ONE CARIBBEAN MEDIA LIMITED

ANNUAL REPORT 2018

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ONE CARIBBEAN MEDIA LIMITED

ASPIRATION STATEMENT

To be the leading regional corporation with global reach serving as the most credible and authoritative source of news, information and entertainment in and of the Caribbean.

To take the leadership role in the development of the media industry by:

- Zealously guarding and advocating the Freedom of the Press/Media.
- Observing and promoting the highest professional standards.
- Providing training and development opportunities for media personnel.

To be an exemplary employer.

To make sound investments in diverse businesses that will provide for the leveraging of the Group's assets and competencies and the creation of shareholder value.

To take a leadership role in corporate social responsibility initiatives in the region.

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DESIGN, LAYOUT AND PHOTOGRAPHY www.omgtt.com | PRINTING scripj.com

CORPORATE INFORMATION

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Trinidad and Tobago

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63-65 Independence Square
Port of Spain, Trinidad and Tobago

ATTORNEYS-AT-LAW
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Roebuck Street, Bridgetown, Barbados

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Aâstra Law, Aâstra House
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Christ Church, Barbados

AUDITORS
PricewaterhouseCoopers
11-13, Victoria Avenue, Port of Spain,
Trinidad and Tobago

NO. OF EMPLOYEES
724

BOARD OF DIRECTORS

CHAIRMAN

Mr. Faarees Hosein

DIRECTORS

Mrs. Dawn Thomas

Dr. Grenville Phillips

Mr. Michael Carballo

Mr. Peter G. Symmonds Q.C.

Mr. Anthony Shaw

Mr. Gregory Thomson

Mr. Douglas Wilson

Mrs. Renee Kowlessar

THE BRANDS

The Nation Corporation NC

CCN Caribbean Communications Network Limited

PRINT

The Nation Publishing Co. Limited

Trinidad Express Newspapers

BROADCAST - TELEVISION

CCN TV6

GBN TV Channels 7 & 11

CABLE & BROADBAND

greenDOT LIMITED

BROADCAST - RADIO

RENEWABLE ENERGY

VIDEO PRODUCTION, PRINTING & DESIGN

DIGITAL MEDIA

DISTRIBUTION

MR. FAAREES HOSEIN
CHAIRMAN

CHAIRMAN'S STATEMENT

The Group's operating results were impacted by the economic challenges and transformation occurring in two of our major markets (Trinidad and Barbados).

The Group reported revenues of TT$394M / US$58M which represents a decline of 11% compared to prior year while our Net Profit Before Tax and Impairment of TT$50M / US$7.4M declined by 37%.

In 2018, the Group continued its restructuring efforts to better position itself to increase efficiencies and seize opportunities presented by the growing digital landscape. As a result of this strategic thrust, the Group's performance took into account substantial restructuring costs.

We remain cautiously optimistic that in Trinidad and Tobago we will see signs of recovery, however the challenges in Barbados continue.

Encouragingly, our Eastern Caribbean media assets are now operating profitably and the non-media investments are making a useful contribution to the Group. In addition to these, our "Flexographic" plant is scheduled to be fully commissioned before the end of the third quarter of 2019 and will contribute to the Group's performance.

We acknowledge the realities of the changing market and the Group continues to adopt strategies to take advantage of all the opportunities that will arise.

Notwithstanding our economic constraints, the Group continues to support a number of regional community events annually. In Barbados, the community events include the Nation Annual Funathlon and 'Youth in athletics', while in Trinidad and Tobago, the National Word Championship and the TV6 Community T10 Cricket League are all eagerly anticipated.

This year the Harold Hoyte Scholarship for Journalism was awarded to Kimiko Scott (Trinidad and Tobago), who is now the 3rd individual to benefit from this scholarship fund.

At the upcoming Annual Meeting, your Directors take great pleasure in recommending the re-election of Dr. Grenville Phillips for a term not exceeding the first Annual Meeting following this re-election and Mrs. Dawn Thomas, Mr. Anthony Shaw and Mr. Douglas Wilson for terms not exceeding the third Annual Meeting following this re-election.

We wish to thank our loyal readers, viewers, listeners and advertisers for their continued support and to also express our appreciation to the Group's management and staff who continue to rise to the market challenges and strive to deliver value to all our stakeholders.

Your Directors have approved a final dividend of 40 cents per share bringing the total dividend declared for the year to 60 cents.

The Annual Meeting has been scheduled for Thursday 13th June 2019 at 10:00am at Express House, 35 Independence Square, Port of Spain.

Faarees Hosein
Chairman
One Caribbean Media Limited


MRS. DAWN THOMAS
GROUP CHIEF EXECUTIVE OFFICER

CEO'S STATEMENT 2018

The Group's operating performance was impacted by both the economic challenges faced in the region and costs associated with efforts to restructure the organisation for greater efficiency and to allow it to be better positioned to take advantage of emerging opportunities. The Barbados subsidiaries were particularly affected by adverse market developments which resulted in a decline in advertising revenues and a drastic slowdown of the Renewable Energy business.

Revenues across the Group of $394M were 11% below prior year while Net Profit before Tax and Impairment of $50M was 37% below prior year. The Group's operating performance included significant severance costs associated with staff cuts in Barbados and other one-off costs.

Despite the serious difficulties faced by the Renewable Energy business in Barbados, the Group's ICT (Information and Communication Technology) investments were able to make a positive profit contribution before tax of $13.5M. The investment in Real Estate did have a set back with the loss of a tenant in one of the investment properties but continues to give us a reasonable return. Additionally, steady progress was made during the year in the set-up of our 'Flexographic' plant and the preliminary response from the targeted customer market segment has been very encouraging. It is expected that this Plant will be fully commissioned and operational before the end of Q3 2019. The Group's financial performance however would have included the start-up costs of this Plant.

Path to Growth

In light of the evolving media landscape and the state of the regional economies, the management has recognised the need to transform the organisation to ensure future growth. Significant progress has been made with the restructuring process and implementation of a 'Shared Services' model as we strategically pursue a much more efficient organisation structure.

Additionally, dedicated resources and focus have been given to the business segments/areas identified for future growth which include:

1. Digital and Social Media platforms
2. Development and Monetisation of local content
3. Technology – Broadband services, Software and App development, Digital payment platform.
4. Manufacturing – Packaging material

The Strategic thrusts associated with realising enhanced operational efficiencies and dedicated focus on high potential growth areas are anticipated to auger well for the future success of the Group.

People Development

During the year, the Group continued to focus on developing our people in a wide range of areas. We recognise the importance of having a highly skilled and competent team that is not only capable of delivering on their current performance objectives but can assist in crafting the strategies for future success.

Across the Group, a diverse range of training was conducted in Journalism, Finance, Sexual Harassment and Health and Safety.

Our commitment to people development will continue along with a concerted effort to execute more teambuilding activities aimed at improving employee engagement and morale.

Corporate Social Responsibility

The Group has remained committed to contributing to building the regional community as we believe that our success is tied to the well-being of the communities that we operate within.

Our new subsidiary, Green Dot Limited held its First Annual Fair and Mini Expo at its new Headquarters in Cunupia. The Expo saw a wide range of services on display from literacy improvement to home security in keeping with the Company's mantra 'Improving and Simplifying lives'

Other initiatives led by the Group across the region in 2018 included:

- OCM Bocas award for literature (Regional)
- National Word Championship (Trinidad)
- Express Children Fund/Taj Christmas joy gift distribution (Trinidad)
- Nation Annual Funathlon (Barbados)
- Nation's 'Youth in athletics' (Barbados)
- Home Makeover- (Grenada)
- Participation in School Career fairs

Conclusion

2018 was another tough year but the management was able to progress the Strategic Plan and the Group is now better poised to deliver on stakeholder expectations. Management's strong focus on improving operational efficiencies across the Group and high potential growth segments is expected to yield positive results.

Mrs. Dawn Thomas
Group Chief Executive Officer

CORPORATE SOCIAL RESPONSIBILITY

As a good corporate citizen, OCM takes Corporate Social Responsibility (CSR) very seriously. OCM believes that being part of the community and giving back, is not only an expression of who we are, but it builds stakeholder and shareholder value.

In 2018, the Group played a major role in a number of initiatives and projects in support of its CSR goals.

The Annual BOCAS Literary Festival

OCM remains the prize sponsor of the Annual BOCAS Literary Festival.

Jennifer Rahim, was named the winner of the 2018 OCM Bocas Prize for Caribbean Literature. Rahim, who hails from Trinidad and Tobago, is a former liberal arts lecturer at the St Augustine Campus at The University of the West Indies, received the prestigious prize for her collection of linked short stories, entitled 'Curfew Chronicles'.

Jamaican born Shara McCallum, was the joint winner, for her book of poems entitled 'Madwoman'. Drawing on personal and collective memory, McCallum's poems are an exploration of womanhood, asking how perspectives and identities evolve over time, in different landscapes, in response to changing desires and traumas.

THE CCN GROUP
THE EXPRESS CHILDREN'S FUND

Through the kind donations and sponsorship from corporate Trinidad and individuals, the Express Children's Fund had yet another successful Annual Dinner and Dance in October 2018. Guests were entertained by Imij & Company and Nigel Rojas and they enjoyed a scrumptious dinner by Hilton Hotel.

After serving as Chairman to the Board of the ECF for over 25 years, Dr. Allan McKenzie retired. Dr. McKenzie was instrumental in providing guidance to the Board of Directors and believed in the importance of providing education for all children.

One Caribbean Media Limited is extremely honoured to have had such a gentleman to lead such an important charity and we wish him all the best on his retirement.

Children's Fund
BUILDING OUR NATION THROUGH EDUCATION

Pictured above are Mr. Neil Bynoe, Principal, San Raphael Primary School, who received the donation from Ms. Nirmala Ramsanahie, Director, Express Children's Fund

In 2018 the Express Children's Fund:

- Disbursed over $150,000 in bursaries to students at primary and secondary schools;

- Assisted over 300 children across seven primary schools with the replacement of uniforms, school books and equipment in areas that were devastated by the flooding which occurred in October 2018;
- Supported two children with overseas medical expenses; and
- Assisted 50 children with school supplies.

Distribution of Computers
In October 2018, a number of schools were affected by flooding which devastated parts of east Trinidad and its environs. As a result of this, the Board of Directors, ECF took the decision to outfit the San Raphael RC Primary School's computer lab with fifteen brand new computers.

"Christmas Toy Caravan"
Collaborated with TAJ 92.3FM, and participated in a "Christmas Toy Caravan". Toys, which were donated by Brian McFarlane's Christmas Joy: Chimes of Peace concert, were distributed to a number of children that live in Arouca, St. Helena, Caroni and Chaguanas areas. In addition, toys were also distributed to children that lived at orphanages in the Tacarigua, Sangre Grande and Chaguanas areas.

THE NATION GROUP

THE NATION'S ANNUAL FUNATHLON 5K WALK & RUN – 'GO FURTHER FOR A BETTER BARBADOS'

In 2018, the Nation Publishing partnered with Sol (Barbados) Ltd and Digicel Barbados for the staging of the 2018 edition of its Annual Nation Funathlon, 5K Walk & Run under the theme "Go Further for a better Barbados".

The event commemorated the 30th Anniversary for The Nation Fun Walk and the 45th Anniversary of the Nation Newspapers.

The race traversed wider regions of the country's capital, Bridgetown. The staging location and race route was selected to pay homage to the origins of the newspaper, which started operations in St. Mary's Row, behind the St. Mary's Anglican Church, as well as celebrate the 53rd year of Independence of Barbados.

Over the years, The Nation Fun events have raised thousands of dollars for worthy causes making a difference in Barbados. Funds raised from 2018 Funathlon were distributed to the Accident and Emergency Department of the Queen Elizabeth Hospital and the Nature Fun Ranch. The Nation Publishing donated $25,000 in total with each charity receiving $12,500 each.

GREEN DOT LTD
FIRST ANNUAL COMMUNITY FAIR AND MINI EXPO

In August 2018, Green Dot Limited opened its doors of their new home at 57 Bejucal Road, Cunupia, Trinidad, to loyal customers, friends and to the community of Cunupia, by hosting its first Community Fair and Mini Expo.

Taking a holistic approach to their mantra, "Improving and Simplifying Lives" Green Dot embarked on helping citizens take control of their health, finances, the education of their children and their safety and security.

The exhibition saw a wide range of services on display, from literacy to home security and included exhibits from Moms for Literacy, Ferreira Optical, Cylo Vehicle Tracking, Sagicor, VL Limited, Genesis Restoration Centre, Trinidad and Tobago Registered Nurses Association, Happi Products Limited and Partytopia.

There were giveaways, door prizes and random draws during the event where gifts were given to patrons from all participants.

Children were also treated to balloons, ice cream and face painting which made for an exciting and fun day.

Farina Khan receiving her prize from VL Limited

Dinnelle Seebalack receiving a hamper from Roger Alcantara of Sagicor

A young guest enjoying the display from Moms for Literacy booth

GRENADA BROADCASTING NETWORK

HOME MAKEOVER PROMOTION

The Grenada Broadcasting Network (GBN) brought Christmas cheer to about a dozen families in December 2018 through its Home Makeover Promotion, which was launched in November 2018.

The objective of the Promotion was to make at least one family happy during the Yuletide season by painting their home and providing them with a suite of furniture.

GBN's Managing Director, Odette Campbell said that when the initiative was publicized via GBN Television and Klassic Radio, the company was inundated by requests and suggestions of families who needed assistance. "As a result of the overwhelming response from members of the public, we were forced to expand the campaign" she noted.

GBN collaborated with 15 of its corporate clients and expanded the campaign which eventually brought Christmas cheer to 5 families.

The GBN sought to ensure that the campaign touched the lives of people from rural communities, and especially elderly citizens.

They received paint, furniture, cooking gas, bottled water, hampers and other supplies.

CAREER FAIRS

Schools always invite OCM Group's subsidiaries to participate at various Career Fairs. These events are geared to educate and inspire as well as to provide career guidance on what it takes to become a successful journalist.

In 2018, the CCN Group was a participant at the St. Joseph's Convent 'Career Fair' The event saw organisations from different sectors offering career guidance and insight to the students. Students were able to ask questions about the OCM Group, understand the digital media trends and receive insight into the intricacies of the media industry from representatives from CCN Group, Trinidad Express Newspapers and CCN TV6.

Gem Radio Five Limited, saw their representatives from Hott 93.5FM participate at Fatima College's 'Annual Career Day'. This event is also geared to educate and inspire students in every aspect of the job opportunities available in Radio.

'Iceman' from The Ultimate Rejects, DJ Ana and Ultra Simmo met with students to impart their knowledge with the youngsters from an on-air point of view. Sales Manager - Rodney Sayney, Shelly Ann Ramlochan - Marketing and Promotions Assistant were also there to share all the behind the scenes workings of the radio station.

BOARD OF DIRECTORS

Mr. Faarees Hosein
CHAIRMAN

An Attorney-at-Law, Mr. Faarees Hosein obtained his LLB at Dundee University, Scotland and was called to the Bar of England and Wales at Lincoln's Inn. He has been in private civil law practice since 1988 in Trinidad and Tobago and was called to the Bars of Barbados in 1991 and Grenada in 1997. Mr. Hosein is also the Chairman of Caribbean Communications Network Limited, a wholly owned subsidiary of One Caribbean Media Limited.

Mrs. Dawn Thomas
GROUP CHIEF EXECUTIVE OFFICER

Mrs. Thomas is currently the Group Chief Executive Officer of One Caribbean Media Limited (OCM). Prior to her present appointment she served for four years as the Group Chief Executive Officer (CEO) of Caribbean Communications Network Limited (CCN), which is a subsidiary of the OCM Group.

Prior to her tenure with the OCM Group, she spent fifteen (15) years with the Massy Group (formerly Neal and Massy Group) and held the position of CEO of Tracmac Engineering Limited (now Massy Machinery Limited). During her appointment, Mrs. Thomas worked with the energy, construction, agriculture, industrial and marine sectors of the economy. Mrs. Thomas also served as a Director on the Board of Neal and Massy Energy Services Ltd. (now Massy Energy), Associated Brands Limited (Guyana) and General Finance Corporation Limited (now Massy Finance Limited).

Mrs. Thomas holds a BSc. Industrial Engineering (Hons) Degree from the University of The West Indies (UWI). She is a member of The Association of Professional Engineers of Trinidad and Tobago (A.P.E.T.T).

Dr. Grenville Phillips

Dr. Grenville Phillips retired as a Principal of the Barbados and Eastern Caribbean practices of Coopers & Lybrand and Managing Director of Colybrand Company Services Limited on the merger of the international firms of Coopers & Lybrand with Price Waterhouse in 1998. He now practices as a private corporate and financial consultant. Dr. Phillips served as Chairman of the Barbados National Bank for approximately seven (7) years and as a Director of the Barbados Stock Exchange from its inception. He gained his doctorate from Bradford University (UK) in 2004 and holds professional qualifications in Chartered Secretarial, Accounting and Banking. Dr. Phillips was awarded the CBE in the Queen's New Year honour in 2000 for his contribution to accountancy and public service in Barbados.

Mr. Michael Carballo

Mr. Michael Carballo is a Chartered Accountant and Independent Financial Consultant to many companies in Trinidad and Tobago and the Region.

He has held senior positions at a major Professional Services Firm, prior to joining the Angostua Group of Companies in 1991, where he held various senior Financial and Management positions, including that of Executive Director and Company Secretary. Mr. Carballo was eventually seconded to C.L Financial Limited in 2008, the parent of Angostura Holdings Limited, where he served as Group Finance Director until 2010.

Mr. Carballo is member of the Institute of Chartered Accountants of Trinidad and Tobago and a Fellow of the Association of Chartered Certified Accountants.

Mr. Peter G. Symmonds Q.C.

Mr. Peter G. Symmonds Q.C. is an Attorney-at-Law who has been in private practice for 38 years.

He holds a Bachelor of Laws (LLB) from the University of the West Indies and a Masters of Laws (LLM) from the University of London and is also a Justice of the Peace in Barbados.

Mr. Symmonds serves as a Director on the Board of Massy United Insurance Limited. He was a Board Member of BS&T for 6 years prior to its acquisition by Massy Holdings Limited. He is also a Director of the Rum Refinery of Mount Gay Limited, a privately held company, and a Trustee of The Maria Holder Memorial Trust, and The Brewster Trust, Registered Barbados Charities.

Mr. Anthony Shaw
EXECUTIVE

Mr. Anthony Shaw has a career that spans over 31 years in the finance industry, at both operational and executive levels. He possesses a proven track record of success and has a well-rounded background with a strong strategic, financial and sales orientation. Mr. Shaw was the Chief Executive Officer of Signia Financial Group Inc. and played a pivotal role in the development and growth of that organization.

He is the holder of BComm, Accounting and Management Information Systems, McGill University and a member of the Canadian Institute of Chartered Accountants. He also has a deep knowledge of the Nation Corporation having served eight (8) years as a Director in the Nation Group.

BOARD OF DIRECTORS

Mr. Gregory Thomson

Mr. Gregory Thomson is a retired banker with over 40 years' experience in Banking, Investments and Finance. He was the Deputy Managing Director of Republic Bank Limited prior to his retirement in 2012.

Mr. Thomson holds a BSc in Mathematics and Physics from The University of the West Indies and a MBA from The University of Western Ontario, Canada. He is presently on the Boards of Republic Financial Holdings Ltd and Republic Bank Limited.

Mr. Douglas Wilson

EXECUTIVE

Mr. Douglas Wilson who joined the Trinidad Express Newspapers in 2014, has over 20 years' experience in the newspaper industry. He earlier held positions in consulting, banking and government in the field of software development before a focus in Operations Management.

Douglas is the holder of a B.Sc. in Mathematics and Computer Science from the University of the West Indies. He holds an advanced diploma in Accounting and Finance C.DipAF and an MBA from UWI – Institute of Business.

He also served as a Director of ANSA Polymer Ltd.

Mrs. Renee Kowlessar

Mrs. Renee Kowlessar's experience spans many years in public accounting in Toronto and Barbados, and in finance and management in both the onshore and offshore banking sectors in Barbados.

She holds a Bachelor of Commerce Degree in Accounting from McGill University in Montreal Canada, a Chartered Accountant designation from the Institute of Chartered Accountants of Ontario and is also a Fellow of the Institute of Chartered Accountants of Barbados.

Mrs. Kowlessar has completed the Institute of Chartered Secretaries and Administrators of Canada Director Education and Accreditation Program.

She has served as a Director of Goddard Enterprises Ltd and Director and Audit Committee Chair of First Citizens Bank (Barbados) Limited. She currently serves on a number of Boards in the financial services sector, as well as sits as a Trustee of The Cherry Tree Trust, a charitable organization in Barbados.

CORPORATE GOVERNANCE

One Caribbean Media Limited is committed to the maintenance of strong corporate governance practices that allocate rights and responsibilities among the Company's stockholders, Board of Directors and management in a manner that enhances shareholder value. Accordingly, our corporate governance practices are designed not just to satisfy regulatory requirements, but to provide for the effective oversight and management of the Company.

OCM maintains the following standing committees of the Board of Directors:

GOVERNANCE COMMITTEE

The primary purpose of the Governance Committee is to ensure that the Company's policies and practices conform to statutory requirements and best practice. The Committee also oversees compensation and recruitment of senior executives.

Name	Position	Present	Excused	Absent
Dr. Grenville Phillips	Chairman	1	0	0
Mr. Peter Symmonds	Member	1	0	0
Mr. Faarees Hosein	Ex Officio Member	1	0	0
Mrs. Dawn Thomas	Ex Officio Member	1	0	0
No. of meetings held in 2018 - 1				

STRATEGIC INVESTMENT COMMITTEE

The primary purpose of the Strategic Committee is to review investment opportunities.

Name	Position
Mr. Michael Carballo	Chairman
Mr. Faarees Hosein	Ex Officio Member
Mr. Harold Hoyte	Member
Dr. Grenville Phillips	Member
Mrs. Dawn Thomas	Ex Officio Member
No meetings were held in 2018	

AUDIT COMMITTEE

The primary purpose of the Audit Committee is to provide oversight on the integrity of the Company's financial reporting and the internal audit function.

Name	Position	Present	Excused	Absent
Mr. Michael Carballo	Chairman	3	0	0
Dr. Grenville Phillips	Member	3	0	0
Mr. Peter Symmonds	Member	3	0	0
No. of meetings held in 2018 - 3				

BOARD MEETINGS

The following table indicates the number of Board Meetings held and attendance of Directors during the year:

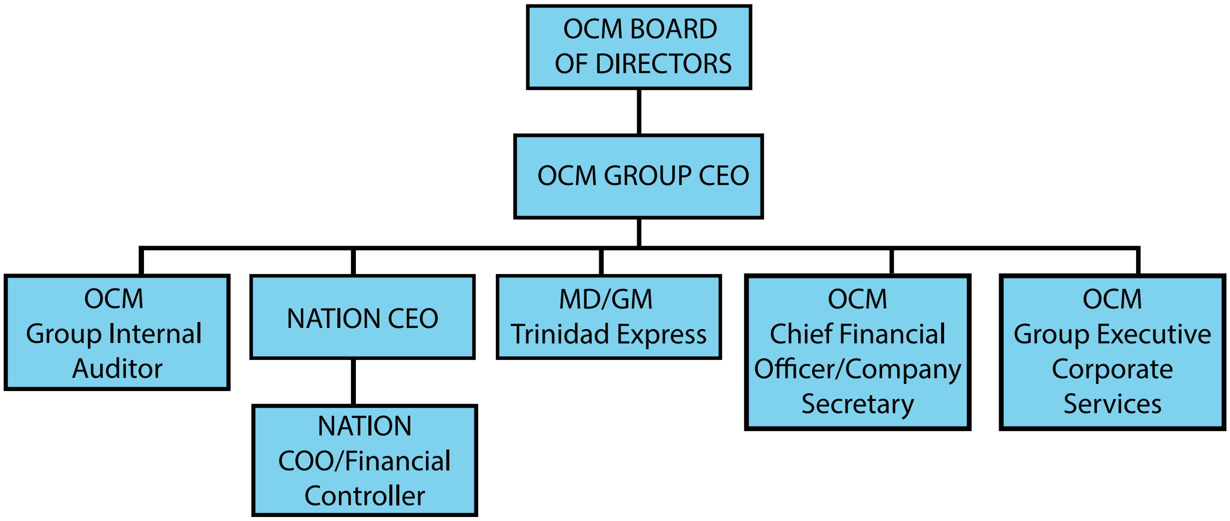
Name	Position	Present	Excused	Absent
Mr. Faarees Hosein	Chairman	5	0	0
Mrs. Dawn Thomas	Director / Group Chief Executive Officer	5	0	0
Mr. Michael Carballo	Director	5	0	0
Mr. Harold Hoyte *	Director	0	2	0
Mrs. Renee Kowlessar **	Director	3	0	0
Dr. Grenville Phillips	Director	5	0	0
Mr. Anthony Shaw	Director	5	0	0
Mr. Peter Symmonds	Director	5	0	0
Mr. Gregory Thomson	Director	5	0	0
Mr. Douglas Wilson	Director	5	0	0

No. of meetings held in 2018 – 5

*Mr. Harold Hoyte retired in June 2018

**Mrs. Renee Kowlessar was appointed in June 2018

ORGANISATIONAL CHART



EXECUTIVE TEAM

Mrs. Dawn Thomas
GROUP CHIEF EXECUTIVE OFFICER ONE CARIBBEAN MEDIA LTD

Mr. Anthony Shaw
CHIEF EXECUTIVE OFFICER, THE NATION CORPORATION

Mr. Douglas Wilson
MANAGING DIRECTOR/GENERAL MANAGER, TRINIDAD EXPRESS NEWSPAPERS

EXECUTIVE TEAM CONTINUED

Ms. Karlene Ng Tang

CHIEF FINANCIAL OFFICER/
COMPANY SECRETARY
ONE CARIBBEAN MEDIA LTD

Ms. Karlene Ng Tang joined Caribbean Communications Network Limited (CCN Group) in 1998 as the Group Financial Accountant and assumed the role of Group Financial Controller from 2009 to 2017.

In 2017 she was appointed to the position of Chief Financial Officer and Company Secretary of One Caribbean Media Limited.

Karlene is a Fellow of the Association of Chartered Certified Accountants with over 24 years' experience, including 9 years in executive management and 20 years in the media industry. Her experience includes audit, financial accounting and management, budgeting, treasury management and related activities.

Karlene also serves as a Director on the Board of the Express Children's Fund.

Mr. Gregory Camejo

GROUP EXECUTIVE -
CORPORATE SERVICES
ONE CARIBBEAN MEDIA LTD

Mr. Gregory Camejo joined Caribbean Communications Network Limited. (CCN Group) in 2010 as the Group Human Resources Manager and later that year assumed the role of Group Corporate Services Manager. He provides support in the areas of strategy implementation, alignment of HR policies and practices, executive management development, achievement of non-financial enabling goals and Group marketing and communication, Labour/Health, Safety and the Environment and Information Technology.

Gregory holds a MSc in International Finance from UWI - St. Augustine, Master of Business Administration (MBA) from Andrews University and a Master of Social Sciences (M.SocSci) from the University of Leicester.

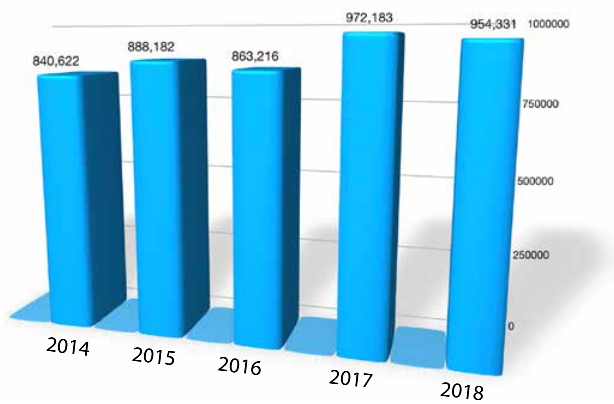
Mr. Noel Wood

GROUP FINANCIAL CONTROLLER/
CHIEF OPERATING OFFICER
NATION CORPORATION

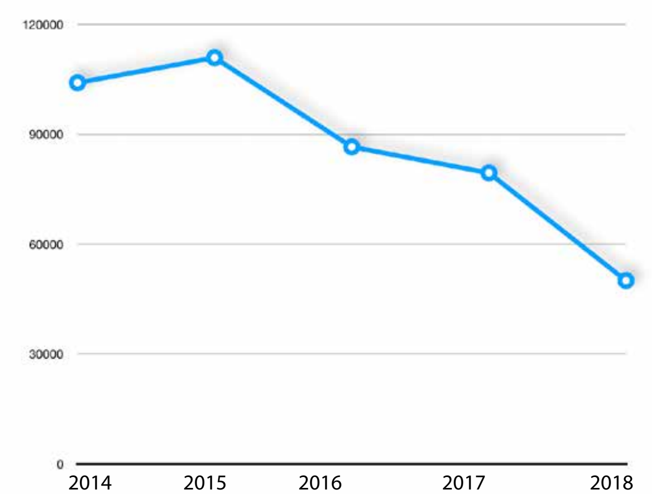
Mr. Noel Wood is a chartered accountant and a Fellow of the Institute of Chartered Accountants of Barbados (ICAB) and holds a Master of Business Administration (MBA) in Finance from City University, London. He is a Director of SVG Publishers Inc. During his tenure, he attended several developmental and training programmes and has played a pivotal role in several projects that has driven the success of the company.

GRAPHS

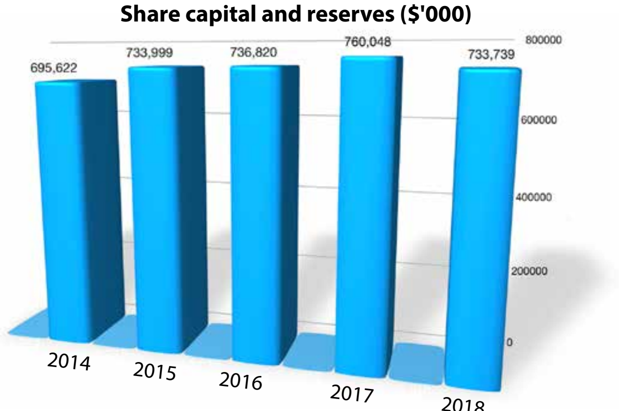
Total assets ($'000)



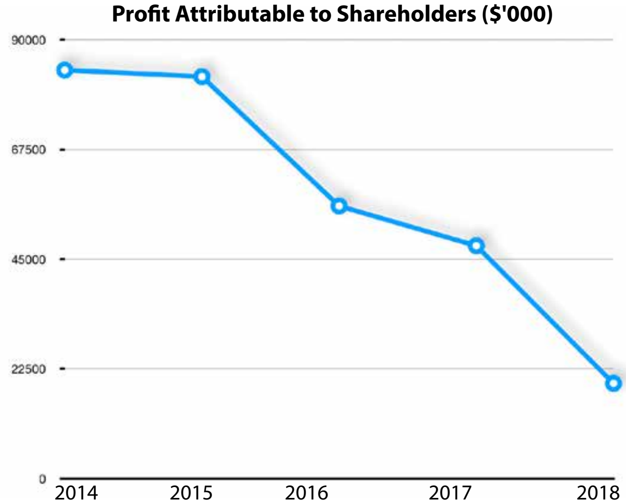
Profit before impairment and tax ($'000)



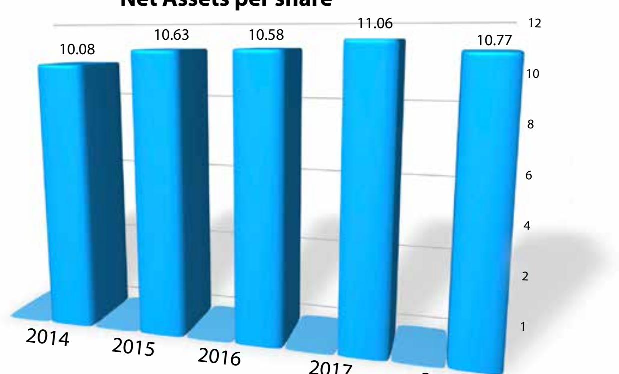
Share capital and reserves ($'000)



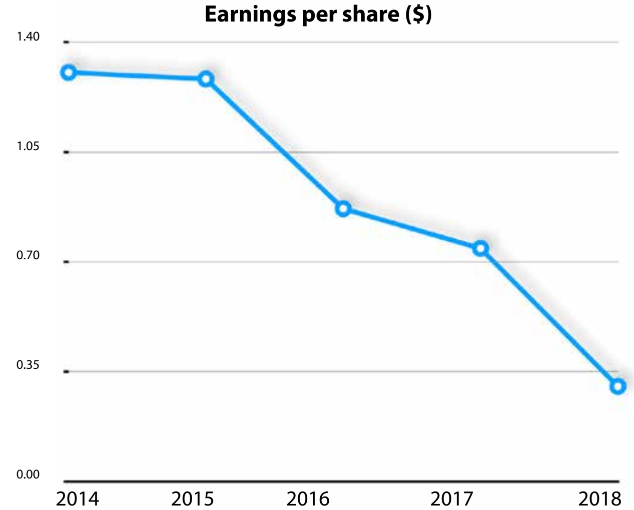
Profit Attributable to Shareholders ($'000)



Net Assets per share



Earnings per share ($)



Revenue ($'000)

DIRECTORS' REPORT

The Directors submit their Report and Audited Consolidated Financial Statements for the year ended December 31st, 2018.

Financial Results

	2018 $'000	2017 $'000
Profit before tax	38,155	72,469
Taxation	(17,917)	(20,023)
Profit for the year	20,238	52,446
Other comprehensive income	2,411	11,187
	22,649	**63,633**
Profit attributable to:		
- Non-controlling interest	723	4,690
- Owners of the parent	21,926	58,943
	22,649	**63,633**
Earnings per share basic	$0.31	$0.76
Earnings per share fully diluted	$0.30	$0.73

The Directors have declared a final dividend of $0.40 per share for the year ended December 31st, 2018. An interim dividend of $0.20 per share was paid on September 28th, 2018 making a total dividend on each share of $0.60 (2017: $0.67).

Notes:

(a) Directors

1. In accordance with the By-Laws, Mrs. Dawn Thomas retires by rotation and being eligible offers herself for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.
2. In accordance with the By-Laws, Mr. Anthony Shaw retires by rotation and being eligible offers himself for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.
3. In accordance with the By-Laws, Mr. Douglas Wilson retires by rotation and being eligible offers himself for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.
4. In accordance with the By-Laws, Dr. Grenville Phillips retires by rotation and being over seventy five (75) years of age offers himself for re-election for a term not later than the close of the first Annual Meeting of the shareholders following this re-election.

(b) Auditors
The Auditors, PricewaterhouseCoopers, retire and being eligible offer themselves for re-appointment.

By Order of the Board

Karlene Ng Tang
……………………………………………..
Karlene Ng Tang
Company Secretary

DIRECTORS' AND SENIOR OFFICERS' INTERESTS AND MAJOR SHAREHOLDERS

DIRECTORS

The interests of the Directors holding office as at December 31st, 2018 in the ordinary shares of the Company were as follows:

	Direct Interest	Connected Persons
M. Carballo	-	-
F. Hosein	-	-
R. Kowlessar	900	5,826,064
G. Phillips	60,000	2,050,000
A. Shaw	-	-
P. Symmonds	5,000	-
D. Thomas	2,000	-
G. Thomson	-	-
D. Wilson	-	525

There were no beneficial interests attached to any shares registered in the names of Directors in the Company's subsidiaries, such shares being held by the Directors and nominees of the Company or its subsidiaries. At no time during or at the end of the financial year did any Director have any material interest in any contract or arrangement in relation to the business of the Company or any of its subsidiaries.

SENIOR OFFICERS

The interests of the senior officers holding office at the end of December 31st, 2018 in the ordinary shares of the Company were as follows:

	Direct Interest	Connected Persons
D. Thomas	2,000	-
A. Shaw	-	-
K. Ng Tang	-	-
D. Wilson	-	525
N. Wood	92,007	-

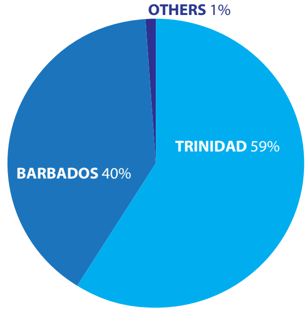
SUBSTANTIAL INTERESTS/LARGEST SHAREHOLDERS

The ten (10) largest shareholders in the Company as at the end of December 31st, 2018 were as follows:

NATIONAL INVESTMENT FUND HOLDING COMPANY LIMITED	15,285,917
REBYN LIMITED	5,826,064
CCN GROUP EMPLOYEES SHARE OWNERSHIP PLAN	4,627,286
REPUBLIC BANK LIMITED	3,433,207
RBC TRUST (TRINIDAD & TOBAGO) LIMITED	3,090,632
ABK INVESTMENTS INC.	2,330,000
BRENTWOOD CORPORATION	2,050,000
H H INVESTMENTS LIMITED	1,941,398
ATHLYN INVESTMENTS LIMITED	1,661,075
DR ST ELMO THOMPSON	1,615,572

SHAREHOLDERS' DISTRIBUTION

Other includes Canada, Cayman Islands, Grenada, Guyana, Jamaica, St. Vincent, United Kingdom and United States of America.



ONE CARIBBEAN MEDIA LIMITED

CONSOLIDATED FINANCIAL STATEMENTS 2018

(EXPRESSED IN TRINIDAD AND TOBAGO DOLLARS)

One Caribbean Media Limited and its Subsidiaries

Statement of Management's Responsibilities

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of One Caribbean Media Limited and its subsidiaries (the "Group") which comprise the consolidated balance sheet as at 31 December 2018 and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of Group operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that comply with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date; or up to the date the accompanying financial statements have been authorised for issue, if later. Management affirms that it has carried out its responsibilities as outlined above.

Chief Executive Officer

5 April 2019

Karlene Ng Tang

Chief Financial Officer

5 April 2019

Independent auditor's report

To the Shareholders of One Caribbean Media Limited

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of One Caribbean Media Limited (the Company) and its subsidiaries (together 'the Group') as at December 31, 2018, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

One Caribbean Media Limited's consolidated financial statements comprise:

- the consolidated balance sheet as at December 31, 2018;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies.

Basis for opinion

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

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

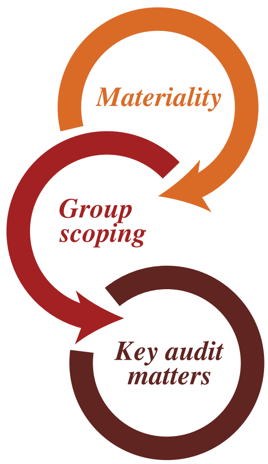
Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Independent auditor's report (Continued)

Our audit approach

Overview



- Overall Group materiality: TT$2.5 million, which represents 5% of profit before tax before impairment.

- The Group audit included full scope audits of three significant components, two of which are Trinidad & Tobago subsidiaries and one a Barbadian subsidiary.
- The Group audit also included specified procedures over select balances at certain other components such as investment properties, property plant and equipment, inventory, revenue and accounts receivables.
- The Group audit covered 93% of profit before tax and 89% of total assets.

- Impact of initial adoption of IFRS 9 'Financial Instruments'.
- Determination of expected credit losses (ECL) on financial assets.
- Valuation of goodwill.

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

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

The following components were deemed to be significant and were subject to a full scope audit:
- Caribbean Communications Network Limited
- The Nation Corporation
- Green Dot Limited

We also performed specified procedures over the following financial statement line items for other components:
- One Caribbean Media Limited – Employees' Share Ownership Plan, goodwill, borrowings, property plant & equipment and taxation
- Caribbean Communications Company Limited – cash, accounts receivable, intangible assets & revenue
- VL Limited – trade receivables
- Basic Space Limited & Donald Dunne Holdings Limited - investment properties
- Novo Media Limited – intangible assets

Independent auditor's report (Continued)

Our audit approach (continued)

How we tailored our Group audit scope (continued)

The significant components and the procedures over the select balances of other components accounted for 93% of the Group's profit before tax and 89% of the Group's total assets. One of the three significant components of the Group is audited by PwC Trinidad and one by PwC Barbados. The third significant component is audited by a non-PwC firm in Trinidad & Tobago. The specified procedures over certain balances of the other components are performed by PwC Trinidad.

For the work performed by all component audit teams (both PwC and non-PwC) operating under our instructions, we determined the level of involvement we needed to have in the audit work at those locations to be satisfied that sufficient audit evidence has been obtained for the purpose of our opinion. This included ensuring our instructions were adhered to, review of audit work where considered appropriate and regular communications and meetings with the component audit teams throughout the year.

Materiality

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

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

Overall Group materiality	TT$2.5 million
How we determined it	5% of profit before tax and impairment charges
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $125,000, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report (Continued)

Our audit approach (continued)

Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
Impact of initial adoption of IFRS 9 'Financial Instruments' *Refer to notes 4, 10, 11 & 12 of the consolidated financial statements for disclosures of related accounting policies and balances.* The Group adopted the accounting standard IFRS 9 'Financial Instruments' effective January 1, 2018. The standard introduces new accounting requirements for the classification & measurement and impairment of financial instruments. The new classification & measurement approach for financial assets reflects the business model in which the financial assets are managed and the underlying cash flow characteristics. In relation to impairment, IFRS 9 prescribes a new, forward looking expected credit loss ('ECL') impairment model which takes into account reasonable and supportable forward looking information and which will generally result in the earlier recognition of impairment losses on receivables and loans, including trade receivables. The general requirement in IFRS 9 is that an entity must apply the standard at the date of initial adoption retrospectively. The standard provides the option but does not require an entity to restate prior periods. Management chose not to restate and, as such, any differences between the previously reported carrying amounts and those determined under IFRS 9 at the date of initial application are recognised in the opening retained earnings. The impact of adopting the new standard resulted in a reduction in opening retained earnings of TT$21m as of January 1, 2018.	We obtained an understanding of management's IFRS 9 implementation plan including expected impacts to classification & measurement and expected credit loss estimation. We read the Group's updated accounting policies which addressed classification, measurement and impairment provisioning and compared them with the requirements of the standard. We obtained an understanding of the relevant controls management had implemented in relation to the adoption of the new standard and tested them for implementation. We tested the completeness of financial assets to determine whether all assets were included in the IFRS 9 calculations by evaluating the assets recorded on the statement of financial position and whether they met the definition of a financial asset in the scope of IFRS 9.

Independent auditor's report (Continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
Impact of initial adoption of IFRS 9 'Financial Instruments' (continued) *Refer to notes 4, 10, 11 & 12 of the consolidated financial statements for disclosures of related accounting policies and balances.* We focused on the initial adoption of IFRS 9 in particular due to: • the new classification & measurement approach required by the standard for financial assets which involves judgment in determining the business model; • the retrospective application and impact on opening retained earnings; • the number of significant management determined judgements relating to the determination of the ECL as detailed in the subsequent key audit matter - 'Determination of expected credit losses (ECL) on financial assets'; • the determination of the ECL should be performed without the use of hindsight which can be difficult to apply in practice; • the availability of different approaches allowed under the standard for recognising and measuring financial assets including the general approach or the simplified approach for qualifying assets; • the implementation of new models to measure the expected credit losses on certain financial assets measured at amortised cost; and • the significant new disclosure requirements resulting from the adoption of the standard.	*Classification and measurement* We performed the following audit procedures: • obtained an understanding and evaluated management's business model assessment and, for a sample of instruments, tested the inputs into the solely payments of principal and interest test performed by management by vouching to original contracts; and • tested that management had evaluated and classified all financial assets, by reconciling management's assessment to the assets and liabilities included on the statement of financial position. *Impairment* Our audit work in relation to impairment included the following procedures: • we tested the opening balance adjustment for mathematical accuracy and corroborated a sample of the data inputs; • we tested the appropriateness of the opening balance adjustment and current year provisions by performing the procedures relating to the determination of the ECL as detailed in the subsequent key audit matter - 'Determination of expected credit losses (ECL) on financial assets'; • we compared management's assumptions, judgements and methodologies to those utilised in the prior year to assess whether there was any application of hindsight in the determination of the ECLs; and • we evaluated the appropriateness of the application of either a specified expected credit loss model (general approach) or a simplified approach to the relevant financial assets by understanding the nature of the financial assets and comparing the application to the requirements of the standard. We further evaluated the financial statement disclosures arising on initial adoption of IFRS 9 to determine if they were in accordance with the requirements of the standard. As a result of the above audit procedures, no material differences were noted.

Independent auditor's report (Continued)

Our audit approach (continued)

Key audit matters (continued)

Determination of expected credit losses (ECL) on financial assets

Refer to notes 4, 10, 11 & 12 of the consolidated financial statements for disclosures of related accounting policies and balances.

As at December 31, 2018, the Group recognised TT$50m in provisions for expected credit losses, which relate to three main types of financial assets:

- Trade receivables
- Corporate and sovereign bonds
- Instalment credit

Management utilised the 'simplified approach' for determining the ECL for trade receivables. Under the simplified approach, the provision combines the historical loss rate with forward-looking assumptions which takes into account management's view of the future of the customer's ability to pay, along with other factors. The key judgments in applying the simplified approach include:

- determining the period over which historical loss rates are appropriate; and
- determining the historical loss rates including consideration of forward looking assumptions.

In relation to the specified expected credit loss model applicable to the corporate and sovereign bonds and instalment credit financial assets, there are a number of significant management judgements which are required in measuring the ECL under IFRS 9 including:

- determining the criteria for a significant increase in credit risk ('SICR');
- factoring in future economic assumptions; and
- determining the Exposure at Default ('EAD'), Probability of Default ('PD') and Loss Given Default ('LGD').

We focused on this area as a result of the significant management judgements outlined above as well as the complexity involved in developing and implementing new accounting models in order to measure the expected credit losses on the financial assets measured at amortised cost. The use of these models involves additional data inputs which increases the risk that the data used to develop assumptions and operate the model is not complete or accurate.

Trade receivables:

Our audit work included the following procedures:

- we obtained an understanding of management's process for estimating the ECL;
- we tested the provision matrix used by management as a practical expedient to estimate lifetime ECLs for these financial assets;
- we assessed the appropriateness of the period over which historical loss rates are considered;
- we tested the calculation of the historical loss rate including recalculating the loss rate for different aging buckets;
- for forward looking assumptions, we held discussions with management and corroborated the assumptions using both internal and publicly available information; and
- we tested the application of any specific provisions for customers where relevant.

Corporate and sovereign bonds and instalment credit:

Our audit work included the following procedures:

- we obtained an understanding of management's internal rating models, evaluated the methodology used and tested the mathematical integrity of the models;
- we obtained an understanding and tested the key data sources and assumptions used in the ECL models. For data from external sources, we understood the process for choosing the data points and their relevance to the Group;
- we held discussions with management and, with the assistance of our internal expert, evaluated the forward looking assumptions using publicly available information, where available;
- we evaluated the appropriateness of management's determination of SICR in accordance with the standard and the resultant basis for classification of the exposures into various stages;

Independent auditor's report (Continued)

Our audit approach (continued)

Key audit matters (continued)

Determination of expected credit losses (ECL) on financial assets (continued)

Refer to notes 4, 10, 11 & 12 of the consolidated financial statements for disclosures of related accounting policies and balances.

- for a sample of exposures, we tested the appropriateness of the Group's staging;
- for a sample of exposures, we assessed the appropriateness of the EAD determination, including the consideration of prepayments and repayments in the cash flows and the resulting mathematical calculations;
- for Probability of Default we tested a sample of the historical data used to arrive at the 'Point in Time' PD used in the model; and
- on a sample basis we tested the calculation of the LGD used by management in the ECL calculations, including the appropriateness of the use of collateral and the resulting mathematical calculations.

As a result of the above audit procedures, no material differences were noted.

Valuation of goodwill

Refer to note 8 of the consolidated financial statements for disclosures of related accounting policies and balances.

Intangible assets stated on the Group's consolidated balance sheet included TT$120m of goodwill. An impairment assessment of goodwill is required annually by the accounting standards.

Management has calculated the recoverable amount of each cash generating unit (CGU) from which goodwill has arisen by projecting the value in use of the CGU. The fair value less costs to sell could not be readily determined. The value in use is based on discounted future cash flow forecasts over which management makes judgements on certain key inputs including discount rates and long term growth rates.

As a result of management's goodwill impairment assessments, goodwill impairment of TT$5.9m was recognised for one CGU.

We focused on this area because of the significant level of judgment required in arriving at the key assumptions used in management's impairment assessment.

We evaluated the method used by management to perform their annual goodwill impairment assessment of each CGU and found it to be in accordance with the requirements of IAS 36 and the Group's accounting policy. The method used and approach to assumptions was also compared to the prior year and found to be consistent.

In order to challenge the reasonableness of management's assumptions, including discount rates and growth percentages used in their cash flow projections, we:

- recalculated the weighted average cost of capital (WACC) used to discount the cash flows in order to assess whether those rates were reasonable based on knowledge of the economic environment and the risk premium associated with the respective industries and countries.
- compared the cash flow forecasts used in the impairment assessment prepared by management to those presented to the Board of Directors as part of the annual budgeting process.
- evaluated the reasonableness of the forecasts made by comparing past forecasts to historical results where this was available and by comparing to the current year results of the entity.
- considered subsequent events and any associated impact of these on the CGUs' cash flow projections.

We further tested the mathematical accuracy of management's calculations.

As a result of the above audit procedures, no material differences were noted.

Independent auditor's report (Continued)

Other information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Independent auditor's report (Continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Fatima Aziz-Mohammed.

PricewaterhouseCoopers

Port of Spain
Trinidad
West Indies

5 April 2019

CONSOLIDATED BALANCE SHEET

(These financial statements are expressed in Trinidad and Tobago dollars)

		As at 31 December	
	Notes	**2018 $'000**	**2017 $'000**
ASSETS			
Non-current Assets			
Investment properties	6	61,860	65,540
Property, plant and equipment	7	342,281	327,188
Intangible assets	8	152,804	161,386
Investments in associates and joint venture	9	60,660	60,772
Financial assets			
- Fair value through other comprehensive income	10	15,323	4,786
- At amortised cost	10	6,509	10,751
Retirement benefit asset	22	11,574	14,594
Loans and other receivables	11	13,692	15,500
Deferred programming	14	1,598	1,365
Deferred income tax asset	15	21,665	12,052
		687,966	673,934
Current Assets			
Inventories	16	30,122	35,452
Loans and other receivables	11	928	2,655
Trade receivables	12	84,499	115,096
Sundry debtors and prepayments	13	21,300	21,856
Deferred programming	14	1,792	3,860
Taxation recoverable		14,614	12,675
Due from related parties	2	19,652	17,974
Term deposits	17	25,418	10,651
Cash and cash equivalents (excluding bank overdrafts)	17, 23	68,040	78,030
		266,365	298,249
Total Assets		**954,331**	**972,183**

CONSOLIDATED BALANCE SHEET

(These financial statements are expressed in Trinidad and Tobago dollars)

	Notes	As at 31 December 2018 $'000	As at 31 December 2017 $'000
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	18	391,184	390,916
Other reserves	19	27,802	16,540
Retained earnings		314,753	352,592
		733,739	760,048
Non-controlling interests	20	22,750	13,827
Unallocated shares held by ESOP	21	(40,509)	(38,544)
Total Equity		715,980	735,331
Non-current Liabilities			
Retirement benefit obligation	22	13,050	14,381
Trade payables		-	490
Bank borrowings	23	57,750	56,992
Deferred income tax liabilities	15	37,130	36,524
		107,930	108,387
Current Liabilities			
Trade payables		26,120	35,571
Sundry creditors and accruals		39,949	35,075
Provisions for liabilities and other charges	24	25,914	24,593
Bank borrowings	23	33,103	27,648
Taxation payable		5,335	5,578
		130,421	128,465
Total Liabilities		238,351	236,852
Total Equity and Liabilities		**954,331**	**972,183**

The notes on pages 42 to 103 are an integral part of these consolidated financial statements.

On 5 April 2019, the Board of Directors of One Caribbean Media Limited authorised these consolidated financial statements for issue and were signed on its behalf.

Director ______________________ Director ______________________

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(These financial statements are expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December 2018 $'000	2017 $'000
Revenue	5	393,769	442,177
Cost of providing services	25	(265,307)	(282,047)
Gross profit		**128,462**	**160,130**
Administrative expenses	25	(72,806)	(74,688)
Marketing expenses	25	(3,579)	(4,435)
Operating profit		52,077	81,007
Net impairment losses on financial assets		(5,392)	(1,822)
Impairment losses on other assets	27	(11,895)	(7,000)
Dividend income		2,881	1,191
Interest income		2,554	3,093
Finance costs		(6,350)	(5,233)
Share of profit of associates and joint venture	9	4,280	1,233
Profit before tax		**38,155**	**72,469**
Taxation	15	(17,917)	(20,023)
Profit for the year		**20,238**	**52,446**
Profit attributable to:			
- Non-controlling interests		725	4,690
- Owners of the parent		19,513	47,756
		20,238	**52,446**
Earnings per share basic	28	**$0.31**	**$0.76**
Earnings per share fully diluted	28	**$0.30**	**$0.73**

The notes on pages 42 to 103 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(These financial statements are expressed in Trinidad and Tobago dollars)

		Year ended 31 December	
		2018	**2017**
	Notes	**$'000**	**$'000**
Profit for the year		20,238	52,446
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit asset / obligation		(473)	14,859
Deferred taxation	15	2,040	(4,351)
		1,567	10,508
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	19	948	654
Revaluation of investments	19	-	129
Gains transferred to income on disposal of financial investments	19	(104)	(104)
		844	679
Total comprehensive income for the year		**22,649**	**63,633**
Attributable to:			
- Non-controlling interests	20	723	4,690
- Owners of the parent		21,926	58,943
Total comprehensive income for the year		**22,649**	**63,633**

The notes on pages 42 to 103 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(These financial statements are expressed in Trinidad and Tobago dollars)

		Attributable to owners of the parent						
		Share Capital	**Other Reserves**	**Retained Earnings**	**Total**	**Non-controlling Interests**	**Unallocated shares held by ESOP**	**Total Equity**
	Notes	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Balance at 1 January 2017		**388,899**	**16,084**	**331,837**	**736,820**	**4,938**	**(39,439)**	**702,319**
Profit for the year		-	-	47,756	47,756	4,690	-	52,446
Other comprehensive income for the year		-	679	10,508	11,187	-	-	11,187
Total comprehensive income for the year		-	679	58,264	58,943	4,690	-	63,633
Depreciation transfer		-	(223)	223	-	-	-	-
Transactions with owners								
Non-controlling interest on acquisition of subsidiary	20	-	-	-	-	4,199	-	4,199
Sale / allocation of treasury shares	21	-	-	10,720	10,720	-	13,411	24,131
Purchase of treasury shares	21	-	-	-	-	-	(12,516)	(12,516)
Share options granted/exercised	18	2,017	-	-	2,017	-	-	2,017
Dividends to equity holders		-	-	(48,452)	(48,452)	-	-	(48,452)
Total transactions with owners		2,017	-	(37,732)	(35,715)	4,199	895	(30,621)
Balance at 31 December 2017		**390,916**	**16,540**	**352,592**	**760,048**	**13,827**	**(38,544)**	**735,331**
IFRS 9 initial application adjustments	33.1(a)	-	10,642	(21,088)	(10,446)	-	-	(10,446)
Balance at 1 January 2018 restated		**390,916**	**27,182**	**331,504**	**749,602**	**13,827**	**(38,544)**	**724,885**
Profit for the year		-	-	19,513	19,513	725	-	20,238
Other comprehensive income / (loss) for the year		-	844	1,569	2,413	(2)	-	2,411
Total comprehensive income for the year		-	844	21,082	21,926	723	-	22,649
Depreciation transfer		-	(224)	224	-	-	-	-
Transactions with owners								
Non-controlling interest on investment	20	-	-	-	-	8,200	-	8,200
Purchase of treasury shares	21	-	-	-	-	-	(1,965)	(1,965)
Share options granted/exercised	18	268	-	-	268	-	-	268
Dividends to equity holders		-	-	(38,057)	(38,057)	-	-	(38,057)
Total transactions with owners		268	-	(38,057)	(37,789)	8,200	(1,965)	(31,554)
Balance at 31 December 2018		**391,184**	**27,802**	**314,753**	**733,739**	**22,750**	**(40,509)**	**715,980**

The notes on pages 42 to 103 are an integral part of these consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(These financial statements are expressed in Trinidad and Tobago dollars)

ONE CARIBBEAN MEDIA LIMITED

	Notes	Year ended 31 December 2018 $'000	2017 $'000
Cash flows from operating activities			
Profit before tax		38,155	72,469
Adjustments for:			
Depreciation	6 & 7	20,625	19,964
Amortisation	8	3,032	2,413
Interest income		(2,554)	(3,093)
Finance costs		6,350	5,233
Dividend income		(2,881)	(1,191)
Impairment	27	11,895	7,000
Profit on disposal of fixed assets		(9)	(8)
Share of profit in associates and joint venture	9	(4,280)	(1,233)
Profit on disposal of available-for-sale financial assets		-	(130)
Allocation of ESOP shares		-	1,186
Share option scheme - value of services provided	18	268	268
Decrease in retirement benefit obligation		1,216	2,811
Net change in operating assets and liabilities	29	(1,186)	29,426
		70,630	135,114
Interest paid		(4,968)	(4,007)
Taxation refunds		392	-
Taxation payments		(20,602)	(22,815)
Net cash generated from operating activities		45,452	108,293
Cash flows from investing activities			
Net cash inflow / (outflow) arising on new investments	32	8,200	(53,065)
Purchase of property, plant and equipment	7	(34,995)	(28,837)
Purchase of intangible assets	8	(350)	(700)
Proceeds from disposal of available-for-sale financial assets		(10)	889
Repurchase of treasury shares	21	(1,965)	(12,516)
Purchase of non-controlling interest		-	(48)
Interest received		2,542	3,093
Dividends received		2,881	1,191
Proceeds from disposal of property, plant and equipment		97	125
Net cash used in investing activities		(23,600)	(89,868)
Cash flows from financing activities			
Proceeds from borrowings		52,028	72,900
Repayment of borrowings		(46,869)	(35,770)
Share options	18	-	1,749
Dividends paid		(38,057)	(48,452)
Net cash used in financing activities		(32,898)	(9,573)
Net (decrease) / increase in cash and cash equivalents		(11,046)	8,852
Cash and cash equivalents			
at beginning of year		74,932	66,080
at end of year		**63,886**	**74,932**
Represented by:			
Cash and cash equivalents	17	68,040	78,030
Bank overdrafts	23	(4,154)	(3,098)
		63,886	**74,932**

The notes on pages 42 to 103 are an integral part of these consolidated financial statements

Notes to the consolidated financial statements

(These financial statements are expressed in Trinidad and Tobago dollars)

1 Incorporation and principal activities

One Caribbean Media Limited (the Company) and its subsidiaries (together the Group) are engaged primarily in media services, technology and broadband services, wholesale distribution, property management and the sale of other goods and services throughout the Caribbean region. The Group has locations in Trinidad and Tobago, Barbados and the Eastern Caribbean. The Company is incorporated in the Republic of Trinidad and Tobago and its registered office is Express House, 35-37 Independence Square, Port of Spain.

The Company has listings on the Trinidad and Tobago Stock Exchange and the Barbados Stock Exchange.

2 Related party transactions and balances

(i) Transactions carried out with related parties:

	2018 $'000	2017 $'000
Colonial Life Insurance Company Limited		
Advertising	753	2,048
Purchase of services	617	1,693
Juris Chambers		
Legal fees	299	162
Employee benefit obligation		
Pension contributions	6,445	6,067

(ii) Key management compensation

	2018 $'000	2017 $'000
Directors' fees	741	798
Other management salaries and short-term employee benefits	10,099	10,459
Share options granted and exercised (Note 18)	268	2,017
Employee Share Ownership Plan	7,680	9,946

(iii) Balances with related parties shown in the balance sheet:

	2018 $'000	2017 $'000
Cumberland Communications Limited	827	877
Novo Technologies Inc.	1,319	1,319
Green Dot Limited's Affiliates *	17,506	15,778
	19,652	17,974

These receivables are unsecured, free of interest and payable on demand.

* The amounts in relation to Green Dot Limited's Affiliates are to be converted to investments in 2019.

2 Related party transactions and balances (continued)

(iv) Substantial interests

A substantial interest means one-tenth or more of the issued share capital of the Company.

The National Investment Fund Holding Company Limited (NIFTT) owns 15,285,917 shares. These shares were previously owned by Colonial Life Insurance Company Limited.

(v) Subsidiaries:

Entity	Country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling interests		Principal activities
		2018	2017	2018	2017	
Basic Space Limited	Trinidad and Tobago	100%	100%	0%	0%	Investment property
Caribbean Communications Company Limited	Montserrat	100%	100%	0%	0%	Media Services
Caribbean Communications Network Limited	Trinidad and Tobago	100%	100%	0%	0%	Media Services
Donald Dunne Holdings Limited	Trinidad and Tobago	100%	100%	0%	0%	Investment property
Green Dot Limited	Trinidad and Tobago	51%	51%	49%	49%	Broadband services
Grenada Broadcasting Network Limited	Grenada	84%	84%	16%	16%	Media Services
Novo Media Limited	Trinidad and Tobago	76%	76%	24%	24%	Software development
One Caribbean Flexipac Industries and Solutions Limited	Trinidad and Tobago	55%	0%	45%	0%	Flexographic Printing
The Nation Corporation	Barbados	100%	100%	0%	0%	Media Services
VL Limited	Trinidad and Tobago	100%	100%	0%	0%	Wholesale distribution

Only direct and active subsidiaries are listed.

See Note 20 for details of non-controlling interests.

2 Related party transactions and balances (continued)

Accounting policies

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred by the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition by acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date.
Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 (previously IAS 39) either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss (Note 8).

Inter-company transactions, balances, income and expenses and unrealised gains on transactions between Group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2 Related party transactions and balances (continued)

Accounting policies (continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3 Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in Notes referred to below together with information about the basis of calculation for each affected line item in the financial statements. In addition, this Note also explains where there have been actual adjustments this year as a result of changes to previous estimates.

The areas involving significant estimates or judgements are:

- Estimation of fair values of investment properties – Note 6
- Impairment assessment of goodwill – Note 8
- Estimation of the expected credit loss allowance – Note 4, 10, 11, 12
- Estimation of retirement benefit asset / obligation – Note 22

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by management. Management evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of financial instruments and investment of excess liquidity.

(a) Market risk

(i) ***Foreign exchange risk***

The Group operates regionally and is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities. This is managed by ensuring that net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions as well as timely settlement of foreign payables and holding foreign currency balances. There were no changes in the policies and procedures for managing foreign currency risk compared with previous year.

At 31 December 2018, 1% movement in the exchange rate would impact the Group's consolidated statement of profit or loss by $153,705 (2017 - $94,596).

There have been no changes to the way the Group manages this exposure compared to the prior year.

(ii) ***Price risk***

The Group is minimally exposed to equity securities price risk because of investments held by the Group and classified as FVOCI equities (previously available-for-sale). Securities prices are monitored by management on a regular basis for any unusual fluctuations and the Group diversifies its portfolio to manage this risk. The Group is not exposed to commodity price risk.

The Group's listed securities are included on the Barbados Stock Exchange (BSE). If the prices on the BSE had increased or decreased by 5% with all other variables held constant, the fair value reserve within other reserves in equity would increase or decrease by $81,700 (2017 - $88,832).

There have been no changes to the way the Group manages this exposure compared to the prior year.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Cash flow and fair value interest rate risk

As the Group has significant fixed-rate interest-bearing assets, it is subject to independent changes in market interest rates resulting in fair value interest rate risk. This fair value interest rate risk is managed through diversification in short term financial instruments. The impact of a 1% change in market rates on the fair value of fixed rate instruments is minimal.

The Group's main cash flow interest rate risk arises from long-term borrowings with variable rates. The Group has negotiated that accelerated repayments of long-term borrowings can be made without incurring penalties and additional interest.

At 31 December 2018, 1% movement in the interest rate would impact the Group's consolidated statement of profit or loss by $867,012 (2017 - $822,909). There have been no changes to the way the Group manages this exposure compared to the prior year.

(b) Credit risk

Credit risk is the risk of default on financial assets that may arise from a counterparty failing to make payments or honour an obligation. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group has no significant concentration of credit risk and trades mainly with recognised credit worthy third parties.

Business is conducted with only reputable financial institutions. Customers trading on credit terms are subject to credit verification procedures and credit limits are defined for each customer. The approval process is undertaken on an individual basis before management provides credit to customers.

There have been no changes to the way the Group manages this exposure compared to the prior year.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

The maximum credit risk exposure is as follows:

	2018		2017	
	$'000	**%**	**$'000**	**%**
Financial assets - FVOCI	15,323	8%	4,786	2%
Finanical assets - amortised cost	6,509	3%	10,751	4%
Loans and other receivables (current and non-current)	14,620	6%	18,155	7%
Trade receivables	84,499	36%	115,096	45%
Due from related parties	19,652	8%	17,974	7%
Term deposits	25,418	11%	10,651	4%
Cash and cash equivalents	68,040	28%	78,030	31%
	234,061	100%	255,443	100%

Term deposits and cash are held with reputable financial institutions. There is no formal credit rating policy for the quality of assets held as at the balance sheet date. See Notes 11 and 12 for the credit quality of trade receivables and impairment.

Collateral is not held for any balances exposed to credit risk, with the exception of loans and receivables that are backed by the product provided to the customer that was financed.

The Group recognises provision for losses for assets subject to credit risk using the expected credit loss model.

The Group uses two approaches in arriving at expected losses:

- The simplified approach for trade receivables
- The general approach for all other financial assets

The simplified approach

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for trade receivables. The simplified approach eliminates the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred. Accordingly, a lifetime expected loss allowance is used from day 1. To measure the lifetime loss allowance, the Group first considers whether any individual customer accounts require specific provisions. Loss rates are then assigned to these accounts based on an internal risk rating system considering various qualitative and quantitative factors.

The expected loss rates for non-specific accounts are based on the payment profiles of sales over a period of 24 months starting 1 January 2016 and ending on 31 December 2017 and the corresponding historical credit losses experienced within this period.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

The general approach

Under the general approach, the Group considers the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

To assess whether there is a significant increase in credit risk each company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information, including the following:

- External credit ratings for bonds (as far as available). Where such ratings are not available, the Group applies certain assumptions and derives an equivalent rating for the respective securities.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

Regardless of the analysis above, a significant increase in credit risk is presumed:

- If a debtor is more than 30 days past due in making a contractual payment.
- If the bond issuer's credit rating has been downgraded from investment grade to non-investment grade.

A default on a financial asset occurs in the following circumstances:

- When the issuer of a bond has missed a payment of principal or interest or has announced its intention to suspend payments on part or all of its financial obligations, or
- For all other financial assets, when the counterparty fails to make contractual payments within 90 days of when they fall due.

Exposure at default (EAD) for loans

The exposure at default for loans is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date. A customer's account is considered to be in default after the expiration of 90 days.

Loss given default (LGD) for loans

Upon default of loans to customers, the collateral value of the renewable energy systems and any decommissioning costs are deducted from the balance owed to determine the true liable loss. The collateral values are based on the agreed prices for the components (panels, inverters and racking) and are linked to the prices that the Company would incur to purchase them. The rates are competitive in the market.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

Summary of ECL calculations

a. The simplified approach (trade receivables)

Incorporation of forward-looking information

Historical loss rates for trade receivables are adjusted to reflect current and forward-looking information on macroeconomic factors – GDP growth, unemployment, interest rates and tourism - affecting the ability of the customers to settle the receivables. The Group has identified indicators such as trends in days sales outstanding, concentration risk and macroeconomic fundamentals of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

For other financial assets, the Group employs various probability weighted scenarios and transition matrices to predict future behaviour. In developing the various models, the Group considers both internal data and external macroeconomic data.

A summary of the assumptions underpinning the Group's expected credit loss model under the simplified approach is further analysed below showing:

- Specific provisions using the Group's internal grading system
- General provisions using a standardised provision matrix

Trade receivables assessed for specific provisions are identified based on certain default triggers (e.g. customers with a significant portion of their invoices > 90 days, customers with significant cash flow issues, business model issues and other relevant factors). Once the population for specific provisions is identified, it is segregated from the rest of the portfolio and an ECL is calculated based on an individual rating assignment.

A provision matrix is then applied to all remaining accounts on a portfolio basis. Customer balances covered by specific provisions are excluded from the portfolio provision calculations to avoid double counting.

The following is a summary of the ECL on trade receivables from a combination of specific and general provisions:

Aging	Average ECL Rate %	Estimated EAD $'000	Expected credit loss $'000
Current (0 - 30 days)	2.5%	27,783	681
31 - 60 days	3.1%	20,806	646
61 - 90 days	5.1%	8,922	452
91 - 365 days	9.2%	16,035	1,482
Over 365 days	72.1%	51,002	36,788
	32.2%	124,548	40,049

A 1% change in the loss rate would result in a change in the ECL of $1,584,866.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

Summary of ECL calculations (continued)

a. The simplified approach (trade receivables) (continued)

The movement in the provision for expected credit losses for trade receivables is as follows:

	2018 $'000	2017 $'000
Balance at beginning of the year as reported under IAS 39	24,684	15,971
Amounts restated through opening retained earnings	15,707	-
Opening ECL under IFRS 9	40,391	15,971
Acquisition	-	11,111
Increase in loss allowance recognised in profit or loss	5,392	1,822
Bad debts written off	(5,734)	(4,220)
Balance at end of the year	40,049	24,684

b. The general approach

A summary of the assumptions underpinning the Group's expected credit loss model under the general approach is as follows:

Category	Definition	Basis for recognition of expected credit loss provision
Performing (Stage 1)	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses. Where the lifetime of an asset is less than 12 months, expected losses are measured over its lifetime.
Underperforming (Stage 2)	Financial assets for which there is a significant increase in credit risk since origination	Lifetime expected losses
Non-performing (Stage 3)	The financial asset is in default	Lifetime expected losses
Write-off	There is no reasonable expectation of recovery	Asset is written off

Over the term of the financial asset, the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of financial asset and adjusts for forward looking macroeconomic data.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

Summary of ECL calculations (continued)

b. The general approach (continued)

Customer loans

Aging	Average ECL Rate %	Estimated EAD $'000	Expected credit loss $'000
Performing (Stage 1)	-	-	-
Underperforming (Stage 2)	2.4%	13,469	322
Non-performing (Stage 3)	62.6%	3,935	2,462
	16.0%	17,404	2,784

A 1% change in the probability of default would result in a change in the ECL of $70,350.

The movement in the provision for expected credit losses for customer loans is as follows:

	Performing $'000	Under-performing $'000	Non-performing $'000	Total $'000
Balance at beginning of the year as reported under IAS 39	-	-	280	280
Amounts restated through opening retained earnings	-	381	2,979	3,360
Opening ECL under IFRS 9	-	381	3,259	3,640
Net change to provisions and reclassifications	-	(59)	(698)	(757)
Amounts written off to provisions	-	-	(99)	(99)
Balance at end of the year	-	322	2,462	2,784

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

Summary of ECL calculations (continued)

b. The general approach (continued)

Government of Barbados exposure

During the period 2008, the start of the global financial crisis, and 2017 the Government of Barbados (GOB) sovereign credit rating suffered several downgrades, moving from "investment grade" to one of the lowest ratings as assessed by the rating agencies. At the beginning of 2018 all related Government debt was considered to be extremely speculative with little prospect for a full recovery.

Considering the high credit risk associated with the GOB debt and the frequency of the credit rating downgrades and other related negative factors, the Group assessed the potential impact of the default using various scenarios. Accordingly, all exposures were classified as Stage 2 as of January 1, 2018, which is the date of initial application of IFRS 9. The Expected Credit Loss (ECL) parameters reflected a high probability of default at that date and as a consequence an impairment charge of $882,455 was assessed and recorded within opening retained earnings.

In June 2018, the GOB announced the suspension of interest and amortisation payments due on its debts owed to external commercial creditors. It was envisaged that in addition to foreign currency denominated external debt, domestic obligations of the central government and guaranteed debt, inclusive of treasury bills, treasury notes, debentures, bank loans and commercial bonds, which are serviced directly out of the public purse, were also subjected to the restructuring exercise. Following the announcement of default the Group reclassified its exposures to Stage 3.

In September 2018, the GOB announced the launch of an exchange offer open to holders of Barbados dollar-denominated debt issued by the GOB and certain state-owned enterprises (SOEs), as part of its Comprehensive Debt Restructuring. All holders of treasury bills, treasury notes, debentures, loans and bonds owed by the GOB, and loans and bonds owed by SOEs and other entities that receive transfers from the Government budget ("Affected Debt") were provided letters explaining further details of the exchange offer, as well as instructions for participating in the exchange offer.

In 2010, after the collapse of Clico International Life Insurance Limited, the Group recorded an impairment provision on their investment with the company. A further provision was made in subsequent years to reduce the balance to 12.5% of the original investment.

With the initial application of IFRS 9 the Group reassessed their investment and determined that there was no chance of recovery and therefore the resulting expected credit loss of $389,038 was recorded within opening retained earnings for the balance.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

Summary of ECL calculations (continued)

b. The general approach (continued)

Other financial assets

Aging	Average ECL Rate	Estimated EAD	Expected credit loss
	%	$'000	$'000
Performing (Stage 1)	-	-	-
Underperforming (Stage 2)	31.2%	9,466	2,957
Non-performing (Stage 3)	100.0%	1,303	1,303
	39.6%	10,769	4,260

The movement in the provision for expected credit losses for other financial assets is as follows:

	Performing $'000	Under-performing $'000	Non-performing $'000	Total $'000
Balance at beginning of the year as reported under IAS 39	-	-	9,123	9,123
Amounts restated through opening retained earnings	-	2,957	1,303	4,260
Opening ECL under IFRS 9	-	2,957	10,426	13,383
Amounts written off to provisions	-	-	(10,426)	(10,426)
Balance at end of the year	-	2,957	-	2,957

Due from related parties

The general approach will be adopted for calculating the expected credit loss (ECL) for intercompany balances in the consolidated financial statements of the Group. In the Group's financial statements, all related party balances are repayable on demand. The policy for assessing the recoverability of these balances is as follows:

- For loans that are repayable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date.
- If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. An assessment shall be done of the borrower in each instance to assess whether they satisfy this criteria. If criteria is not satisfied, proceed to step below.
- If the borrower could not repay the loan if demanded at the reporting date, the lender should consider the expected manner of recovery to measure expected credit losses. This might be a 'repay over time' strategy (that allows the borrower time to pay), or a fire sale of less liquid assets.

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(b) Credit risk (continued)

Due from related parties (continued)

- If the recovery strategies indicate that the lender would fully recover the outstanding balance of the loan, the expected credit loss will be limited to the effect of discounting the amount due on the loan (at the loan's effective interest rate, which might be 0% if the loan is interest free) over the period until cash is realised. An assessment of the impact of discounting the balance over the expected period of recovery shall be done for each balance.
- If the time period to realise cash is short or the effective interest rate is low, the effect of discounting might be immaterial. If the effective interest rate is 0%, and all strategies indicate that the lender would fully recover the outstanding balance of the loan, there is no impairment loss to recognise.

In the Group's assessment, there is no expected credit loss.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its payment obligations associated with its financial liabilities when they fall due.

The Group's liquidity risk management process is measured and monitored by senior management. The process includes monitoring current cash flows on a frequent basis, assessing the expected cash inflows as well as ensuring that the Group has adequate committed credit to meet its obligations and maintaining liquidity ratios. Cash flow forecasting is performed in the operating entities of the Group. Surplus cash held by the operating entities over and above balances required for working capital management is invested in interest bearing current accounts, term deposits and money market securities choosing instruments with appropriate maturities or sufficient liquidity to provide adequate headroom as determined by forecasts.

There have been no changes to the way the Group manages this exposure compared to the prior year.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year $'000	More than 1 year $'000	Contractual cash flows $'000	Carrying amount $'000
At 31 December 2018				
Bank borrowings	27,270	52,197	79,468	90,853
Trade payables	26,120	-	26,120	26,120
Sundry creditors and accruals	34,556	-	34,556	34,556
	87,946	52,197	140,144	151,529
At 31 December 2017				
Bank borrowings	28,728	76,486	105,214	84,640
Trade payables	35,571	490	36,061	36,061
Sundry creditors and accruals	28,375	-	28,375	28,375
	92,674	76,976	169,650	149,076

4 Financial risk management (continued)

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The Group is highly liquid and did not change its capital management strategy.

There have been no changes to the way the Group manages this exposure compared to the prior year.

	2018 **$'000**	**2017** **$'000**
Bank overdrafts	4,156	3,098
Short term borrowings	28,949	24,550
Long term borrowings	57,750	56,992
	90,853	84,640
Less: cash and cash equivalents	(68,040)	(78,030)
Net cash and cash equivalents	22,813	6,610
Total equity	715,980	735,331
Gearing ratio	3%	1%

4 Financial risk management (continued)

4.3 Fair value measurements and disclosures for financial and non-financial assets

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial assets and liabilities into the three levels prescribed under the accounting standards. An explanation of each level is provided as follows:

- **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

- **Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

See Notes 6, 7 and 10 for details of fair value disclosures.

4 Financial risk management (continued)

4.3 Fair value measurements and disclosures for financial and non-financial assets (continued)

(ii) Valuation techniques used to determine level 3 fair values

The Group obtains independent valuations for its investment properties at least annually and for its freehold land and buildings, classified as property, plant and equipment, every five years. At the end of each reporting period, the Directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Directors consider information from a variety of sources including:

1) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences

2) discounted cash flow projections based on reliable estimates of future cash flows

3) capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

5 Segment information

The Chief Operating Decision Maker (CODM) is the Chief Executive Officer (CEO). Management has determined the operating segments based on the reports reviewed by the CEO and the Board of One Caribbean Media Limited.

The CEO and the Board considers the business from both a geographic and Business Unit perspective. Geographically, management considers the performance of operating companies in Trinidad and Tobago and Barbados and has identified three reportable segments of its business:

1. ***Media*** – This segment derives its revenue mainly from advertising services utilising television, print and radio media to advertising agents, government, corporate entities and individuals.

2. ***Information and Communications Technology (ICT)*** – This segment derives its revenue mainly from the sale of technology related and broadband services to corporate and individual customers.

3. ***Other*** – This segment derives its revenue mainly from wholesale distribution of appliances, assembly and installation of photovoltaic systems and renewable energy products; carries out energy audits and implements energy efficiency strategies and property management.

The CEO and Board of Directors assesses the performance of the operating segments based on profit before taxation.

ONE CARIBBEAN MEDIA LIMITED

5 Segment information (continued)

The segment information provided for the reportable business segments is as follows:

	31 December 2018				31 December 2017			
	Media $'000	ICT $'000	Other $'000	Group $'000	Media $'000	ICT $'000	Other $'000	Group $'000
Revenue	330,641	40,603	22,525	393,769	366,847	45,743	29,587	442,177
Operating profit	42,293	11,494	(1,710)	52,077	60,554	15,442	1,367	77,363
Net impairment losses on financial assets	(3,378)	(823)	(1,191)	(5,392)	1,594	-	228	1,822
Impairment losses on other assets	(3,135)	-	(8,760)	(11,895)	-	-	(7,000)	(7,000)
Dividend income	2,881	-	-	2,881	1,191	-	-	1,191
Interest income	2,542	-	12	2,554	3,093	-	-	3,093
Finance costs	(4,711)	(1,421)	(218)	(6,350)	(3,502)	(1,506)	(225)	(5,233)
Share of profit of associates and joint venture	-	4,280	-	4,280	-	1,233	-	1,233
Profit before tax	**36,492**	**13,530**	**(11,867)**	**38,155**	**62,930**	**15,169**	**(5,630)**	**72,469**
Taxation	(14,347)	(2,589)	(981)	(17,917)	(15,602)	(3,867)	(554)	(20,023)
Profit for the year	**22,145**	**10,941**	**(12,848)**	**20,238**	**47,328**	**11,302**	**(6,184)**	**52,446**
Group profit / (loss) attributable to:								
- Non-controlling interests	(1,765)	3,123	(633)	725	79	4,386	225	4,690
- Owners of the parent	23,910	7,818	(12,215)	19,513	47,249	6,916	(6,409)	47,756
	22,145	**10,941**	**(12,848)**	**20,238**	**47,328**	**11,302**	**(6,184)**	**52,446**

	31 December 2018				31 December 2017			
	Media $'000	ICT $'000	Other $'000	Group $'000	Media $'000	ICT $'000	Other $'000	Group $'000
Depreciation	16,909	2,415	1,301	20,625	16,179	1,722	2,063	19,964
Amortisation	1,907	1,061	64	3,032	1,951	398	64	2,413
Capital expenditure	31,097	3,531	367	34,995	24,760	3,679	398	28,837
Assets	700,308	142,781	111,242	954,331	719,752	143,089	109,342	972,183
Liabilities	205,501	24,094	8,756	238,351	198,300	31,153	7,399	236,852

Notes to the consolidated financial statements

(These financial statements are expressed in Trinidad and Tobago dollars)

5 Segment information (continued)

The Trinidad operations are segmented into Media, ICT and Other as follows:

	31 December 2018				31 December 2017			
	Media $'000	ICT * $'000	Other $'000	Trinidad $'000	Media $'000	ICT $'000	Other $'000	Trinidad $'000
Revenue	205,523	40,603	17,937	264,063	230,554	45,743	17,854	294,151
Operating profit	35,114	11,494	1,497	48,105	44,514	15,442	769	60,725
Net impairment losses on financial assets	(2,858)	(823)	(715)	(4,396)	1,583	-	228	1,811
Impairment losses on other assets	(3,135)	-	(8,760)	(11,895)	-	-	(7,000)	(7,000)
Dividend income	22	-	-	22	81	-	-	81
Interest income	77	-	12	89	108	-	-	108
Finance costs	(4,292)	(1,421)	(88)	(5,801)	(3,183)	(1,506)	(87)	(4,776)
Share of profit of associates and joint venture	-	4,280	-	4,280	-	1,233	-	1,233
Profit before tax	**24,928**	**13,530**	**(8,054)**	**30,404**	**43,103**	**15,169**	**(6,090)**	**52,182**
Taxation	(14,804)	(2,589)	(981)	(18,374)	(10,588)	(3,867)	(554)	(15,009)
Profit for the year	**10,124**	**10,941**	**(9,035)**	**12,030**	**32,515**	**11,302**	**(6,644)**	**37,173**
Group profit / (loss) attributable to:								
- Non-controlling interests	103	3,123	(633)	2,593	79	4,386	-	4,465
- Owners of the parent	10,021	7,818	(8,402)	9,437	32,436	6,916	(6,644)	32,708
	10,124	**10,941**	**(9,035)**	**12,030**	**32,515**	**11,302**	**(6,644)**	**37,173**

	31 December 2018				31 December 2017			
	Media $'000	ICT $'000	Other $'000	Trinidad $'000	Media $'000	ICT $'000	Other $'000	Trinidad $'000
Depreciation	10,088	2,415	1,200	13,703	9,478	1,722	1,954	13,154
Amortisation	1,602	1,061	-	2,663	1,602	398	-	2,000
Capital expenditure	28,634	3,531	282	32,447	11,960	3,679	398	16,037
Assets	452,709	142,781	103,277	698,767	469,933	143,089	98,079	711,101
Liabilities	189,926	24,094	1,756	215,776	177,721	31,153	913	209,787

* Included in the ICT revenues of $40.6M is $2.1M relating to lease of equipment

5 Segment information (continued)

The Barbados operations are segmented into Media and Other as follows:

	31 December 2018			31 December 2017		
	Media $'000	Other $'000	Barbados $'000	Media $'000	Other $'000	Barbados $'000
Revenue	125,118	4,588	129,706	136,293	11,733	148,026
Operating profit	7,179	(3,207)	3,972	16,040	598	16,638
Net impairment losses on financial assets	(520)	(476)	(996)	11	-	11
Dividend income	2,859	-	2,859	1,110	-	1,110
Interest income	2,465	-	2,465	2,985	-	2,985
Finance costs	(419)	(130)	(549)	(319)	(138)	(457)
Profit before tax	**11,564**	**(3,813)**	**7,751**	**19,827**	**460**	**20,287**
Taxation	457	-	457	(5,014)	-	(5,014)
Profit for the year	**12,021**	**(3,813)**	**8,208**	**14,813**	**460**	**15,273**
Group profit / (loss) attributable to:						
- Non-controlling interests	(1,868)	-	(1,868)	-	225	225
- Owners of the parent	13,889	(3,813)	10,076	14,813	235	15,048
	12,021	**(3,813)**	**8,208**	**14,813**	**460**	**15,273**

	31 December 2018			31 December 2017		
	Media $'000	Other $'000	Barbados $'000	Media $'000	Other $'000	Barbados $'000
Depreciation	6,821	101	6,922	6,701	109	6,810
Amortisation	305	64	369	349	64	413
Capital expenditure	2,463	85	2,548	12,800	-	12,800
Assets	247,599	7,965	255,564	249,819	11,263	261,082
Liabilities	15,575	7,000	22,575	20,579	6,486	27,065

5. Segment information (continued)

The segment information provided for the reportable geographic segments is as follows:

	31 December 2018			31 December 2017		
	Trinidad $'000	**Barbados $'000**	**Group $'000**	**Trinidad $'000**	**Barbados $'000**	**Group $'000**
Revenue	264,063	129,706	393,769	294,151	148,026	442,177
Operating profit	48,105	3,972	52,077	60,725	16,638	77,363
Net impairment losses on financial assets	(4,396)	(996)	(5,392)	1,811	11	1,822
Impairment losses on other assets	(11,895)	-	(11,895)	(7,000)	-	(7,000)
Dividend income	22	2,859	2,881	81	1,110	1,191
Interest income	89	2,465	2,554	108	2,985	3,093
Finance costs	(5,801)	(549)	(6,350)	(4,776)	(457)	(5,233)
Share of profit of associates and joint venture	4,280	-	4,280	1,233	-	1,233
Profit before tax	**30,404**	**7,751**	**38,155**	**52,182**	**20,287**	**72,469**
Taxation	(18,374)	457	(17,917)	(15,009)	(5,014)	(20,023)
Profit for the year	**12,030**	**8,208**	**20,238**	**37,173**	**15,273**	**52,446**
Group profit / (loss) attributable to:						
- Non-controlling interests	2,593	(1,868)	725	4,465	225	4,690
- Owners of the parent	9,437	10,076	19,513	32,708	15,048	47,756
	12,030	**8,208**	**20,238**	**37,173**	**15,273**	**52,446**

	31 December 2018			31 December 2017		
	Trinidad $'000	**Barbados $'000**	**Group $'000**	**Trinidad $'000**	**Barbados $'000**	**Group $'000**
Depreciation	13,703	6,922	20,625	13,154	6,810	19,964
Amortisation	2,663	369	3,032	2,000	413	2,413
Capital expenditure	32,447	2,548	34,995	16,037	12,800	28,837
Assets	698,767	255,564	954,331	711,101	261,082	972,183
Liabilities	215,776	22,575	238,351	209,787	27,065	236,852

6. Investment properties

The Group's investment properties are measured at cost. The Group holds commercial property in Trinidad.

	2018	2017
	$'000	**$'000**
At 1 January	65,540	67,180
Depreciation	(820)	(1,640)
Impairment (Note 27)	(2,860)	-
At 31 December	61,860	65,540

The investment properties consist of the following:

	2018	2017
Commercial Freehold Properties		
40-42 Henry Street, Port of Spain	25,900	29,070
39 Dundonald Street, Port of Spain	35,960	36,470
	61,860	65,540

(a) ***Accounting policy***

Investment properties refer to land or buildings held, whether by the owner or under a finance lease, to earn rentals or for capital appreciation or both. Investment properties are initially measured at cost, including transaction costs.

Investment properties are treated as long-term and are stated at amortised cost, less impairment. The fair values of investment properties are disclosed in note (b) below. These 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.

Like property, plant and equipment, investment properties are depreciated at 2% per annum using the straight line method.

Investment properties cease recognition as investment property either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Gains or losses arising from retirement or disposal are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of profit or loss in the period of the retirement or disposal.

Any impairment charges are also accounted for in the consolidated statement of profit or loss.

6. Investment properties (continued)

(b) The fair value of investment properties as at 31 December 2018 was $63,900,000. The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See note 4.3 (ii) for the valuation techniques adopted.

Description	Fair value at 31-Dec-18 $'000	Fair value at 31-Dec-17 $'000	Unobservable inputs	Range of inputs 2018	Range of inputs 2017	Relationship of unobservable inputs to fair value
Investment properties	63,900	67,500	Discount rate	8%	8%	The higher the discount rate and terminal yield, the lower the fair value
			Terminal yield	7.5% -10%	7% -9%	

The Group's investment properties were valued at 31 December 2018 by independent professional qualified valuer, Brent Augustus & Associates Limited, Chartered Valuation Surveyors, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued.

At each financial reporting date the Finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior valuation report;
- holds discussions with the independent valuator.

There were no transfers between levels during the year. Level 3 fair values have been derived using the Open Market Value Method. Evidence of arm's length open market transactions of similar lands were analysed and the results applied to the subject lands after taking into consideration appropriate adjustments for location, size and other relevant factors. The most significant input into this valuation approach is future rental cash inflows based on the actual location and quality of the properties and supported by the terms of any existing leases.

A 1% change in the rental rates would result in a change in the investment value of $640,373.

7. Property, plant and equipment

	Work in Progress $'000	Land and Buildings $'000	Machinery and Equipment $'000	Total $'000
At 1 January 2017				
Cost or valuation	51,562	159,208	311,231	522,001
Accumulated depreciation	-	(11)	(216,152)	(216,163)
Net book amount	51,562	159,197	95,079	305,838
Year ended 31 December 2017				
Opening net book amount	51,562	159,197	95,079	305,838
Acquisition (Note 30)	-	264	10,691	10,955
Additions	8,047	9,515	11,275	28,837
Transfers	(8,316)	8,053	263	-
Disposals	-	-	(118)	(118)
Depreciation charge	-	(1,677)	(16,647)	(18,324)
Closing net book amount	51,293	175,352	100,543	327,188
At 31 December 2017				
Cost or valuation	51,293	177,704	333,125	562,122
Accumulated depreciation	-	(2,352)	(232,582)	(234,934)
Net book amount	51,293	175,352	100,543	327,188
Year ended 31 December 2018				
Opening net book amount	51,293	175,352	100,543	327,188
Additions	2,907	16,032	16,056	34,995
Transfers	(35,338)	-	35,338	-
Disposals	-	-	(97)	(97)
Depreciation charge	-	(1,732)	(18,073)	(19,805)
Closing net book amount	18,862	189,652	133,767	342,281
At 31 December 2018				
Cost or valuation	18,862	193,736	383,808	596,406
Accumulated depreciation	-	(4,084)	(250,041)	(254,125)
Net book amount	18,862	189,652	133,767	342,281

The Group leases certain motor vehicles and equipment under operating lease arrangements. Lease rental of $392,546 (2017: $520,105) was expensed in cost of providing services.

7. Property, plant and equipment (continued)

(a) Accounting policy

Land and buildings comprise mainly offices, production facilities and warehouses. All plant and equipment are initially recorded at cost. Land and buildings are carried at fair value, based on valuations done by independent valuators every five years less subsequent depreciation for buildings. Directors valuations are performed in the intervening period. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Assets are depreciated on the following bases at rates estimated to allocate their cost or revalued amount to their residual values or the depreciable amounts of the assets' estimated useful lives as follows:

Assets	**Basis**	**Rate**
Freehold property	straight line	2%
Machinery and equipment include:		
- Studio and transmitter equipment	straight line / reducing balance	10-20%
- Plant, equipment and fixtures and fittings	straight line / reducing balance	10-20%
- Computers and peripherals	straight line	10-20%
- Motor vehicles	straight line	20-25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Land is not depreciated.

Plant and equipment are reviewed periodically for impairment. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposal of plant and equipment are determined by reference to its carrying amount and are taken into account in determining profit before tax.

(b) Significant fair value estimate

The land and buildings were last revalued on 31 December 2016 by independent professional qualified valuers, Raymond & Pierre Chartered Valuation Surveyors and G.A.Farrell & Associates Chartered Valuation Surveyors.

7. Property, plant and equipment (continued)

(b) Significant fair value estimate **(continued)**

The following table analyses the non-financial assets carried at fair value. The different levels of fair value measurements have been defined in Note 4.3.:

Fair value measurement using

	Quoted prices in active markets for identical assets (level 1) $'000	Significant other observable inputs (level 2) $'000	Significant unobservable inputs (level 3) $'000
As at 31 December 2018			
Recurring fair value measurements			
- Land and buildings	-	-	189,652

	Quoted prices in active markets for identical assets (level 1) $'000	Significant other observable inputs (level 2) $'000	Significant unobservable inputs (level 3) $'000
As at 31 December 2017			
Recurring fair value measurements			
- Land and buildings	-	-	175,352

There were no transfers between levels during the year.

The Group's management reviews the latest valuations performed by the independent valuators for financial reporting purposes. At the year end the finance department:

- verifies all major inputs to the independent valuation reports;
- assesses property valuation movements when compared to the prior valuation reports;
- holds discussions with the independent valuators.

The existing use is the highest and best to which the property could be put. The size and layout of the property was taken into consideration in the valuation. Based on the valuation the buildings appeared to be structurally sound and in fair to good decorative condition and assumed to be adequate and appropriate for a structure of its size, type and use.

Level 3 fair values of land has been derived using the Sales Comparison Approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot.

Level 3 fair value of buildings have been derived using the income approach. The income approach is one that provides an indication of market value by converting future cash flows to a single capital value. This approach was used due to the availability of rental and capitalisation information for comparable properties. The most significant judgments and estimates affecting the valuations include capitalisation rates and estimated rental values. Capitalisation rates varied between 9-9.5%.

(c) Depreciation charge

Depreciation expense has been included in cost of providing services in the consolidated statement of profit or loss and other comprehensive income.

(d) Borrowing costs capitalised

Included within the additions during the year is borrowing cost of $1,057,137.

7. Property, plant and equipment (continued)

(e) If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2018 $'000	2017 $'000
Cost	209,526	193,493
Accumulated depreciation	(34,961)	(32,735)
Net book value	174,565	160,758

(f) Capital commitments

As at 31 December 2018, the Group has no capital expenditure commitments (2017 - $284,172).

8. Intangible assets

	Goodwill $'000	Brands $'000	Licences and software $'000	Intellectual property $'000	Customer related intangibles $'000	Total $'000
At 31 December 2016						
Cost or valuation	60,889	10,810	26,600	1,980	-	100,279
Accumulated amortisation	-	(2,616)	(5,445)	(1,198)	-	(9,259)
Net book amount	60,889	8,194	21,155	782	-	91,020
Year ended 31 December 2017						
At beginning of the year	60,889	8,194	21,155	782	-	91,020
Acquisition (Note 32 b)	72,079	-	-	-	7,000	79,079
Additions	-	-	700	-	-	700
Amortisation	-	(523)	(1,477)	(413)	-	(2,413)
Impairment (Note 27)	(7,000)	-	-	-	-	(7,000)
At end of the year	125,968	7,671	20,378	369	7,000	161,386
At 31December 2017						
Cost or valuation	125,968	10,810	27,300	1,980	7,000	173,058
Accumulated amortisation	-	(3,139)	(6,922)	(1,611)	-	(11,672)
Net book amount	125,968	7,671	20,378	369	7,000	161,386
Year ended 31 December 2018						
At beginning of the year	125,968	7,671	20,378	369	7,000	161,386
Additions	-	-	350	-	-	350
Amortisation	-	(523)	(1,440)	(369)	(700)	(3,032)
Impairment (Note 27)	(5,900)	-	-	-	-	(5,900)
At end of the year	120,068	7,148	19,288	-	6,300	152,804
At 31 December 2018						
Cost or valuation	120,068	10,810	27,650	1,980	7,000	167,508
Accumulated amortisation	-	(3,662)	(8,362)	(1,980)	(700)	(14,704)
Net book amount	120,068	7,148	19,288	-	6,300	152,804
Useful econmic life (years)	-	20	10	5	10	

8. Intangible assets (continued)

(a) *Accounting policies*

Brands, licences and software and intellectual property are fair valued based on the open market basis, royalty method or multi-period excess earnings method as appropriate and subsequently measured at cost less amortisation. The amortisation expense is recorded in administrative expenses.

(i) Goodwill

Goodwill arises on business combinations and represents the excess of the consideration transferred over the Group's interest in 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.

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

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 higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(ii) Brands, licences and software, intellectual property and customer related intangibles

Brands, licences and software, intellectual property and customer related intangibles are shown at fair value if acquired as part of a business combination. Subsequently they are shown at historical cost less accumulated amortization and impairment losses. These intangible assets are amortised on an individual basis over the estimated useful life of the intangible asset which is estimated between five and twenty years.

(iii) Impairment of non- financial assets

Intangible assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(b) The goodwill has been allocated to each cash generating unit as follows:

	2018	**2017**
	$'000	**$'000**
Basic Space Limited	3,875	3,875
Caribbean Communications Company Limited	25,876	25,876
Donald Dunne Holdings Limited	6,375	6,375
Green Dot Limited	72,079	72,079
Novo Media Limited	11,863	11,863
VL Limited	-	5,900
	120,068	125,968

8. Intangible assets (continued)

(b) The recoverable amount of cash generating units is determined based on a value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by management covering a five-year period. The assumptions for budgeted gross margin, growth rates and pre-tax weighted average cost of capital are based upon past performance, economic conditions and expectations for market development. The weighted average growth rates used are consistent with the forecasts included in industry reports where available. The discount rates used reflect specific risk relating to the relevant segment of business. No terminal growth rate was used in the calculations. The key assumptions used for value-in-use calculations are as follows:

	Growth rate	Pre-tax discount rate
2018		
Media	5% - 17%	9%
Distribution	1% - 5%	12.5%
ICT	0% - 18%	10% -13.5%
2017		
Media	5% - 20%	17%
Distribution	1% - 15%	13.5%
ICT	0% - 10%	17%

These key inputs and assumptions were tested for sensitivity by applying a reasonably possible change to those assumptions. Individually testing these rates for sensitivity, the break-even position would be an increase in the discount rate of between 2.25% and 5.5% and a reduction in future cash flows of between 11% and 20%. As at 31 December 2018, management does not foresee any changes to these rates materializing and as such do not expect that the CGUs carrying amount would be lower than its recoverable amount.

The recoverable amount of this CGU would equal its carrying amount if the key assumptions were to change as follows:

	2018		2017	
	From	To	From	To
Revenue growth rates				
- Media	5% to 17%	-15%	5% to 20%	0%
- ICT	0% to 18%	-11% to -20%	0% to 10%	-20%
Pre-tax discount rates				
- Media	9%	15%	17%	19%
- ICT	10% to 13.5%	15% to 15.75%	17%	16.5% to 20%

9. Investments in associates and joint venture

	2018				2017			
	Cumberland Communi-cations Limited	Tobago Newspapers Limited	Novo Tech-nologies Inc	Total	Cumberland Communi-cations Limited	Tobago Newspapers Limited	Novo Tech-nologies Inc	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Beginning of the year	1,032	3,135	56,605	60,772	989	3,135	55,759	59,883
Impairment (Note 27)	-	(3,135)	-	(3,135)	-	-	-	-
Share of profit	62	-	4,218	4,280	51	-	1,182	1,233
Share of tax (Note15)	(12)	-	(1,246)	(1,258)	(8)	-	(336)	(344)
End of the year	**1,082**	**-**	**59,577**	**60,660**	**1,032**	**3,135**	**56,605**	**60,772**

The Group's interest in the associates and joint venture are accounted for using the equity method. The 50% shareholding in Cumberland Communications Limited does not constitute control as this is a joint venture arrangement.

9. Investments in associates and joint venture

(a) Accounting policy

(i) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's interest in jointly controlled entities and associates is accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of profit or loss on the investee after the acquisition. The Group's investment in associates includes goodwill identified at acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses equals or exceeds its interest including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. Dividends received during the year are eliminated on consolidation.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of the impairment as the difference between the recoverable amount and its carrying value.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates and joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates and joint ventures are recognised in the consolidated statement of profit or loss.

(ii) Joint arrangements

The Group has applied IFRS 11 to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

9. Investments in associates and joint venture (continued)

(b) The Group's share of the results of its associate and joint venture, which are unlisted, and its share of the assets and liabilities are as follows:

	Country of incorporation	Assets $'000	Liabilities $'000	Revenue $'000	Profit before tax $'000	% interest held
2018						
Cumberland Communications Limited	Trinidad and Tobago	1,767	706	182	62	50%
Novo Technologies Inc.	Trinidad and Tobago	22,547	2,938	3,568	4,218	40%
		24,314	3,644	3,750	4,280	
2017						
Tobago Newspapers Limited	Trinidad and Tobago	3,667	252	-	-	27%
Cumberland Communications Limited	Trinidad and Tobago	1,730	719	182	51	50%
Novo Technologies Inc.	Trinidad and Tobago	22,547	2,938	3,568	1,182	40%
		27,944	3,909	3,750	1,233	

There are no contingent liabilities or capital commitments for the associates and joint venture.

10. Financial assets

	2018 $'000	2017 $'000
Fair value through other comprehensive income		
Quoted securities	1,504	1,640
Unquoted securities	13,819	3,146
	15,323	4,786
At amortised costs		
Debt securities	5,654	9,509
Term deposits - Non-current portion	-	387
Loans to corporate entities	855	855
	6,509	10,751

(a) Accounting policies

In accordance with IFRS 9

***(i)* Classification**

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through OCI, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

10. Financial assets (continued)

(a) Accounting policies (continued)

In accordance with IFRS 9 (continued)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group measures its debt instruments at amortised cost.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

In accordance with IAS 39

(i) Classification

The Group classifies its financial assets in the following categories: 'available for sale' and 'loans and receivables'. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Available-for-sale

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables comprise other financial assets, 'trade receivables', 'sundry debtors', 'cash and cash equivalents' and term deposits in the balance sheet.

(ii) Recognition and measurement

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

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

10. Financial assets (continued)

(a) Accounting policies (continued)

In accordance with IAS 39 (continued)

(ii) Recognition and measurement (continued)

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated statement of profit or loss as 'gains and losses from investment securities'. Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of 'Interest income'. Dividends on available-for-sale equity instruments are recognised in the consolidated statement of profit or loss when the Group's right to receive payments is established as 'Dividend income'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of interest income.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right is not contingent on future events but is enforceable in the normal course of business and in the event of default, insolvency and bankruptcy of the company or the counterparty.

Impairment of financial assets (In accordance with IAS 39)

(i) Assets carried at amortised cost

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

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

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

If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of profit or loss.

10. Financial assets (continued)

(a) Accounting policies (continued)

Impairment of financial assets (continued)

(ii) Assets classified as available- for- sale

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

Refer to Note 4.1(b) for impairment policy on adoption of IFRS 9.

(b) Interest on short term deposits is as follows:

The non-current portion of the term deposits attract interest between 0.75% and 2% (2017 – 2.0% and 4.25%) and will mature between January 2019 and March 2019 (2017: January 2018 and March 2018).

The current portion of the term deposits attract interest between 1.5% and 3.25% (2017 – 2.25% and 2.55%). These deposits with maturities in excess of 90 days but less than one year are placed with leading local and regional financial institutions.

(c) The movement in the financial assets at fair value through OCI:

	2018 **$'000**	**2017** **$'000**
At beginning of year	4,786	4,798
Gain on revaluation of investments on adoption of IFRS 9	10,537	129
At end of year	15,323	4,786

Included in unquoted securities is a 20% holding in Guyana Publications Limited. The Group has not equity accounted for this investment because management has no significant influence over the operations. The Group also does not have the ability to have representation on the Board of Guyana Publications Limited.

Financial assets are denominated in the following currencies:

	2018 **$'000**	**2017** **$'000**
Currency		
TT$	999	999
BDS$	20,833	14,538
	21,832	15,537

10. Financial assets (continued)

(d) The table below summarizes available-for-sale financial assets carried at fair value by valuation method.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2018				
Assets				
Available-for-sale financial assets - quoted securities	1,504	-	-	1,504
Available-for-sale financial assets - unquoted securities	-	-	13,819	13,819
	1,504	-	13,819	15,323
2017				
Assets				
Available-for-sale financial assets - quoted securities	1,640	-	-	1,640
Available-for-sale financial assets - unquoted securities	-	-	3,146	3,146
	1,640	-	3,146	4,786

There were no transfers between levels 1, 2 and 3 during the year. See note 4.3 (i) for details of fair value hierarchy.

11 Loans and receivables

	2018			2017		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Loans	3,712	13,692	17,404	2,935	15,500	18,435
Provision for impairment	(2,784)	-	(2,784)	(280)	-	(280)
	928	13,692	14,620	2,655	15,500	18,155

The Group has adopted IFRS 9 *Financial Instruments* and all its related amendments effective 1 January 2018. This has resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in retained earnings of the current period.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

The loans and receivables were previously included in current trade receivables and non-current trade receivables.

Refer to Note 4.1 (b) b for the provision for impairment of the loans and receivables.

Accounting policy

The loans relate to products sold to customers of Innogen Technologies Inc.with a repayment plan for over one year. The Nation Group provides financing to these customers at an interest rate of 7.75% per registered bill of sale over the sold product as collateral security and obtains an assignment of the homeowner's insurance over the sold product.

The Group has adopted IFRS 9 *Financial Instruments* and all its related amendments effective 1 January 2018. This has resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in retained earnings of the current period.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Refer to Note 4.1(b) for impairment policy on adoption of IFRS 9.

12 Trade receivables

	2018 $'000	2017 $'000
Trade receivables	124,548	139,780
Provision for impairment	(40,049)	(24,684)
	84,499	115,096

The Group has adopted IFRS 9 *Financial Instruments* and all its related amendments effective 1 January 2018. This has resulted in changes in accounting policies and adjustments to the amounts previously recognised in the financial statements. As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and liabilities at the date of transition were recognised in retained earnings of the current period.

The adoption of IFRS 9 has resulted in changes in the accounting policies for recognition, classification and measurement of financial assets and financial liabilities and impairment of financial assets.

Refer to Note 4.1(b) a for the movement on the provision for impairment of trade receivables.

Accounting policy

(a) Measurement and classification (IAS 39 2017 and IFRS 9 2018)

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently at amortised cost less provision for impairment.

Assets carried at amortised cost

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

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

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

(b) Impairment

Accounting policy for impairment of trade receivables (IFRS 9 2018)

The Group applies specific provisions for higher risk accounts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

All other non-specific accounts have been grouped based on shared credit risk characteristics and a loss rate derived using a provision matrix. Scaled loss rates were then calculated based on historical payment profiles. The loss rates were adjusted to incorporate forward-looking information and then applied to the different aging buckets as of the balance sheet date.

12. Trade receivables (continued)
Accounting policy (continued)
(b) Impairment (continued)

Previous accounting policy for impairment of trade receivables (IAS 39 2017)
A provision for impairment of trade and other receivables is established where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Trade receivables that are less than 2 months past due are not considered impaired. Payments on invoices are due 30 days after issue. The creation and release of provision for impaired receivables have been included in 'administrative expenses' in the statement of profit or loss and other comprehensive income. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivables are impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within administrative expenses. When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of profit or loss and other comprehensive income.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined for trade receivables.

The Group does not hold any collateral as security for current trade receivables.

13 Sundry debtors and prepayments

	2018 $'000	2017 $'000
Sundry debtors	19,794	20,024
Provision for impairment	(3,764)	(3,196)
	16,030	16,828
Prepayments	5,270	5,028
	21,300	21,856
Movement on the Group's provision for impairment of sundry debtors is as follows:		
At beginning of the year	3,196	2,690
Increase in provision for impairment	568	506
At end of the year	3,764	3,196

There is no concentration with respect to credit risk. As at 31 December 2018, sundry debtors of $16,029,085 (2017-$16,827,957) were fully performing.

14 Deferred programming

	2018 $'000	2017 $'000
Opening balance	5,225	3,202
New contracts	2,042	6,278
	7,267	9,480
Usage	(3,877)	(4,255)
	3,390	5,225
Current portion	(1,792)	(3,860)
Non-current portion	1,598	1,365

Accounting policy
Deferred programming is measured at cost less amortization based on usage. It represents programming contracted but not yet broadcasted. The cost of programmes is expensed as they are broadcasted.

15 Taxation

(a) Taxation charge

	2018 $'000	2017 $'000
Current tax	14,094	17,643
Prior year under provision	4,301	717
Deferred tax	(1,736)	1,319
Share of tax in associate and joint venture (Note 9)	1,258	344
	17,917	20,023

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic rate of tax as follows:

	2018 $'000	2017 $'000
Profit before tax	38,155	72,469
Tax calculated at 30%	11,447	21,297
Effect of different tax rates in other countries	21	(994)
Effect of change in tax rate	(2,738)	-
Expenses not deductible for tax purposes	6,644	2,478
Income not subject to tax	(3,743)	(3,144)
Tax losses not utilised	(517)	(544)
Effect of income tax holiday	1,144	(115)
Tax allowances	-	(181)
Other permanent differences	1,031	245
Business levy	327	264
Prior year under provision	4,301	717
	17,917	20,023

(b) Accounting policies

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

15 Taxation (continued)

(b) Accounting policies (continued)

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable income. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The principal temporary differences arise from depreciation on property, plant and equipment and retirement benefit obligation, intangibles and investment properties.

Deferred taxes are calculated in full on all temporary differences under the liability method using a principal tax rate of 30% (2017: 30%) for Trinidad and Tobago entities and 5% (2017-25%) for overseas entities.

The impact of the change in tax rate has been recognized in the prior year in the tax expense in the consolidated statement of profit or loss, except to the extent that it relates to items previously recognized in comprehensive income, in particular remeasurement of the retirement benefit obligation.

(c) Deferred income tax (assets)/liabilities

Deferred taxes are calculated in full on all temporary differences under the liability method using a principal tax rate of 30% (2017 – 30%**).**

	2018	**2017**
	$'000	**$'000**
Deferred tax assets	(21,665)	(12,052)
Deferred tax liabilities	37,130	36,524
Deferred tax (assets) / liabilities - net	15,465	24,472

The movement on the deferred income tax account is as follows:

At beginning of year	24,472	22,458
IFRS initial application adjustments	(5,598)	-
Acquisition (Note 30)	-	(3,656)
Charge to consolidated income statement	(1,369)	1,319
Charge to other comprehensive income	(2,040)	4,351
At end of the year	15,465	24,472

15 Taxation (continued)

(c) Deferred income tax (assets)/liabilities (continued)

The gross movement on the deferred income tax account is as follows:

	Accelerated tax depreciation $'000	Retirement benefit obligation $'000	Intangibles $'000	Investment properties $'000	Other $'000	Total $'000
Deferred tax (assets) / liabilities						
At 1 January 2018	17,914	(570)	7,048	11,562	(11,482)	24,472
IFRS initial application adjustments	-	-	-	-	(5,598)	(5,598)
Charge / (credit) to profit or loss	2,191	(1,970)	(481)	(1,104)	(5)	(1,369)
Credit to other comprehensive income	-	(2,040)	-	-	-	(2,040)
At 31 December 2018	20,105	(4,580)	6,567	10,458	(17,085)	15,465
Deferred tax (assets) / liabilities						
At 1 January 2017	17,405	(4,086)	7,529	12,054	(10,444)	22,458
Acquisition	(3,656)	-	-	-	-	(3,656)
Charge / (credit) to profit or loss	4,165	(835)	(481)	(492)	(1,038)	1,319
Charge to other comprehensive income	-	4,351	-	-	-	4,351
At 31 December 2017	17,914	(570)	7,048	11,562	(11,482)	24,472

16 Inventories

	2018 $'000	2017 $'000
Goods held for sale	9,281	16,203
Newsprint and other raw materials	14,154	11,539
Spare parts and consumables	6,000	6,209
Goods in transit	688	1,501
	30,122	35,452

(a) Accounting policy

Inventories are stated at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expense. Cost is determined by the first-in, first-out (FIFO) method except for spare parts and consumables which are determined using the weighted average cost.

(b) The cost of raw materials and consumables used and included in cost of services provided amounted to $41,483,768 (2017 - $44,991,023).

17 Cash and term deposits

(i) Cash and cash equivalents (excluding bank overdrafts)

	2018 $'000	2017 $'000
Cash at bank and in hand	59,766	55,513
Restricted cash (Note 32)	7,650	7,650
Short-term bank deposits	624	14,867
	68,040	78,030

(ii) Term deposits

	2018	2017
Term deposits	25,418	10,651

17 Cash and term deposits (continued)

(a) *Accounting policy*

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks, short term deposits with a maturity of less than three months, investments in money market instruments and bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

(b) *Financial risk management*

The effective interest rate on short-term bank deposits was between 0.01% and 2.00% (2017 – 0.01% and 2.55%). These deposits have a maturity of 90 days.

The effective interest rates on term deposits was between 1.5% and 3.25% (2017 – 2.0% and 3.25%). These deposits have maturities in excess of 90 days and are placed with leading financial institutions.

18 Share capital

	2018 $'000	2017 $'000
Authorised		
Unlimited number of ordinary shares of no par value		
Issued and fully paid		
66,499,801 (2017 - 66,499,801) shares of no par value	391,184	390,916

(a) *Accounting policy*

Ordinary shares with discretionary dividends are classified as equity. Incremental external costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(b) *Movement for the year*:

	Number of shares	Share Capital $'000
As at 1 January 2018	66,499,801	390,916
Value of share options granted	-	268
As at 31 December 2018	66,499,801	391,184
As at 1 January 2017	66,387,282	388,899
Value of share options granted	-	268
Share options exercised	112,519	1,749
As at 31 December 2017	66,499,801	390,916

18 Share capital (continued)

The shareholders approved a share incentive plan effective 1 January 2006, under which the Board can grant options to management to subscribe for a maximum of 3,500,000 shares. Share options vest three years from the date of the grant. No share options were granted for the year 31 December 2018 (2017 – Nil).

The fair value of the options granted in 2015 of $1.05 was determined using the Black Scholes model.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant - vest	Expiry date	Exercise price	Share options	
			2018	**2017**
			'000	**'000**
2009 - 2012	04-May-19	17.50	441	441
2009 - 2012	30-Sep-19	17.50	155	155
2012 - 2015	18-Oct-22	15.06	631	638
2014 - 2017	05-Jun-24	22.60	588	607
2015 - 2018	24-Apr-25	22.30	340	347
2015 - 2018	20-Nov-25	22.00	362	369
			2,517	2,557

Reconciliation of movement

	2018	2017
At the beginning of the year	2,557	3,082
Lapsed during the year	(40)	(412)
Exercised during the year	-	(113)
At the end of the year	2,517	2,557

No share options were exercised in 2018. The weighted average price of share options exercised in 2017 was $15.54.

The model inputs for share options granted during the year are as follows:

	2018	2017
Maturity	1 - 7 years	2 - 8 years
Expected price volatility of the Company's shares	14%	14%
Interest rate	1% - 4%	1% - 4%

The expected price volatility of the parent company shares is based on the historic volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

Notes to the consolidated financial statements

(These financial statements are expressed in Trinidad and Tobago dollars)

18 Share capital (continued)

(c) Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's Directors.

A final dividend in respect of the year ended 31 December 2018 of 40 cents per share was approved on 5 April 2019 by the Board of Directors. This brings the total declared dividends for 2018 to 60 cents (2017 – 67 cents). These financial statements do not reflect the final dividend payable which will be accounted for in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2019.

19 Other reserves

Other reserves comprise the following:

	Foreign currency translation	Revaluation of land and buildings	Other - AFS	Total
	$'000	$'000	$'000	$'000
Balance at 1 January 2017	10,215	12,516	(6,647)	16,084
Currency translation differences	654	-	-	654
Depreciation transfer	-	(223)	-	(223)
Revaluation of land and buildings (Note 7)	-	-	129	129
Unrealised gains on revaluation of financial investments	-	-	(104)	(104)
Balance at 31 December 2017	10,869	12,293	(6,622)	16,540
IFRS 9 initial application adjustments	-	-	10,642	10,642
Currency translation differences	948	-	-	948
Depreciation transfer	-	(224)	-	(224)
Unrealised gains on revaluation of financial investments	-	-	(104)	(104)
Balance at 31 December 2018	11,817	12,069	3,916	27,802

20 Non-controlling interests

	2018	2017
	$'000	$'000
At beginning of the year	13,827	4,938
Share of total comprehensive income of subsidiaries	723	4,690
Non-controlling interest arising on investment (Note 32)	8,200	-
Non-controlling interest arising on acquisition (Note 32)	-	4,249
Other adjustment	-	(50)
At end of the year	22,750	13,827

21 Unallocated shares in ESOP

The Group operates an Employee Share Ownership Plan (ESOP) that covers its present and future permanent employees which enables them to acquire interests in shares of the Company on the terms and in the manner appearing in the Trust Deed and Rules dated 21 December 2000 and within the terms of Section 35 of the Income Tax Act. The cost of the shares so acquired and which remain unallocated to employees have been recognised in Shareholders' Equity under 'Unallocated shares held by ESOP'. Any further dealings in the shares will be credited against the same account at fair value. The fair value of shares was derived from the closing market price prevailing on the Trinidad and Tobago Stock Exchange at the year-end.

As at 31 December 2018, the ESOP held 3,163,003 (2017 – 3,004,564) shares with a market value of $32,547,301 (2017 - $39,239,606).

The movements in unallocated shares held by the ESOP are as follows:

	2018 $'000	2017 $'000	2018 No. of shares	2017 No. of shares
At beginning of the year	38,544	39,439	3,004,564	3,421,705
Sale of shares	-	(12,600)	-	(1,093,186)
Allocation to employees	-	(811)	-	(70,381)
Re-purchase from ex-employees	1,965	12,516	158,439	746,426
At end of the year	40,509	38,544	3,163,003	3,004,564

Employees are required to sell any allocated ESOP shares back to the plan at market value on exiting the Company's employ.

As at 31 December 2018, the amount of shares held in trust by the ESOP for employees was 1,464,283 (2017 – 1,622,722).

22 Retirement benefit obligation

The amounts recognised in the consolidated balance sheet are as follows:

	2018		2017	
	Trinidad $'000	Barbados $'000	Trinidad $'000	Barbados $'000
Fair value of plan assets	136,563	127,803	130,142	135,045
Present value of defined benefit obligation	(149,613)	(116,229)	(144,523)	(120,451)
	(13,050)	11,574	(14,381)	14,594

(a) *Accounting policy*

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on Government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income.

The Group does not have any defined contribution plans.

22 Retirement benefit obligation (continued)

(a) Accounting policy (continued)

The Group operates defined benefit pension plans in Trinidad and Barbados under broadly similar regulatory frameworks. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. The benefit payments are from trustee administered funds. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the Group and the trustees (or equivalent) and their composition. Responsibility for governance of the plans – including investment decisions and contribution schedules – lies jointly with the Company and the Board of Trustees. The Board of Trustees must be composed of representatives of the Companies and plan participants in accordance with the plan's regulations.

Investments are well diversified, such that the failure of any single investment would not have a material impact on the portfolio of the assets. The largest proportion of assets is invested in equities and bonds.

The expected return on the plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields are based on gross redemption yields as at the balance sheet date. Expected returns on equity and property investments reflect long-term real rates of return experienced in the respective markets.

The Group ensures that the investment positions are managed within an asset-liability matching (ALM) framework that has been developed to achieve long-term investments that are in line with the obligations under the pension schemes. Within this framework, the Group's ALM objective is to match assets to the pension obligations by investing in long-term fixed interest securities with maturities that match the benefit payments as they fall due and in the appropriate currency. The Group actively monitors how the duration and the expected yield of the investments are matching the expected cash outflows arising from the pension obligations. The Group has not changed the processes used to manage its risks from previous periods. The Group does not use derivatives to manage its risk. Investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. In 2018, 50% (2017 – 50%) of the plan assets comprised of bonds and 32% (2017 – 32%) equities. The Group believes that equities offer the best returns over the long term with an acceptable level of risk. Equity investments must satisfy the requirements of the Insurance Act Chap. 84:01.

(b) **Movement in the fair value of the fund assets:**

	2018		2017	
	Trinidad $'000	Barbados $'000	Trinidad $'000	Barbados $'000
At beginning of the year	130,142	135,045	124,315	128,814
Expected return on plan assets	7,200	10,510	6,998	10,459
Other plan expenses		(104)		(105)
Remeasurement recognised in OCI	(4,056)	(14,984)	(2,878)	(1,117)
Contributions	5,866	3,527	6,250	2,991
Benefit payments	(2,589)	(6,191)	(4,543)	(5,997)
At end of the year	136,563	127,803	130,142	135,045

22 Retirement benefit obligation (continued)

***(b)* Movement in the fair value of the fund assets: (continued)**

Plan assets comprise the following:

	2018					
	Trinidad $'000	**Barbados $'000**	**Total $'000**	**Trinidad %**	**Barbados %**	**Total %**
Bonds	84,958	46,367	131,325	62%	36%	50%
Equity instruments	34,320	48,796	83,116	25%	38%	31%
Other	17,285	13,317	30,602	13%	11%	12%
Mortgages	-	12,832	12,832	0%	10%	5%
Property	-	6,492	6,492	0%	5%	2%
	136,563	127,803	264,366	100%	100%	100%

	2017					
	Trinidad $'000	**Barbados $'000**	**Total $'000**	**Trinidad %**	**Barbados %**	**Total %**
Bonds	80,186	51,304	131,490	62%	38%	50%
Equity instruments	33,674	50,993	84,667	26%	38%	32%
Other	16,282	10,763	27,045	12%	8%	9%
Mortgages	-	14,747	14,747	0%	11%	6%
Property	-	7,238	7,238	0%	5%	3%
	130,142	135,045	265,187	100%	100%	100%

	2018			2017		
	Trinidad $'000	**Barbados $'000**	**Total $'000**	**Trinidad $'000**	**Barbados $'000**	**Total $'000**
Local	125,809	127,803	253,612	119,470	135,045	254,515
International	10,754	-	10,754	10,672	-	10,672
	136,563	127,803	264,366	130,142	135,045	265,187

***(c)* Movement in the present value of the fund obligations:**

	2018		2017	
	Trinidad $'000	**Barbados $'000**	**Trinidad $'000**	**Barbados $'000**
At beginning of the year	144,523	120,451	148,772	116,192
Interest cost	8,094	9,596	8,466	9,502
Current service cost	6,666	2,777	7,429	2,820
Benefit payments	(2,589)	(6,191)	(4,543)	(5,997)
Contributions	-	1,082		1,187
Remeasurement recognised in OCI				
- Financial assumption changes	(2,791)	-	(1,335)	-
- Experience	(4,290)	(11,486)	(14,266)	(3,253)
At end of the year	149,613	116,229	144,523	120,451

The principal actuarial assumptions used are as follows:

	Per Annum			
	2018		2017	
	Trinidad	**Barbados**	**Trinidad**	**Barbados**
Discount rate	5.50%	7.50%	5.40%	7.75%
Expected rate of salary increases	4.00%	6.50%	4.00%	6.75%
Expected rate of pension increases	0.00%	3.50%	0.00%	3.75%

22 Retirement benefit obligation (continued)

***(c)* Movement in the present value of the fund obligations: (continued)**

As at the last valuation date, the present value of the defined benefit obligation comprised the following:

	Trinidad		Barbados	
	2018	2017	2018	2017
Relating to:	$M	$M	$M	$M
Active employees	117.8	112.8	67.8	73.7
Deferred members	15.9	17.1	3.6	2.2
Members in retirement	15.8	14.6	51.2	50.9

(d) The amounts recognised in the consolidated statement of profit or loss are as follows:

	2018	2017
	$'000	$'000
Current service cost	7,577	8,261
Net interest cost on net defined benefit asset / (liability)	(20)	511
Plan administration expenses	103	105
Total included in staff costs (Note 25)	7,660	8,877

The actual return on the plans' assets is $1,597,622 (2017 – $13,462,637).

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Trinidad							
	Change in assumption			Increase in assumption			Decrease in assumption	
	2018	2017		2018	2017		2018	2017
Discount rate	0.50%	0.50%	Decrease by	8.50%	9.00%	Increase by	9.90%	10.30%
Salary growth rate	0.50%	0.50%	Increase by	5.60%	5.90%	Decrease by	5.10%	5.40%
Pension growth rate	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Life expectancy	+ / - 1 year		Increase by	2.20%	2.20%	Decrease by	2.30%	2.30%

	Barbados							
	Change in assumption			Increase in assumption			Decrease in assumption	
	2018	2017		2018	2017		2018	2017
Discount rate	1.00%	1.00%	Decrease by	12.80%	13.46%	Increase by	16.49%	17.32%
Salary growth rate	0.50%	0.50%	Increase by	3.83%	4.34%	Decrease by	3.47%	3.97%
Pension growth rate	0.25%	0.25%	Increase by	2.45%	2.44%	Decrease by	2.34%	2.34%
Life expectancy	+ / - 1 year		Increase by	1.32%	1.10%	Decrease by	1.36%	1.20%

These sensitivities were calculated by recalculating the defined benefit obligations using the revised assumptions. There were no changes in the methods in preparing the sensitivity analysis compared to the prior year.

22 Retirement benefit obligation (continued)

(e) Funding

The Group meets the balance of the cost of funding the defined benefit pension plan and the Group must pay contributions at least equal to those paid by members which are fixed. The funding requirements are based on triennial actuarial valuations of the plans and the assumptions used to determine the funding required may differ from those set out above. The Group expects to pay $5,587,292 to the funds for the year ending 31 December 2019. The Group has no legal obligation to immediately settle any deficits arising on the plans with immediate contributions but will continue to contribute at rates recommended by the actuary.

(f) Risk exposure

Through its defined benefit pension plans, the Group is exposed to a number of risks, the most of which are detailed below

(g) Asset volatility

The Plans' liabilities are calculated using a discount rate set with reference to Government bond yields in the respective markets. If assets underperform this yield, a deficit will result, all other things being equal. The Plans hold a significant proportion of equities, which are expected to outperform government bonds in the long-term while providing volatility and risk in the short-term.

However, given the long-term nature of the liabilities and the strength of the supporting sponsor, a level of continuing equity investment would be an appropriate element of a long-term investment strategy to manage the Plans efficiently.

(h) Change in bond yields

A decrease in Government bond yields will increase the Plans' liabilities. This will be partially offset by an increase in the value of the Plans' bond holdings.

(i) Inflation

The majority of the Plans' liabilities are linked to inflation in the form of salary inflation. This is expected to be impacted by the general level of price increases and other inflationary factors in the economy. Higher inflation will lead to higher liabilities although there is a cap on the level of inflationary increases.

The majority of the Plans' assets are either unaffected (fixed interest bonds) or loosely correlated (equities) with inflation. Therefore, an increase in inflation is likely to increase the Plans' deficit.

(j) Life expectancy

The majority of the Plans' obligations are to provide benefits for the life of its members. Therefore, increases in life expectancy will result in an increase in the Plans' liabilities.

The weighted average duration of the defined benefit plans is as follows:
- Trinidad – 20.88 years (2017 – 21.7 years) and
- Barbados – 15 years (2017 – 15.48 years).

The expected maturity analysis of undiscounted pension benefits is as follows:

	Less than a year	Between 1 - 2 years	Between 2 - 5 years	Over 5 years	Total
2018	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trinidad	4,750	3,034	13,825	40,810	62,419
Barbados	4,547	4,951	17,032	40,303	66,833
2017					
Trinidad	3,486	2,723	11,509	39,436	57,154
Barbados	4,101	4,473	16,049	37,185	61,808

23 Borrowings

	2018 $'000	2017 $'000
Cash and cash equivalents	68,040	78,030
Borrowings - repayable within one year (including overdraft)	(33,103)	(27,648)
Borrowings - repayable after one year	(57,750)	(56,992)
Net debt	(22,813)	(6,610)
Cash	68,040	78,030
Gross debt - fixed interest rates	(90,853)	(84,640)
Net debt	(22,813)	(6,610)

(a) ***Accounting policy***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

(b) The bank overdrafts bear interest at the rate of 7.5%. The bank borrowings attract interest at varying rates of 5% - 7.5% (2017 – 4.5% - 7.85%) per annum and are being repaid by monthly installments of $3,559,272.

The bank overdrafts and borrowings are secured by:

(i) A first demand registered debenture giving the bank a first fixed charge over the fixed and floating assets of One Caribbean Media Limited, stamped to cover $96,200,000. A collateral deed of mortgage over two parcels of land situated at 35 - 37 Independence Square, Port of Spain and singular parcel of land situated at 4 Charlotte Street, Port of Spain, stamped collateral to the debenture.

(ii) A first demand debenture giving the bank a first fixed charge over the fixed and floating assets of Green Dot Limited, stamped to cover $20,100,000.

(iii) Property all risk insurance on buildings, contents and stocks for $423,415,226.

(iv) Joint and Several Corporate Guarantee in the amount limited to $50,000,000.

(v) Hire purchase agreement and assignment of insurance coverage over the vehicles.

(c) ***Debt covenants***

As at 31 December 2018, a subsidiary was in breach of its debt covenants, specifically, the borrower's total debt/EBITDA ratio. This ratio is not to be less than 3.0 times. Actual as at 31 December 2018 was 1.07 times. As a result, the entire borrowings in relation to this subsidiary was classified as current in the financial statements.

24 Provisions for liabilities and other charges

	2018 $'000	2017 $'000
At 1 January	24,593	26,136
New provisions	8,794	10,500
Utilised	(7,473)	(12,043)
At 31 December	25,914	24,593

	Employee benefits $'000	Commissions and fees $'000	Libel $'000	Other $'000	Total $'000
At 1 January 2018	14,011	4,632	5,123	827	24,593
New provisions/adjustments	1,268	5,131	459	1,935	8,794
Utilised	(446)	(4,479)	(226)	(2,322)	(7,473)
At 31 December 2018	14,834	5,284	5,356	440	25,914
At 1 January 2017	14,505	5,799	5,071	761	26,136
New provisions/adjustments	3,469	4,551	550	1,930	10,500
Utilised	(3,963)	(5,718)	(498)	(1,864)	(12,043)
At 31 December 2017	14,011	4,632	5,123	827	24,593

Accounting policy

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

25 Expenses by nature

Profit before tax is arrived at after charging / (crediting):

	2018 $'000	2017 $'000
Staff costs (Note 26)	145,875	151,564
Other expenses	66,048	80,671
Inventories recognised as expense	41,484	44,991
Agency commissions	17,728	21,838
Depreciation (Note 6 & 7)	20,625	19,964
Utilities	12,340	11,311
Professional fees	10,859	10,110
Property expenses	8,398	5,351
Programming usage	4,991	4,800
Advertising and promotion	3,579	4,435
Licence fees and royalties	3,133	3,063
Amortisation (Note 8)	3,032	-
Impairment charge on investment property	2,860	2,413
Directors' remuneration	741	798
Profit on disposal of property, plant and equipment	(1)	(9)
Profit on disposal of available-for-sale financial assets	-	(130)
	341,692	361,170

As disclosed in the consolidated statement of profit or loss:

	2018 $'000	2017 $'000
Cost of providing services	265,307	282,047
Administrative expenses	72,806	74,688
Marketing expenses	3,579	4,435
	341,692	361,170

26 Staff costs

	2018 $'000	2017 $'000
Salaries and wages	138,215	142,687
Pension cost (Note 22)	7,660	8,877
	145,875	151,564
Number of employees	724	805

27 Impairment

	2018 $'000	2017 $'000
Goodwill	(5,900)	(7,000)
Investment property	(2,860)	-
Investments in associate and joint venture	(3,135)	-
	(11,895)	(7,000)

28 Earnings per share

The calculation of basic earnings per share is based on the Group's profit attributable to shareholders (owners of the parent) of $19,513,199 (2017 - $47,755,890) and on the weighted average number of ordinary shares in issue of 63,136,500 (2017 – 62,850,707) exclusive of ESOP shares, during the year.

The calculation of the fully diluted earnings per share is based on the Group's profit attributable to the shareholders (owners of the parent) as above and on the weighted average number of ordinary shares outstanding of 65,181,110 (2017 – 64,984,925) assuming conversion of all dilutive potential ordinary shares and share options granted.

The weighted average number of shares used in the calculation of earnings per share is as follows:

	2018	2017
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	63,136,500	62,850,707
Share options	2,044,610	2,134,218
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**65,181,110**	**64,984,925**

29 Net change in operating assets and liabilities

	2018 $'000	2017 $'000
Decrease in inventories	5,330	13,309
(Increase) / decrease in trade receivables, sundry debtors and prepayments	(4,604)	17,469
Decrease / (increase) in deferred programming	1,835	(2,021)
(Decrease) / increase in trade payables	(9,942)	435
Increase in sundry creditors and accruals and provisions for liabilities and other charges	6,195	234
	(1,186)	29,426

30 Contingencies and commitments

(a) *Guarantees and bonds*

Guarantees and bonds are obtained to facilitate the immediate clearance of equipment pending the subsequent payment of the applicable duties. As at 31 December 2018 guarantees and bonds totaled $3,775,293 (2017 - $3,775,293).

(b) *Operating lease commitments*

The future minimum lease payments under non-cancellable operating leases are as follows:

	2018 $'000	2017 $'000
Not later than 1 year	1,391	1,323
Later than 1 year and not later than 5 years	3,370	3,245
Later than 5 years	1,011	1,207
	5,772	5,775

31 Financial instruments by category

	At amortised cost	At fair value	Total	At amortised cost	At fair value	Total
		2018			2017	
	$'000	$'000	$'000	$'000	$'000	$'000
Assets as per consolidated balance sheet						
Financial assets	6,509	15,323	21,832	10,751	4,786	15,537
Loans and other receivables	14,620		14,620	18,155		18,155
Trade and other receivables excluding prepayments	100,528	-	100,528	131,924	-	131,924
Due from related parties	19,652	-	19,652	17,974	-	17,974
Term deposits	25,418	-	25,418	10,651	-	10,651
Cash and cash equivalents	68,040	-	68,040	78,030	-	78,030
	234,767	**15,323**	**250,090**	**267,485**	**4,786**	**272,271**

	At amortised cost	At fair value	Total	At amortised cost	At fair value	Total
		2018			2017	
	$'000	$'000	$'000	$'000	$'000	$'000
Liabilities as per consolidated balance sheet						
Borrowings	90,854	-	90,854	84,639	-	84,639
Trade and other payables	60,676	-	60,676	67,132	-	67,132
	151,529	**-**	**151,529**	**151,771**	**-**	**151,771**

32 New investments

(a) Investment in One Caribbean Flexipac Industries and Solutions Limited (Flexipac)

One Caribbean Media Limited invested in a new company, Flexipac on 17 April 2018.

Flexipac will be involved in the manufacture and sale of foil packaging using flexographic printing technology.

The facility is currently being prepared and the equipment is being installed and tested with the plant being fully tested and operational in the third quarter of 2019.

The investment made by the Group of $10M represents a 55% shareholding in the new company with this shareholding increasing to 60% in April 2020.

The investment is as follows:

	2018	
	$'000	%
One Caribbean Media Limited	10,000	55%
Minority shareholders	8,200	45%
	18,200	100%

32 New investments (continued)

(b) Acquisition in Green Dot Limited

On 1 February 2017 One Caribbean Media Limited acquired 51% of the issued share capital of Green Dot Limited for the consideration of $76,500,000. Green Dot Limited is a provider of digital cable TV and broadband internet services.

Details of the purchase consideration, the net assets acquired and goodwill (provisional) are as follows.

Purchase consideration:

	2017 $'000
Cash	45,904
Ordinary shares issued (1,093,186 shares @ $20.99)	22,946
Deferred payment to vendor	7,650
Total consideration	**76,500**

The assets and liabilities recognized as a result of the acquisition are as follows:

	2017 $'000
Property, plant and equipment	10,955
Intangible assets (Note 8)	7,000
Deferred tax assets	3,656
Inventories	128
Trade receivables	4,497
Sundry debtors and prepayments	2,325
Due from related parties	14,260
Cash and cash equivalents	489
Borrowings	(12,697)
Trade payables	(15,685)
Sundry creditors and accruals	(6,258)
Total identifiable net assets	8,670
Less: non-controlling interests	(4,249)
Add: goodwill	72,079
Total consideration	76,500

Goodwill arising on acquisition is not tax deductible.

Purchase consideration- cash outflow

Cash consideration	53,554
Less: cash balances acquired	(489)
Net outflow of cash - investing activities	53,065

33 Summary of significant accounting policies

This Note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements to the extent they have not already been disclosed in the other Notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements are for the Group consisting of the Company and its subsidiaries.

33.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to Companies reporting under IFRS. The consolidated financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- the revaluation of land and buildings – measured at fair value,
- financial assets – measured at fair value, and
- defined benefit pension plans - plan assets measured at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement and complexity or where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Changes in accounting policies and disclosures

(a) *New and amended standards adopted by the Group:*

The Group has adopted the following new and amended standards and interpretations effective 1 January 2018:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*
- Classification and Measurement of Share-based Payment Transactions – Amendments to IFRS 2
- Annual Improvements 2014-2016 cycle

This has resulted in changes in accounting policies and adjustments to the amounts previously recognized in the financial statements. As permitted by the transitional provisions of IFRS 9, the Group elected not to restate comparative figures. Any adjustments to the carrying amounts of financial assets and trade receivables at the date of transition were recognized in the opening retained earnings of the current period.

The adoption of IFRS 9 has resulted in changes in accounting policies for recognition, classification, measurement and impairment of financial assets and trade receivables.

33 Summary of significant accounting policies (continued)

33.1 Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

(a) New and amended standards adopted by the Group (continued)

Classification and measurement

On 1 January 2018 (the date of initial application of IFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

The impact of these changes on the group's equity is as follows:

(i) The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale. These investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value prior to adoption of $4,785,650 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value gains of $10,641,630 was recognized in the FVOCI reserve on 1 January 2018.

(ii) Debt securities that would have previously been classified as held-to maturity are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. An increase of $4,259,501 in the loss allowance for these assets was recognised in opening retained earnings for the period.

(iii) Loans and other receivables would have previously been included in trade receivables and non-current trade receivables. These are carried at amortised cost less impairment. An increase of $3,360,006 in the loss allowance was recognized in opening retained earnings for the period.

(iv) Trade receivables – there was no change to the classification of trade receivables from amortised cost. The method of assessing the impairment of trade receivables using the expected credit loss model was implemented and resulted in an increase in the loss allowance that was recognized in opening retained earnings of $13,468,891.

On the date of initial application, 1 January 2018, the financial instruments of the group were as follows, with any reclassifications noted:

	Measurement category		**Carrying amount**		
	Original (IAS 39)	**New (IFRS 9)**	**Original**	**New**	**Difference**
Non-current financial assets					
Financial Assets - FVOCI	Available for sale	FVOCI	4,786	15,427	10,642
Financial Assets - Amortised cost	Amortised cost	Amortised cost	10,751	6,492	4,260
Loans and other receivables	Amortised cost	Amortised cost	15,500	12,140	3,360
Current financial assets					
Trade receivables	Amortised cost	Amortised cost	115,096	101,628	13,468
Cash and cash equivalents	Amortised cost	Amortised cost	78,030	78,030	-
Loans and other receivables	Amortised cost	Amortised cost	2,655	2,655	-

(b) New standards and interpretations not yet adopted by the Group:

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group is yet to assess the impact of these new standards.

33 Summary of significant accounting policies (continued)

33.1 Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

(b) New standards and interpretations not yet adopted by the Group (continued)

Title of standard	IFRS 16 Leases
Nature of change	Nature of change IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.
Impact	The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of $5,775,485, see note 30 (b). The Group estimates that the payments for short-term and low value leases which will be recognised on a straight-line basis as an expense in profit or loss to be immaterial. However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the group's profit or loss and classification of cash flows going forward.
Mandatory application date / Date of adoption by Group	The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

33 Summary of significant accounting policies (continued)

33.1 Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

(b) New standards and interpretations not yet adopted by the Group (continued)

Title of standard	Key requirements
Annual Improvements to IFRS Standards 2015-2017 Cycle	The following improvements were finalised in December 2017: - IFRS 3 - clarified that obtaining control of a business that is a joint operation is a business combination achieved in stages. - IFRS 11 - clarified that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation. - IAS 12 - clarified that the income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised. - IAS 23 - clarified that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of general borrowings.
Interpretation 23 Uncertainty over Income Tax Treatments	The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. In particular, it discusses: - how to determine the appropriate unit of account, and that each uncertain tax treatment should be considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty - that the entity should assume a tax authority will examine the uncertain tax treatments and have full knowledge of all related information, ie that detection risk should be ignored - that the entity should reflect the effect of the uncertainty in its income tax accounting when it is not probable that the tax authorities will accept the treatment - that the impact of the uncertainty should be measured using either the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty, and - that the judgements and estimates made must be reassessed whenever circumstances have changed or there is new information that affects the judgements. While there are no new disclosure requirements, entities are reminded of the general requirement to provide information about judgements and estimates made in preparing the financial statements.
Effective date	1 January 2019.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

33.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Trinidad and Tobago dollars, which is the Group's functional and presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange losses and gains that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within 'Finance cost' or 'Interest income'. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'Administrative expenses'.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

(ii) Income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

(iii) All resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

33.3 Investment properties – See Note 6.

33.4 Property, plant and equipment – See Note 7.

33.5 Intangible assets – See Note 8.

33.6 Impairment of assets – See Note 8.

33.7 Investments in associates and joint venture – See Note 9.

33.8 Financial assets – See Note 10.

33.9 Loans and receivables – See Note 11.

33.10 Trade receivables – See Note 12.

33.11 Deferred programming – See Note 14.

33.12 Taxation – See Note 15.

33.13 Inventories – See Note 16.

33.14 Cash and cash equivalents – See Note 17.

33 Summary of significant accounting policies (continued)

33.15 Share capital – See Note 18.

33.16 Retirement benefit obligation – See Note 22.

33.17 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

33.18 Revenue recognition

The Group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2018. There is no material impact to the consolidated income statement on the adoption of this standard.

Revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following segments and geographical locations:

	Media		ICT	Non Media		
	Trinidad $'000	Barbados $'000	Trinidad $'000	Trinidad $'000	Barbados $'000	Total $'000
2018						
Timing of revenue recognition						
- At a point in time	-	-	-	12,901	-	12,901
- Over time	205,523	125,118	40,603	5,036	4,588	380,868
Segment revenue	205,523	125,118	40,603	17,937	4,588	393,769
2017						
Timing of revenue recognition						
- At a point in time	-	-	-	12,862	-	12,862
- Over time	230,554	136,293	45,743	4,992	11,733	429,315
Segment revenue	230,554	136,293	45,743	17,854	11,733	442,177

There are no material assets and liabilities arising on revenue contracts with customers and no unsatisfied consulting contracts.

Accounting policies and significant judgements

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, credits, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measured until all contingencies relating to the sale have been resolved.

33 Summary of significant accounting policies (continued)

33.18 Revenue recognition (continued)

Provision of services - Media
The Group sells advertising services utilising television, print and radio media to advertising agents, government, corporate entities and individuals. For sales of these services, revenue is recognised in the accounting period in which the services are rendered, by reference to fulfilment of the required advertisement at the rates agreed with the customer. The contract price is allocated over all performance obligations including bonus spots.

Provision of services – Information, Communication and Technology
The Group sells technology related and broadband services to corporate and individual customers. Sales are recognized in the accounting period to which the services are rendered by reference to the completion of the specific transactions assessed on the basis of the actual service provided.

Revenue from the rental of equipment is accounted for as lease income.

Revenue earned from the installation of equipment is deferred over the estimated time that the customer will make use of the service.

Sale of goods - wholesale distribution
The Group sells a range of large electrical household appliances. Sales of goods are recognised when the Group has delivered products to the customer, the risks and rewards of ownership have been transferred by delivery and the customer has accepted the goods according to the terms of sale. Delivery occurs when the product is installed for the customer and there is acceptance of the product in accordance with the sales contract.

Sale of goods - retail contract services
The Group sells, assembles and installs photovoltaic systems and renewable energy products; carries out energy audits and implements energy efficiency strategies. Sales are recognized when products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Contracts that span more than one financial period are accounted for by estimating the stage of completion.

A 10% retention fee is recognized upon certification from the authorities.

33.19 Operating leases
Leases in which a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the consolidated statement of profit or loss as incurred on a straight line basis over the period of the lease. The Group leases certain property, plant and equipment.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The Group does not have any finance leases.

33.20 Dividend income
Dividend income is recognised when the right to receive payment is established.

33.21 Interest income
IAS 39 2017 policy
Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

IFRS 9 2018 policy
Interest income on financial assets at amortised cost and financial assets at FVOCI (2017 – available-for-sale securities, held-to-maturity investments and loans and receivables) calculated using the effective interest method is recognised in the statement of profit or loss as part of interest income.

33 Summary of significant accounting policies (continued)

Total interest income on financial assets that are measured at amortised cost for the year was $2,465,459 (2017 $2,984,572).

33.22 Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

34 Subsequent events

There were no events after the reporting period which were material to the financial statements and should have resulted in adjustments to the financial statements or disclosures when the financial statements were authorised for issue.

Notice of Meeting

To All Shareholders:

Notice is hereby given that the 51st Annual Meeting of One Caribbean Media Limited will be held at Express House, 35-37 Independence Square, Port-of-Spain, on Thursday 13th June 2019 at 10.00 a.m.

Agenda

1. To adopt the Auditors' Report, Financial Statements and Directors' Report for the year ended 31st December 2018.
2. To elect Directors. (See notes 1,2,3 and 4)
3. To re-appoint Auditors for the ensuing year and to authorize the Directors to fix their remuneration. (See note 5)
4. To discuss any other business of the Company which may properly be considered at the Annual Meeting.

By Order of the Board

Karlene Ng Tang

....

Karlene Ng Tang
Company Secretary
22nd May 2019

One Caribbean Media Limited, Express House, 35-37 Independence Square, Port-of-Spain

Notes:

1. In accordance with the By-Laws, Mrs. Dawn Thomas retires by rotation and being eligible offers herself for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.
2. In accordance with the By-Laws, Mr. Anthony Shaw retires by rotation and being eligible offers himself for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.
3. In accordance with the By-Laws, Mr. Douglas Wilson retires by rotation and being eligible offers himself for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.
4. In accordance with the By-Laws, Dr. Grenville Phillips retires by rotation and being over seventy five (75) years of age offers himself for re-election for a term not later than the close of the first Annual Meeting of the shareholders following this re-election.
5. The Auditors, PricewaterhouseCoopers, retire by rotation and being eligible offer themselves for re-election.
6. At no time during the current financial year has any Director or Officer been a party to a material contract with the Company or was materially interested in a contract or in a party to a material contract which was significant in relation to the Company's business.
7. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his or her stead. Such Proxy need not also be a member of the Company.

A Proxy Form is provided.

Proxy Form

Republic of Trinidad and Tobago
The Companies Act, CH. 81:01
(Section 143 (1)

1. **Name of Company:** **Company No: O -701 (c)**
   One Caribbean Media Limited

2. The 51st Annual Meeting of One Caribbean Media Limited to be held at Express House, 35-37 Independence Square, Port-of-Spain, on Thursday 13th June 2019 commencing at 10.00 a.m.

3. I/We____
   (Block Capitals Please)
   of ____

   shareholder/s in the above Company, appoint the Chairman of the Meeting or failing him,

   ____

   of ____

   to be my/our proxy to vote for me/us on my/our behalf at the above meeting and any adjournment thereof, in the same manner, to the same extent and with the same powers as if I/we was/were present at the said meeting as such adjournment or adjournments thereof and in respect of the resolutions listed below to vote in accordance with my/our instructions.

   Signature/s

   ____

   ____

   Dated this ____________________ day of ____________________ 2019.

Please indicate with an "X" in the spaces below and overleaf your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

Please consider Notes 1 to 3 below and overleaf for assistance to complete and deposit this Proxy Form.

Proxy Form (continued)

Resolutions		For	Against
1.	To adopt the Audited Financial Statements of the Company for the financial year ended 31st December 2018		
2.	In accordance with the By-Laws, Mrs. Dawn Thomas retires by rotation and being eligible offers herself for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.		
3.	In accordance with the By-Laws, Mr. Anthony Shaw retires by rotation and being eligible offers himself for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.		
4	In accordance with the By-Laws, Mr. Douglas Wilson retires by rotation and being eligible offers himself for re-election for a term not later than the close of the third Annual Meeting of the shareholders following this re-election.		
5.	In accordance with the By-Laws, Dr. Grenville Phillips retires by rotation and being over seventy five (75) years of age offers himself for re-election for a term not later than the close of the first Annual Meeting of the shareholders following this re-election.		
6.	The Auditors, PricewaterhouseCoopers, retire by rotation and being eligible offer themselves for re-election.		

Notes:

1. A shareholder may appoint a proxy of his/her own choice. If such an appointment is made, delete the words “the Chairman of the Meeting’ from the Proxy Form and insert the name and address of the person-appointed proxy in the space provided and initial the alteration.

2. If the appointer is a corporation, the Proxy Form must be under its common seal or under the hand of an officer of the corporation or attorney duly authorized in that behalf.

3. A shareholder who is a body corporate may, in lieu of appointing a proxy, authorize an individual by resolution of its directors or governing body to represent it at this Annual Meeting.

4. In the case of joint shareholders, the names of all joint shareholders must be stated on the Proxy Form and all joint shareholders must sign the Proxy Form.

5. If the Proxy Form is returned without any indication as to how the person-appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

6. To be valid, this Proxy Form must be completed and deposited with the Secretary of the Company at the Registered Office of the Company at the address below at least 48 hours before the time appointed for the Annual Meeting.

Return to: The Company Secretary

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5 Segment information (continued)

The segment information provided for the reportable business segments is as follows:

	31 December 2018				31 December 2017			
	Media $'000	ICT $'000	Other $'000	Group $'000	Media $'000	ICT $'000	Other $'000	Group $'000
Revenue	330,641	40,603	22,525	393,769	366,847	45,743	29,587	442,177
Operating profit	42,293	11,494	(1,710)	52,077	63,742	15,442	1,823	81,007
Net impairment losses on financial assets	(3,378)	(823)	(1,191)	(5,392)	(1,594)	-	(228)	(1,822)
Impairment losses on other assets	(3,135)	-	(8,760)	(11,895)	-	-	(7,000)	(7,000)
Dividend income	2,881	-	-	2,881	1,191	-	-	1,191
Interest income	2,542	-	12	2,554	3,093	-	-	3,093
Finance costs	(4,711)	(1,421)	(218)	(6,350)	(3,502)	(1,506)	(225)	(5,233)
Share of profit of associates and joint venture	-	4,280	-	4,280	-	1,233	-	1,233
Profit before tax	**36,492**	**13,530**	**(11,867)**	**38,155**	**62,930**	**15,169**	**(5,630)**	**72,469**
Taxation	(14,347)	(2,589)	(981)	(17,917)	(15,602)	(3,867)	(554)	(20,023)
Profit for the year	**22,145**	**10,941**	**(12,848)**	**20,238**	**47,328**	**11,302**	**(6,184)**	**52,446**
Group profit / (loss) attributable to:								
- Non-controlling interests	(1,765)	3,123	(633)	725	79	4,386	225	4,690
- Owners of the parent	23,910	7,818	(12,215)	19,513	47,249	6,916	(6,409)	47,756
	22,145	**10,941**	**(12,848)**	**20,238**	**47,328**	**11,302**	**(6,184)**	**52,446**

	31 December 2018				31 December 2017			
	Media $'000	ICT $'000	Other $'000	Group $'000	Media $'000	ICT $'000	Other $'000	Group $'000
Depreciation	16,909	2,415	1,301	20,625	16,179	1,722	2,063	19,964
Amortisation	1,907	1,061	64	3,032	1,951	398	64	2,413
Capital expenditure	31,097	3,531	367	34,995	24,760	3,679	398	28,837
Assets	700,308	142,781	111,242	954,331	719,752	143,089	109,342	972,183
Liabilities	205,501	24,094	8,756	238,351	198,300	31,153	7,399	236,852

5 Segment information (continued)

The Trinidad operations are segmented into Media, ICT and Other as follows:

	31 December 2018				31 December 2017			
	Media $'000	**ICT * $'000**	**Other $'000**	**Trinidad $'000**	**Media $'000**	**ICT $'000**	**Other $'000**	**Trinidad $'000**
Revenue	205,523	40,603	17,937	264,063	230,554	45,743	17,854	294,151
Operating profit	35,114	11,494	1,497	48,105	47,680	15,442	1,225	60,725
Net impairment losses on financial assets	(2,858)	(823)	(715)	(4,396)	(1,583)	-	(228)	(1,811)
Impairment losses on other assets	(3,135)	-	(8,760)	(11,895)	-	-	(7,000)	(7,000)
Dividend income	22	-	-	22	81	-	-	81
Interest income	77	-	12	89	108	-	0	108
Finance costs	(4,292)	(1,421)	(88)	(5,801)	(3,183)	(1,506)	(87)	(4,776)
Share of profit of associates and joint venture	-	4,280	-	4,280	-	1,233	-	1,233
Profit before tax	**24,928**	**13,530**	**(8,054)**	**30,404**	**43,103**	**15,169**	**(6,090)**	**52,182**
Taxation	(14,804)	(2,589)	(981)	(18,374)	(10,588)	(3,867)	(554)	(15,009)
Profit for the year	**10,124**	**10,941**	**(9,035)**	**12,030**	**32,515**	**11,302**	**(6,644)**	**37,173**
Group profit / (loss) attributable to:								
- Non-controlling interests	103	3,123	(633)	2,593	79	4,386	-	4,465
- Owners of the parent	10,021	7,818	(8,402)	9,437	32,436	6,916	(6,644)	32,708
	10,124	**10,941**	**(9,035)**	**12,030**	**32,515**	**11,302**	**(6,644)**	**37,173**

	31 December 2018				31 December 2017			
	Media $'000	**ICT $'000**	**Other $'000**	**Trinidad $'000**	**Media $'000**	**ICT $'000**	**Other $'000**	**Trinidad $'000**
Depreciation	10,088	2,415	1,200	13,703	9,478	1,722	1,954	13,154
Amortisation	1,602	1,061	-	2,663	1,602	398	-	2,000
Capital expenditure	28,634	3,531	282	32,447	11,960	3,679	398	16,037
Assets	452,709	142,781	103,277	698,767	469,933	143,089	98,079	711,101
Liabilities	189,926	24,094	1,756	215,776	177,721	31,153	913	209,787

5 Segment information (continued)

The Barbados operations are segmented into Media and Other as follows:

	31 December 2018			31 December 2017		
	Media $'000	**Other $'000**	**Barbados $'000**	**Media $'000**	**Other $'000**	**Barbados $'000**
Revenue	125,118	4,588	129,706	136,293	11,733	148,026
Operating profit	7,179	(3,207)	3,972	16,062	598	16,660
Net impairment losses on financial assets	(520)	(476)	(996)	(11)	-	(11)
Dividend income	2,859	-	2,859	1,110	-	1,110
Interest income	2,465	-	2,465	2,985	-	2,985
Finance costs	(419)	(130)	(549)	(319)	(138)	(457)
Profit before tax	**11,564**	**(3,813)**	**7,751**	**19,827**	**460**	**20,287**
Taxation	457	-	457	(5,014)	-	(5,014)
Profit for the year	**12,021**	**(3,813)**	**8,208**	**14,813**	**460**	**15,273**
Group profit / (loss) attributable to:						
- Non-controlling interests	(1,868)	-	(1,868)	-	225	225
- Owners of the parent	13,889	(3,813)	10,076	14,813	235	15,048
	12,021	**(3,813)**	**8,208**	**14,813**	**460**	**15,273**

	31 December 2018			31 December 2017		
	Media $'000	**Other $'000**	**Barbados $'000**	**Media $'000**	**Other $'000**	**Barbados $'000**
Depreciation	6,821	101	6,922	6,701	109	6,810
Amortisation	305	64	369	349	64	413
Capital expenditure	2,463	85	2,548	12,800	-	12,800
Assets	247,599	7,965	255,564	249,819	11,263	261,082
Liabilities	15,575	7,000	22,575	20,579	6,486	27,065

5. Segment information (continued)

The segment information provided for the reportable geographic segments is as follows:

	31 December 2018			31 December 2017		
	Trinidad $'000	Barbados $'000	Group $'000	Trinidad $'000	Barbados $'000	Group $'000
Revenue	264,063	129,706	393,769	294,151	148,026	442,177
Operating profit	48,105	3,972	52,077	64,347	16,660	81,007
Net impairment losses on financial assets	(4,396)	(996)	(5,392)	(1,811)	(11)	(1,822)
Impairment losses on other assets	(11,895)	-	(11,895)	(7,000)	-	(7,000)
Dividend income	22	2,859	2,881	81	1,110	1,191
Interest income	89	2,465	2,554	108	2,985	3,093
Finance costs	(5,801)	(549)	(6,350)	(4,776)	(457)	(5,233)
Share of profit of associates and joint venture	4,280	-	4,280	1,233	-	1,233
Profit before tax	**30,404**	**7,751**	**38,155**	**52,182**	**20,287**	**72,469**
Taxation	(18,374)	457	(17,917)	(15,009)	(5,014)	(20,023)
Profit for the year	**12,030**	**8,208**	**20,238**	**37,173**	**15,273**	**52,446**
Group profit / (loss) attributable to:						
- Non-controlling interests	2,593	(1,868)	725	4,465	225	4,690
- Owners of the parent	9,437	10,076	19,513	32,708	15,048	47,756
	12,030	8,208	20,238	37,173	15,273	52,446

	31 December 2018			31 December 2017		
	Trinidad $'000	Barbados $'000	Group $'000	Trinidad $'000	Barbados $'000	Group $'000
Depreciation	13,703	6,922	20,625	13,154	6,810	19,964
Amortisation	2,663	369	3,032	2,000	413	2,413
Capital expenditure	32,447	2,548	34,995	16,037	12,800	28,837
Assets	698,767	255,564	954,331	711,101	261,082	972,183
Liabilities	215,776	22,575	238,351	209,787	27,065	236,852