attributable to:			
Equity holders of the company		(2,980)	793
Earnings per share:			
Basic and diluted	19	(2.08)	0.52

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

Consolidated Statement of Changes in Equity

For the year ended September 30, 2020

(Amounts in thousands of dollars)

Attributable to equity holders of the company

	Notes	Share capital	Share premium	Retained earnings	Other comprehensive income	Total	Non-controlling interests	Total equity
Balance as at 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	23	-	-	(1,509)	-	(1,509)	(2,255)	(3,764)
Dividends	19	-	-	(400)	-	(400)	-	(400)
Balance as at September 30, 2019		**3,425**	**1,675**	**23,310**	**167**	**28,577**	**-**	**28,577**
Loss for the year		-	-	(2,963)	-	(2,963)	-	(2,963)
Other comprehensive loss	5	-	-	-	(17)	(17)	-	(17)
Total comprehensive loss		-	-	(2,963)	(17)	(2,980)	-	(2,980)
Purchase of treasury shares	18	(22)	(24)	-	-	(46)	-	(46)
Issuance of treasury shares	18	8	14	-	-	22	-	22
Dividends	19	-	-	(100)	-	(100)	-	(100)
Balance as at September 30, 2020		**3,411**	**1,665**	**20,247**	**150**	**25,473**	**-**	**25,473**

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

Consolidated Statement of Cash Flows

For the year ended September 30, 2020

(Amounts in thousands of dollars)

	Notes	2020	2019 *As restated (Note 26)*
Cash flows from operating activities			
(Loss) profit for the year		(2,963)	738
Adjustments for:			
Goodwill impairment loss	9	1,730	-
Depreciation and amortization	7,8	1,656	1,519
Finance income		-	(6)
Loss on disposal of property, plant and equipment		22	70
Changes in non-cash working capital:			
Trade and other receivables		465	453
Net movements in investments in leases	6	215	434
Inventories		68	171
Accounts payable and accrued liabilities		562	(277)
Cash generated from operating activities		1,755	3,102
Cash flows used for investing activities			
Purchase of property, plant and equipment and investment properties	7,8	(1,011)	(2,122)
Dividends received on financial assets at fair value through other comprehensive income	5	-	6
Net cash used for investing activities		(1,011)	(2,116)
Cash flows used for financing activities			
Issuance of treasury shares	18	22	22
Purchase of treasury shares	18	(46)	(21)
Proceeds from long-term debt	11	-	2,000
Repayment of long-term debt	11	(279)	(320)
Acquisition of non-controlling interest	23	-	(3.764)
Dividends paid to company's shareholders	19	(200)	(400)
Net cash used for financing activities		(503)	(2,483)
Increase (decrease) in cash and cash equivalents		241	(1,497)
Cash and cash equivalents at beginning of year		2,094	3,591
Cash and cash equivalents at end of year		2,335	2,094
Cash and cash equivalents comprise:			
Cash and cash equivalents at bank		2,335	2,094

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, 2020

(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, 2020 %	September 30, 2019 %
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 23)	100	100
Crown House Holdings Ltd. (Note 23)	100	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 March 10, 2021.

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 consolidated 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 16, Leases

IFRS 16, Leases was issued in January 2016 and is effective for reporting periods beginning on or after January 1, 2019 and replaces IAS 17, Leases. The Company adopted the standard in the accounting period beginning on October 1, 2019. Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4, Determining whether an Arrangement contains a Lease. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 2(i).

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On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after October 1, 2019.

As a lessee

Under the previous guidance in IAS 17, a lessee had to make a distinction between a finance lease and an operating lease at inception of the 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.

No significant impact to the consolidated financial statements occurred with the adoption of this standard.

As a lessor

The Company leases out investment property and equipment. The Company has classified leases of investment property as operating leases and leases of equipment as finance leases. The Company is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

Other standards

There were a number of amendments to standards that were effective for periods beginning on or after January 1, 2019. These amendments, which have had no impact on the consolidated financial statements, have been listed below:

- IFRIC 23, Uncertainty over Income Tax Treatments
- Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)
- Annual Improvements to IFRSs 2015-2017 Cycle (Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23).

(ii) New standards and interpretations not yet adopted

A number of new or amended standards are effective for annual periods beginning on or after January 1, 2020 and early adoption is permitted; however, the Company has not early adopted any of these new or amended standards in preparing these consolidated financial statements.

The following amended standards and interpretations are not expected to have a significant impact on the Company's consolidated financial statements.

- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)"

(c) Critical estimates and judgments

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

Estimates and judgments are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the year of the revision and future years, where applicable. Judgments made by management in the application of IFRS that have 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) 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 $nil (2019 - $1,730) is allocated following impairment loss of $1,730 recorded as at September 30, 2020.

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.

If the recoverable amount 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 5.5% or less would not result in an impairment charge to goodwill.

(d) Principles of consolidation

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 wholly owned 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.

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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.

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

Financial assets

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 business model for which the financial assets were acquired and is determined upon initial recognition. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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 consolidated 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.

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. Trade receivables are initially measured at the transaction price which reflects fair value. All other financial assets are initially recognized at fair value plus transaction costs. 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.

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.

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 and are never reclassified to profit or loss.

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.

Financial liabilities

The Company's financial liabilities comprise accounts payable, borrowings and dividends payable. The Company classifies its financial liabilities as amortized cost. The Company's financial liabilities are subsequently measured at amortized cost using the effective interest method.

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The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid is recognized in the consolidated statement of comprehensive income.

(f) Impairment of financial assets

Financial assets carried at amortized cost

The Company recognizes loss allowances or expected credit losses (“ECLs”) on financial assets measured 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.

The Company measures loss allowances at an amount equal to 12-month ECLs for cash and cash equivalents that are determined to have a low credit risk at the reporting date and for which credit risk has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 120 days past due. The Company considers a financial asset to be in default when a payment arrangement has not been reached or adhered to by the customer.

The Company considers an investment to have low credit risk when its credit risk rating is equivalent to BBB- or higher per Standard & Poor’s. 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-.

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 historical 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.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 120 days past due and a payment plan has not been reached or adhered to based on historical experience of recoveries of similar assets.

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).

(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 and excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Provision is made for obsolete or slow-moving inventories.

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(i) Investment in leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16. When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease and is included in publishing and retail revenue.

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 stand-alone selling price 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.

The Company applies the derecognition and impairment requirements of IFRS 9 to the net investment in the lease (Note 2(f)).

Generally, the accounting policies applicable to the Company as a lessor in the comparative period under IAS 17 were not different from IFRS 16.

(j) Property, plant and equipment

Items of property, plant and equipment are carried at historical cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Items of property, plant and equipment are depreciated from the date that they are ready for use. 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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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. Any gain of loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(k) Investment properties

Investment properties are properties that are primarily held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business.

Investment properties are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. 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.

The fair values of investment properties are disclosed in the notes to these consolidated financial statements. The fair values are assessed using internationally accepted valuation methods, such as taking comparable properties as a guide to current market prices or by applying the discounted cash flow method. The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets to determine if there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimate. Goodwill is tested annually for impairment (Note 2(d)).

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For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the cash flows expected from their use and eventual disposition, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. Any impairment loss would be determined as the excess of the carrying value of the assets over their recoverable amount and would be recognised in profit or loss.

(m) 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.

(n) 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.

(o) 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.

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.

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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 IFRS 16, Leases. The transaction price is based on contractual agreement and the application of market interest rates.

(p) 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 trade 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) 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.

(q) Dividend distribution

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

(r) 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 ECLs. The movement in the allowance is as follows:

	September 30, 2020	September 30, 2019
Balance, beginning of the year	231	140
Write-offs	(1)	(24)
Recoveries	-	(5)
Net re-measurement of loss allowance	417	120
Balance, end of the year	647	231

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The following tables provide information about the ageing of trade receivables and the exposure to credit risk and ECLs for trade receivables from individual customers:

	September 30, 2020	Loss allowance	Expected loss rate
Current	1,382	(41)	3.0
30 days	396	(36)	9.1
60 days	207	(33)	15.9
90 days and over	1,020	(537)	52.6
	3,005	(647)	21.5
Loss allowance	(647)		
	2,358		

	September 30, 2020	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
Loss allowance	(231)		
	2,734		

Loss rates are based on the actual credit loss experience over the past 3 years. These rates are multiplied by scalar factors to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions, impact of the COVID-19 global pandemic on the local economy and the Company's view of economic conditions over the expected lives of the receivables.

Other current assets comprise:

	September 30, 2020	September 30, 2019 *As restated (Note 26)*
Current portion of investment in leases (Note 6)	533	649
Prepaid insurance	61	45
Prepaid government taxes	33	9
Other prepaid assets	561	574
	1,188	1,277

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

4. Inventories

	September 30, 2020	September 30, 2019
Materials and supplies	1,187	1,187
Merchandise	1,407	1,404
Work-in-progress	4	4
Provision for obsolescence	(235)	(164)
	2,363	2,431

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During the year, the Company expensed inventory totalling $2,726 (2019 - $3,587) as part of normal operations. Inventory written off during the year totalled $45 (2019 - $80) and is included in materials, merchandise and supplies on the consolidated statement of comprehensive income.

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, 2020	September 30, 2019
Balance, beginning of the year	233	178
(Decrease) increase in fair value	(17)	55
Balance, end of year	216	233

Decreases in fair value in the amount of $17 (2019 – increase of $55) have been reflected in other comprehensive income.

Dividend income during the year was $nil (2019 - $6) and is included in finance income.

6. Investment in leases

	September 30, 2020	September 30, 2019 *As restated (Note 26)*
Total investment in finance leases	882	1,234
Unearned finance income	(61)	(82)
	821	1,152
Less allowance for doubtful receivables	-	-
Current portion included in trade and other receivables (Note 3)	(533)	(649)
Long-term portion	288	503

The loss allowance of $nil (2019 - $nil) has been determined considering the actual credit loss experience over the past 3 years which is then adjusted to reflect the difference between economic conditions during the period over which the historical data has been collected, current conditions, impact of the COVID-19 global pandemic on the local economy and the Company's view of economic conditions over the expected lives of the receivables.

Finance income arising from the investments in leases amounted to $83 (2019 - $100) 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 $100 (2019 - $104).

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:

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	2020 Finance leases	2020 Operating leases
2021	533	3,106
2022	205	2,829
2023	67	2,509
2024	16	1,756
2025	-	1,574
2026 and later	-	4,340
	821	16,114

	2019 Finance leases	2019 Operating leases
2020	649	3,018
2021	391	3,027
2022	101	2,734
2023	11	2,414
2024	-	1,661
2025 and later	-	5,804
	1,152	18,658

7. Property, plant and equipment

	Land	Buildings	Machinery	Vehicles	Fixtures and equipment	Total
Cost:						
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
Additions	-	52	190	-	420	662
Disposals	-	-	-	(20)	(1)	(21)
September 30, 2020	393	4,349	15,413	328	3,776	24,259
Depreciation:						
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
Charge for the year	-	135	436	31	250	852
Depreciation on disposals	-	-	-	(20)	(1)	(21)
September 30, 2020	-	3,088	13,877	250	3,031	20,246
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
September 30, 2020	393	1,261	1,536	78	745	4,013

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At September 30, 2020 the Company had $12,302 (2019 - $11,677) in fully depricated assets that were still in use.

8. Investment properties

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

	September 30, 2020	September 30, 2019
Cost	26,631	26,352
Accumulated depreciation	(12,018)	(11,262)
Net book value	14,613	15,090

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

	September 30, 2020	September 30, 2019
Balance, beginning of the year	15,090	14,418
Additions	349	1,457
Disposals	(70)	(209)
Depreciation on disposals	48	139
Depreciation	(804)	(715)
Balance, end of year	14,613	15,090

The fair value of the Company's investment properties is $28.1 million (2019 - $24.8 million). Fair value has been determined using discounted future cash flows for the Mills Creek, Roger Davidson and Crown House properties. The valuation model considers the present value of net cash flows to be generated from property taking into account occupancy rate. The expected net cash flows are discounted using a discount rate of 9.9%. The fair value measurement for investment property has been categorized as a level 3 fair value based on the inputs to the valuation technique used. The Company recognized $2,844 (2019 - $2,938) in rental income and $1,267 (2019 - $1,297) operating expenses pertaining to its investment properties. All properties generated rental income.

9. Goodwill

At year-end, management conducted an impairment review on the goodwill allocated to the publishing and retail and commercial printing CGU's as detailed in Note 2(c)(ii).

For the commercial printing CGU, the carrying amount was determined to be higher than its recoverable amount and an impairment loss of $1,730 was recognized. Following the impairment loss, the carrying value of goodwill was $nil (2019 - $1,730).

	September 30, 2020	September 30, 2019
Balance, beginning of year	4,718	4,718
Impairment loss	(1,730)	-
Balance, end of year	2,988	4,718

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10. Accounts payable and accrued liabilities

	September 30, 2020	September 30, 2019
Trade payables	330	436
Accrued liabilities	1,319	579
Accrued payroll liabilities	1,145	969
	2,794	1,984

11. Borrowings

	September 30, 2020	September 30, 2019
Current		
Third-party loan	396	371
Non-current		
Third-party loan	1,005	1,309
Total borrowings	1,401	1,680

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

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 $98 (2019: $111) and is included in finance costs in the consolidated statements of comprehensive income.

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, 2020	September 30, 2019
Trade receivables	2,358	2,734
Investment in leases	821	1,152
Cash and cash equivalents	2,335	2,094
	5,514	5,980

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, 2020
(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 keeping sufficient cash in its operating account.

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

September 30, 2020	Carrying amount	Contractual cash flows	Less than 1 year	1 - 2 Years	2 - 5 Years	More than 5 years
Accounts payable and accrued liabilities	2,794	2,794	2,794	-	-	-
Contract liabilities – unearned income	694	694	694	-	-	-
Borrowings	1,401	1,542	470	470	602	-
	4,889	5,030	3,958	470	602	-

September 30, 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	1,984	1,984	1,984	-	-	-
Contract liabilities – unearned income	942	942	942	-	-	-
Borrowings	1,680	1,918	470	470	978	-
Dividends payable	100	100	100	-	-	-
	4,706	4,944	3,496	470	978	-

(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 loss by a decrease of $22 (2019 – increase in other comprehensive income of $23) or increase of $22 (2019 – decrease in other comprehensive income of $23). 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, 2020
(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.

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 loss in the year would be a decrease of $7 or increase of $7 (2019 – increase of $17 or decrease of $17).

13. Financial instruments by category

	September 30, 2020		September 30, 2019	
	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	2,335	-	2,094	-
Financial assets at fair value through comprehensive income	-	216	-	233
Trade receivables and other current assets (excluding prepayments)	2,891	-	3,383	-
Investment in leases, non-current	288	-	503	-
Total	5,514	216	5,980	233

	September 30, 2020 Liabilities at amortized cost	September 30, 2019 Liabilities at amortized cost
Liabilities		
Borrowings	1,401	1,680
Accounts payable and accrued liabilities	2,794	1,984
Dividends payable	-	100
Total	4,195	3,764

14. Fair value of financial assets and liabilities

The carrying value reflected in the consolidated 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 fixed interest rate of 6.5%. The cost of all monetary assets and liabilities has been appropriately adjusted to reflect estimated losses on realization or discounts on settlement.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2020
(Amounts in thousands of dollars)

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Financial instruments in Level 1 are traded in an active market and their fair value is based on quoted market prices at the balance sheet date.

The following table presents the Company's assets that are measured at fair value at September 30, 2020.

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income	216	-	-	216
Total assets	216	-	-	216

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

15. Related parties

As disclosed in 2(d), 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:

	2020	2019
Salaries, directors' fees and short-term benefits	806	828
Post-employment benefits	19	26
Other long-term benefits	45	45
	870	899

16. Payroll and employee benefit expenses

	2020	2019
Wages and salaries	9,891	10,555
Termination benefits	-	8
Pension contributions – defined contribution plan	429	613
Other long-term benefits and taxes	954	1,833
	11,274	13,009

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2020
(Amounts in thousands of dollars)

17. Administrative expenses

	2020	2019
Consultants and professional fees	262	255
Insurance	211	224
Taxes	159	164
Telecommunications and utilities	791	946
Other administrative expenses	2,077	2,442
	3,500	4,031

18. Share capital

	Number of shares	Ordinary shares ($'000)	Share premium ($'000)	Total ($'000)
At October 1, 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
Shares reissued	3,440	8	14	22
Shares repurchased	(9,249)	(22)	(24)	(46)
At September 30, 2020	1,421,168	3,411	1,665	5,076

The Company has authorized 3,300,000 (2019 – 3,300,000) common shares of par value $2.40 each.

The Company acquired 9,249 of its own shares during the year (2019 - 3,690) and the total amount paid to acquire these shares was $46 (2019 - $21). The Company issued 3,440 shares (2019: 3,146) during the year with a value of $22 (2019 - $22) to satisfy accrued liabilities. The Company held 9,077 (2019 - 3,268) of 'treasury shares' at September 30, 2020.

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, 2020	September 30, 2019
(Loss) profit attributable to common shareholders	(2,963)	738
Average number of common shares outstanding	1,424	1,427
Basic and diluted (loss) earnings per share	(2.08)	0.52

During the year the Company declared dividends of $100 (2019 - $400) to equity holders of the Company. This represents a payment of $0.07 per share (2019 - $0.28). There were 6,233 potential dilutive ordinary shares as at September 30, 2020 (2019 - 3,440). Dividends payable were $nil at September 30, 2020 (2019 - $100).

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2020
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20. 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, 2020	September 30, 2019
Equity attributable to owners of the parent	25,473	28,577
Borrowings	1,401	1,680
Cash and cash equivalents, net of bank overdraft	(2,335)	(2,094)
	24,539	28,163

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 year. The Company is not subject to any external capital requirements.

21. Commitments and contingencies

(a) Capital commitments:

There were no commitments for capital expenditure as at September 30, 2020 or 2019.

(b) Lease commitments:

There were no lease commitments as at September 30, 2020 or 2019.

(c) Contingent liabilities:

There were no contingent liabilities to disclose as at September 30, 2020 or 2019.

22. Segmented infomation

The Company has identified its reportable segments based on its separate products and services. 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.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2020

(Amounts in thousands of dollars)

September 30, 2020	Publishing and retail $	Commercial Printing $	Rental and other $	Inter-segment eliminations $	Total $
Revenue from external customers	13,130	2,628	2,946	-	18,704
Revenue from internal customers	470	196	2,797	(3,463)	-
	13,600	2,824	5,743	(3,463)	18,704
Expenses	14,846	4,077	2,635	(3,410)	18,148
Depreciation and amortization	495	102	1,059	-	1,656
Interest expense	13	-	105	(7)	111
	15,354	4,179	3,799	(3,417)	19,915
Segment (loss) income	(1,754)	(1,355)	1,944	(46)	(1,211)
Finance income	-	-	-	-	-
Loss on impairment of goodwill	-	-	(1,730)	-	(1,730)
Loss on sale of assets	-	-	(22)	-	(22)
Total (loss) income	(1,754)	(1,355)	192	(46)	(2,963)
Segment assets	7,012	1,203	35,081	(12,934)	30,362
Segrment liabilities	2,323	471	2,501	(406)	4,889

Included in Publishing and retail revenue are Publishing revenues of $10,337 and Retail revenues of $3,263.

September 30, 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	8,313	1,654	35,620	(12,304)	33,283
Segment liabilities	2,140	322	2,244	-	4,706

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2020
(Amounts in thousands of dollars)

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

	2020	2019
Timing of revenue recognition:		
At a point in time	7,002	8,633
Over time	11,702	14,383
Revenue from external customers	18,704	23,016

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.

23. 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.

24. Revenue from contracts with customers

Remaining long-term contracts

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 IFRS 16, 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 $694 (2019 - $942). During the year the Company recognized in revenue the full amount of the contract liability balance at September 30, 2019.

The movement in the contract liabilities balance from September 30, 2019 to September 30, 2020 of $248 reflects the timing of payments received from customers. The Company expects 100% of the unearned income balance at September 30, 2020 to be earned in the year ended September 30, 2021.

25. Subsequent events

On March 11, 2020, the World Health Organization officially declared the outbreak of COVID-19 a global pandemic, and the Company considers the emergence and subsequent spread of COVID-19 to be a non-adjusting event after the reporting period. The rapid development and fluidity of this situation precludes any prediction as to its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. Management is closely monitoring the evolution of this pandemic, including how it may affect the economy, supply chain and general population. COVID-19 has caused significant disruption to businesses and economic activity in Bermuda and has resulted in a number of people being furloughed or laid off. Given the inherent uncertainties, it is not practicable at this time to determine the impact of COVID-19 on future financial performance of the Company, or to provide a quantitative estimate of this impact which could potentially be significant.

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2020
(Amounts in thousands of dollars)

To date, the Company has observed a reduction in its publishing and retail and commercial printing revenues. The net effect has been a reduction to the operational activity for both primary operating segments, and as a result the Company has taken action to reduce its operating costs where possible to offset against the impact of this reduction. The Company expects COVID-19 to have a significant negative impact on its operating results for the foreseeable future. However, based on its current operations subsequent to the year-end, and future operating budgets, financial forecasts and cashflow projections, management expects the level of activity will be sufficient to enable the Company to continue to adopt the going concern basis in preparing its consolidated financial statements.

26. Prior year restatement

During the year ended September 30, 2020, it was determined that the balances included within other current assets and investment in leases on the Company's consolidated balance sheet as at September 30, 2019 were not discounted at the interest rate implicit in the underlying leases, therefore representing the gross investment in leases rather than net. As a consequence, other current assets and investment in leases and the related contract liabilities were overstated.

Additionally, the consolidated statement of cashflows for the year ended September 30, 2019 has been restated for the following reclassifications:

- Acquisition of non-controlling interest costs have been reclassified from 'Net cash used for investing activities to 'Net cash used for financing activities'
- Net movement in investment in leases has been reclassified from 'Net cash used for investing activities' to 'Cash generated from operating activities' to reflect that the cash flows are a result of principal revenue producing activities of the Company.

The errors have been corrected by restating each of the affected financial statement line items for prior periods. The following table summarizes the impact on the Company's consolidated financial statements:

(a) Consolidated balance sheet

	As previously reported	Adjustments	As restated
October 1, 2018			
Other current assets	1,769	(63)	1,706
Investments in leases	1,019	(82)	937
Total assets	35,395	(145)	35,250
Contract liabilities – unearned income	1,070	(145)	925
Total liabilities	3,448	(145)	3,303
September 30, 2019			
Other current assets	1,321	(44)	1,277
Investments in leases	542	(39)	503
Total assets	33,366	(83)	33,283
Contract liabilities – unearned income	1,025	(83)	942
Total liabilities	4,789	(83)	4,706

Consolidated Notes to the Financial Statements for the Year Ended September 30, 2020
(Amounts in thousands of dollars)

(b) Consolidated statement of cash flows

	As previousy reported	Adjustments	As restated
September 30, 2019			
Cash generated from operating activities	2,625	477	3,102
Net cash used for investing activities	(5,403)	3,287	(2,116)
Net cash generated by (used for) financing activities	1,281	(3,764)	(2,483)

There was no impact of the prior year restatement on the Company's previously reported equity and comprehensive income as at and for the year ended September 30, 2019, as previously reported.

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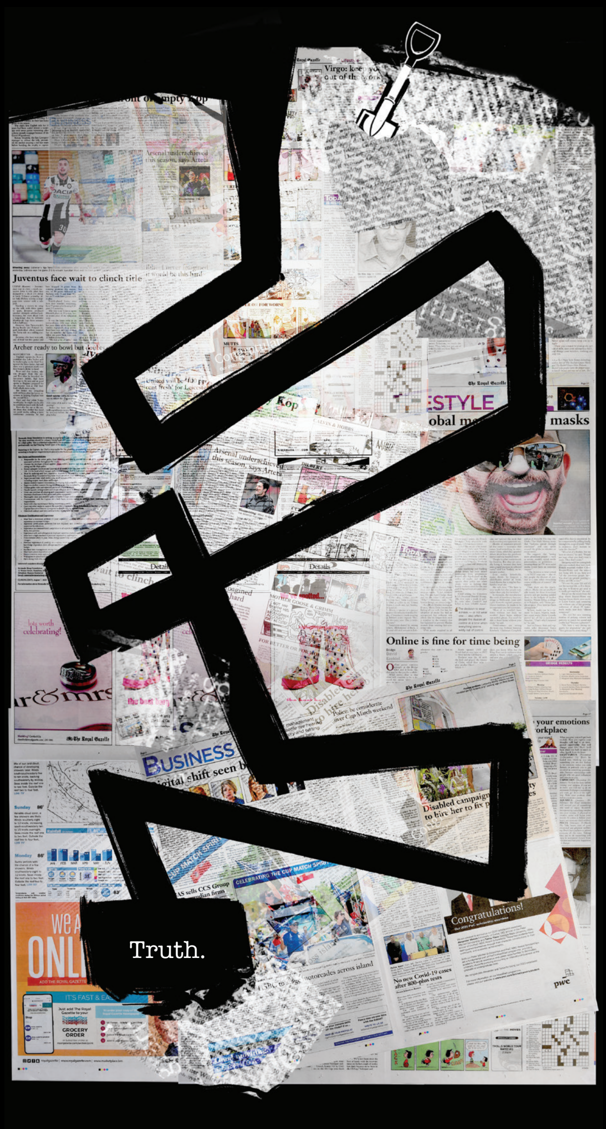
Notes



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