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the bermuda press [holdings] limited

To: All Shareholders
From: The Board of Directors
Date: June 30, 2018

Interim Report

The Board of Directors is reporting on unaudited financial matters relating to the first six months of your Company's financial year ending 30 September 2018 in accordance with the BSX listing regulations (Section II A, chapter 6.9(2)).

<u>Six Months ending 31 March</u> (in 000's of Bermuda dollars)	<u>2018</u>	<u>2017</u>
Operating revenue	<u>\$13,173</u>	<u>\$13,138</u>
Profit	1,430	550
Less: Profit attributable to non-controlling interests	<u>216</u>	<u>225</u>
Profit attributable to Equity holders of the Company	\$1,214	\$325
Dividends paid per share	10 cents	10 cents
Earnings per share:		
Profit attributable to common shareholders	\$1,214	\$325
Average number of common shares outstanding	1,425	1,426
Basic and fully diluted earnings per share	85 cents	23 cents

Your Company's net income increased to \$1,430,000 for the six months ended 31 March 2018, as compared with \$550,000 for the same period in 2017. Your Company's management has worked tirelessly over the past year to find operating efficiencies resulting in cost reductions of \$845,000. Revenue increased by \$35,000 for the six months ending 31 March 2018 and this combined with overall costs reductions resulted in a significant improvement in profitability.

In the 2017 Annual Report we announced the pending departure of the CFO Derek Winch. The Board is pleased to announce that Cameron Poland joined your Company in June in the role of CFO. Mr. Poland has worked in Bermuda for ten years, the past five of which were with a large local company. His knowledge and experience in Bermuda are assets, and we are pleased to welcome him to the team.

In the 2017 Annual Report, we noted that the Board will not continue to fund operations that are loss-making at the expense of shareholders. During the first half of 2018 your Board of Directors and management carefully reviewed the operations of Office Solutions. Office Solutions has three lines of business: retail arts, crafts and stationery supplies; commercial office supplies; and equipment sale and leasing. The commercial supply business has been challenged owing to changing customer needs and various economic factors in Bermuda. In June 2018 the decision to exit the commercial office supplies business was taken. This will not impact our equipment operations as we will continue to supply toner and paper to our equipment customers.

The Company's local real estate holdings remain the most profitable segment with an overall occupancy rate at March 31, 2018 of 98%, of which 57% is occupied by third-party tenants.

Basic earnings per share increased to \$0.85 for the six months ending 31 March 2018, up from \$0.23 in the previous year. The market price for BPHL's shares was \$6.15 at 31 March 2018 up from \$5.00 at 30 September 2017. The Board has continued to declare and pay dividends and increased the dividend to \$0.07 per share for the quarter ended March 31, 2018. The Board will continue to review the Company's performance and the ability to increase dividend payments to shareholders.

Other key highlights since the Annual Report include:

- Investing in the community by taking key sponsorship roles in MS Amlin ITU World Triathlon Bermuda, XL Catlin End-to-End and the Bermuda Festival.
- Supplied the signage and branding solutions for MS Amlin ITU World Triathlon Bermuda reinforcing Bermuda Press Digital as a key player in the sign-printing and solutions business in Bermuda.
- Implemented cost-cutting measures, which have resulted in a year-over-year cost reduction of \$845,000 in the six-month period.
- Completed the redesign of the eMoo website with a focus on being mobile-friendly, integrated with social media and overall improved functionality.
- In March we began live video-streaming events and we are expanding our business model to include video as part of the product offering for our readership and advertisers.
- No shares have been purchased to date in association with the \$1 million share buyback announcement of 1 March 2016

The total number of shares owned or influenced by Directors and Officers of the Company at 31 March 2018 amounts to 100,227. No rights to subscribe for shares in the Company have been granted to or exercised by any Director or Officer.

The Board of Directors would like to acknowledge and thank our employees for their commitment, hard work and dedication.