

One Caribbean Media Limited and its subsidiaries

Consolidated Financial Statements

(Expressed in Trinidad and Tobago Dollars)

31 December 2017

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 as at 31 December 2017 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.

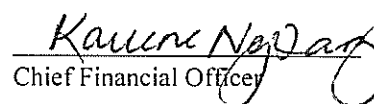
In preparing these audited financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards 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

9 April 2018



Chief Financial Officer

9 April 2018



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 31 December 2017, 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 31 December 2017;
- 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 a summary of 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\$3.6 million, which represents 5% of profit before tax.
- The group audit included full scope audits of 3 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 95% of profit before tax and 94% of total assets.
- Purchase price allocation related to the acquisition of Green Dot Limited
- 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.

Independent auditor's report (continued)

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the 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 financial statements as a whole.

<i>Overall group materiality</i>	TT\$3.6 million
<i>How we determined it</i>	5% of profit before tax
<i>Rationale for the materiality benchmark applied</i>	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 TT\$181,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Independent auditor's report (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
<i>Purchase price allocation related to the acquisition of Green Dot Limited.</i> <i>See Notes 2v(a) & 30 to the consolidated financial statements.</i> On 29 July, 2016 One Caribbean Media Limited entered into a share purchase agreement for the acquisition of Green Dot Limited. The Group completed the transaction on 1 February, 2017 for a purchase consideration amount of TT\$76.5M. In performing the purchase price allocation, management identified the customer base as an intangible asset and it was fair valued using key assumptions such as average revenue per user and estimated churn rate of the existing customer base. For the tangible assets acquired, management determined that the carrying amounts within the 31 December, 2016 Green Dot Limited audited financial statements represented a reasonable estimate of fair value of the material assets and liabilities as at the transaction date. As part of this assessment, management concluded, with the assistance of their specialist engineers, that the fair value of the plant and equipment acquired did not differ materially from their net book value. Management further assessed the movement of assets and liabilities between 31 December, 2016 and 1 February 2017 and no material movements were identified. We focused on this area because the accounting treatment for the provisional opening balance sheet is inherently judgmental and requires management to exercise judgement over the valuation of identified intangible assets, fair value adjustments on identifiable assets and liabilities and the calculation of the residual balance, that being goodwill.	We obtained an understanding and evaluated completeness of the transaction by performing enquiries with management and examining all contracts associated with the acquisition. We further evaluated management's accounting treatment against the requirements of IFRS 3 "Business Combinations" and confirmed it was in accordance with the financial reporting framework. For the intangible assets identified, we were assisted by our valuation expert in assessing the reasonableness of the assumptions used by management in arriving at their fair value. We also used comparable market data provided by the valuation expert to assess the reasonableness of the value of the intangible assets. The most significant area in relation to identifiable tangible assets pertained to the fair value of property, plant and equipment. We compared the estimated market values of plant and equipment to the values of corresponding infrastructure in similar industries. For liabilities acquired, we evaluated the assessment and calculation of the fair value of material provisions and checked that they reflected information that was known in relation to events that existed as at the transaction date. We tested the accuracy and completeness of initial opening balances by comparing the balances to the audited closing balances. We assessed whether there were any material movements in the assets and liabilities between 31 December 2016 and 1 February 2017. Finally, we recalculated the residual value recorded as goodwill. <i>As a result of the above audit procedures, no material differences were noted.</i>

Independent auditor's report (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the Key audit matter
Valuation of goodwill <i>See Note 8 to the consolidated financial statements.</i> Intangible assets stated on the Group's consolidated balance sheet included \$126M 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, as the higher of value in use and fair value less costs of disposal. The value in use is based on discounted future cash flow forecasts over which management make judgements on certain key inputs including discount rates and long term growth rates. The fair value less costs of disposal is estimated by management based on their knowledge of individual CGUs and the markets they serve as well as likely demand from other businesses in the event those CGUs were for sale. As a result of management's goodwill impairment assessments, impairment of goodwill was recognised for a specific entity. 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 and assessed those rates to be 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 tested the mathematical accuracy of management's calculations. <i>As a result of the above audit procedures, no material differences were noted.</i>

Independent auditor's report (continued)

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 an audit of their complete financial information:

- 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 (unconsolidated financial information) – cash, Employee Share Ownership Plan, goodwill, borrowings, and property plant & equipment
- Caribbean Communications Company Limited – cash, accounts receivable, intangible assets & revenue
- VL Limited – inventory, trade receivables & revenue
- Basic Spaces Limited & Donald Dunne Holdings Limited - investment properties
- Novo Media Limited – intangible assets

The significant components and the procedures over the specific balances of other components accounted for 95% of the Group's profit before tax and 94% 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. 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.

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.

Independent auditor's report (continued)

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

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

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

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

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

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

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

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

Independent auditor's report (continued)

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

- 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

9 April 2018

ONE CARIBBEAN MEDIA LIMITED
CONSOLIDATED BALANCE SHEET
(These financial statements are expressed in Trinidad and Tobago dollars)

		As at 31 December	
	Notes	2017 S'000	2016 S'000
ASSETS			
Non-current Assets			
Investment properties	6	65,540	67,180
Property, plant and equipment	7	327,188	305,838
Intangible assets	8	161,386	91,020
Investments in associates and joint venture	9	60,772	59,883
Financial assets	10	15,537	16,271
Retirement benefit asset	21	14,594	-
Trade receivables	11	15,500	15,438
Sundry debtors and prepayments	12	-	6
Deferred programming	13	1,365	382
Deferred income tax asset	14	12,052	14,529
		<u>673,934</u>	<u>570,547</u>
Current Assets			
Inventories	15	35,452	48,632
Trade receivables	11	117,751	121,405
Sundry debtors and prepayments	12	21,856	20,393
Deferred programming	13	3,860	2,820
Taxation recoverable		12,675	6,844
Due from related parties	2	17,974	1,949
Financial assets	10	10,651	21,110
Cash and cash equivalents (excluding bank overdrafts)	16	78,030	69,516
		<u>298,249</u>	<u>292,669</u>
TOTAL ASSETS		<u>972,183</u>	<u>863,216</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	17	390,916	388,899
Other reserves	18	16,540	16,084
Retained earnings		<u>352,592</u>	<u>331,837</u>
		<u>760,048</u>	<u>736,820</u>
Non-controlling interests	19	13,827	4,938
Unallocated shares held by ESOP	20	<u>(38,544)</u>	<u>(39,439)</u>
TOTAL EQUITY		<u>735,331</u>	<u>702,319</u>
Non-current Liabilities			
Retirement benefit obligation	21	14,381	11,835
Trade payables		490	-
Bank borrowings	22	56,992	16,631
Deferred income tax liabilities	14	<u>36,524</u>	<u>36,987</u>
		<u>108,387</u>	<u>65,453</u>
Current Liabilities			
Trade payables		35,571	19,940
Sundry creditors and accruals		35,075	27,038
Provisions for liabilities and other charges	23	24,593	26,136
Bank borrowings	22	27,648	18,518
Taxation payable		5,578	3,812
		<u>128,465</u>	<u>95,444</u>
TOTAL LIABILITIES		<u>236,852</u>	<u>160,897</u>
TOTAL EQUITY AND LIABILITIES		<u>972,183</u>	<u>863,216</u>

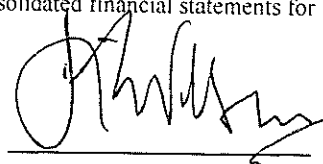
The notes on pages 15 to 76 are an integral part of these consolidated financial statements

On 9 April 2018, the Board of Directors of One Caribbean Media Limited authorised these consolidated financial statements for issue and were signed on its behalf.

Director



Director



ONE CARIBBEAN MEDIA LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
(These financial statements are expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December	
		2017 \$'000	2016 \$'000
Revenue	5	442,177	466,226
Cost of providing services	24	(283,869)	(283,576)
Gross profit		158,308	182,650
Administrative expenses	24	(74,688)	(96,964)
Marketing expenses	24	(4,435)	(5,355)
		79,185	80,331
Goodwill impairment	8	(7,000)	-
Dividend income		1,191	1,647
Interest income		3,093	3,672
Finance costs		(5,233)	(2,640)
Share of profit of associates and joint venture	9	1,233	3,554
Profit before tax		72,469	86,564
Taxation	14	(20,023)	(30,520)
Profit for the year		52,446	56,044
Profit attributable to:			
- Non-controlling interests	19	4,690	126
- Owners of the parent		47,756	55,918
		52,446	56,044
EARNINGS PER SHARE BASIC	26	\$ 0.76	\$ 0.89
EARNINGS PER SHARE FULLY DILUTED	26	\$ 0.73	\$ 0.86
EARNINGS PER SHARE INCLUSIVE OF ESOP SHARES	26	\$ 0.69	\$ 0.82

The notes on pages 15 to 76 are an integral part of these consolidated financial statements

ONE CARIBBEAN MEDIA LIMITED
CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(These financial statements are expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December	
		2017 \$'000	2016 \$'000
Profit for the year		52,446	56,044
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss			
Remeasurement of retirement benefit asset / obligation		14,859	12,136
Deferred taxation	14	(4,351)	(3,474)
		<u>10,508</u>	<u>8,662</u>
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	18	654	7,598
Revaluation of property	18	-	(16,891)
Revaluation of financial assets	10 & 18	129	201
Gains transferred to income on disposal of financial investments	18	(104)	-
		<u>679</u>	<u>(9,092)</u>
Total comprehensive income for the year		<u>63,633</u>	<u>55,614</u>
Attributable to:			
- Non-controlling interests	19	4,690	111
- Owners of the parent		58,943	55,503
Total comprehensive income for the year		<u>63,633</u>	<u>55,614</u>

The notes on pages 15 to 76 are an integral part of these consolidated financial statements

ONE CARIBBEAN MEDIA LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(These financial statements are expressed in Trinidad and Tobago dollars)

	Notes	Attributable to owners of the parent				Non-controlling Interests \$'000	Unallocated shares held by ESOP \$'000	Total Equity \$'000
		Share Capital \$'000	Other Reserves \$'000	Retained Earnings \$'000	Total \$'000			
Balance at 1 January 2016		387,623	22,044	324,332	733,999	4,849	(33,783)	705,065
Profit for the year		-	-	55,918	55,918	126	-	56,044
Other comprehensive (loss) / income for the year		-	(9,092)	8,662	(430)	(15)	-	(445)
Total comprehensive income for the year		-	(9,092)	64,580	55,488	111	-	55,599
Effect of change in tax rate		-	-	2,083	2,083	-	-	2,083
Transfer and adjustments		-	3,132	(14,356)	(11,224)	-	-	(11,224)
Transactions with owners								
Non-controlling interest on acquisition of subsidiary	19	-	-	-	-	(10)	-	(10)
Sale / allocation of treasury shares	20	-	-	3,023	3,023	-	2,014	5,037
Repurchase of treasury shares	20	-	-	-	-	-	(7,670)	(7,670)
Share options granted/exercised	17	1,276	-	-	1,276	-	-	1,276
Dividends to equity holders		-	-	(47,825)	(47,825)	(12)	-	(47,837)
Total transactions with owners		1,276	-	(44,802)	(43,526)	(22)	(5,656)	(49,204)
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 (loss) / 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	19	-	-	-	-	4,199	-	4,199
Sale / allocation of treasury shares	20	-	-	10,720	10,720	-	13,411	24,131
Repurchase of treasury shares	20	-	-	-	-	-	(12,516)	(12,516)
Share options granted/exercised	17	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

The notes on pages 15 to 76 are an integral part of these consolidated financial statements

ONE CARIBBEAN MEDIA LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
(These financial statements are expressed in Trinidad and Tobago dollars)

	Notes	Year ended 31 December	
		2017 \$'000	2016 \$'000
CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		72,469	86,564
Adjustments to reconcile profit to net cash generated from operating activities :			
Depreciation	6 & 7	19,964	19,476
Amortisation	8	2,413	2,369
Interest income		(3,093)	(3,672)
Finance costs		5,233	2,640
Dividend income		(1,191)	(1,647)
Goodwill impairment	8	7,000	-
(Profit) / loss on disposal of property, plant and equipment		(8)	19
Share of profit in associate and joint venture	9	(1,233)	(3,554)
Profit on disposal of available-for-sale financial assets		(130)	-
Allocation of ESOP shares		1,186	5,037
Share option scheme - value of services provided	17	268	268
Decrease in retirement benefit obligation		2,811	3,515
Net change in operating assets and liabilities	27	29,426	5,582
		<u>135,115</u>	<u>116,597</u>
Interest paid		(4,007)	(1,513)
Taxation payments		(22,815)	(24,075)
Net cash generated from operating activities		<u>108,293</u>	<u>91,009</u>
INVESTING ACTIVITIES			
Net cash outflow arising on business combinations	30	(53,065)	-
Purchase of property, plant and equipment	7	(28,837)	(49,766)
Purchase of intangible assets	8	(700)	-
Proceeds from disposal of available-for-sale financial assets		889	1,859
Repurchase of treasury shares	20	(12,516)	(7,670)
Proceeds from term deposits		-	837
Purchase of non-controlling interest		(48)	(10)
Interest received		3,093	3,779
Dividends received		1,191	1,647
Proceeds from disposal of property, plant and equipment		125	107
Net cash used in investing activities		<u>(89,868)</u>	<u>(49,217)</u>
FINANCING ACTIVITY			
Proceeds from borrowings		72,900	36,627
Repayment of borrowings		(35,770)	(41,129)
Share options	17	1,749	1,008
Dividends paid		(48,452)	(47,837)
Net cash used in financing activity		<u>(9,573)</u>	<u>(51,331)</u>
NET CASH INFLOW / (OUTFLOW) FOR THE YEAR		8,852	(9,539)
CASH AND CASH EQUIVALENTS			
at beginning of year		66,080	75,619
at end of year		<u>74,932</u>	<u>66,080</u>
REPRESENTED BY:			
Cash and cash equivalents	16	78,030	69,516
Bank overdrafts	22	(3,098)	(3,436)
		<u>74,932</u>	<u>66,080</u>

The notes on pages 15 to 76 are an integral part of these consolidated financial statements

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

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, wholesale distribution, broadband services 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:**

	2017 \$'000	2016 \$'000
Colonial Life Insurance Company Limited		
Advertising	2,048	1,483
Purchase of services	1,693	1,883
Juris Chambers		
Legal fees	162	304
Employee benefit obligation		
Pension contributions	6,067	6,504
(ii) Key management compensation		
Directors' fees	798	1,165
Other management salaries and short-term employee benefits	10,459	12,934
Share options granted and exercised (Note 17)	2,017	1,276

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

Cumberland Communications Limited	877	630
Novo Technologies Inc.	1,319	1,319
Green Dot Limited's Affiliates	15,778	-
	17,974	1,949

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

(iv) Substantial interests

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

Colonial Life Insurance Company Limited owns 15,289,917 shares (2016 - 15,289,917 shares).

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements*(These financial statements are expressed in Trinidad and Tobago dollars)***2 Related party transactions and balances (continued)****(v) Subsidiaries:**

Entity	Country of incorporation	Ownership interest held by the Group		Ownership interest held by non-controlling		Principal activities
		2017	2016	2017	2016	
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%	0%	49%	0%	Broadband services
Grenada Broadcasting Network Limited	Grenada	84%	84%	16%	16%	Media Services
Independent Publishing Company Limited	Trinidad and Tobago	100%	100%	0%	0%	Dormant
Novo Media Limited	Trinidad and Tobago	76%	76%	24%	24%	Software development
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 19 for details of non-controlling interests.

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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

2 Related party transactions and balances (continued)

Accounting policies (continued)

(a) Consolidation (continued)

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 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.

(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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

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 land and building – Notes 6 and 7
- Impairment assessment of goodwill – Note 8
- Estimation of retirement benefit asset / obligation – Note 21
- Estimation of income taxes – Note 14

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, fair value interest rate risk and price 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.

ONE CARIBBEAN MEDIA LIMITED
Year ended 31 December 2017
Notes to the consolidated financial statements (continued)
(These financial statements are expressed in Trinidad and Tobago dollars)

4 Financial risk management (continued)

4.1 Financial risk factors (continued)

(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 2017, 1% movement in the exchange rate would impact the Group's consolidated statement of profit or loss by \$94,596 (2016 - \$44,974).

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 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 \$88,832 (2016 - \$87,103).

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

(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 2017, 1% movement in the interest rate would impact the Group's consolidated statement of profit or loss by \$822,909 (2016 - \$317,202). There have been no changes to the way the Group manages this exposure compared to the prior year.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***4 Financial risk management (continued)****4.1 Financial risk factors (continued)****(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. Management does not expect any losses from non-performance by counterparties.

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

The maximum credit risk exposure is as follows:

	2017		2016	
	\$'000	%	\$'000	%
Trade receivables (current and non-current)	133,251	52%	136,843	56%
Cash and cash equivalents	78,030	31%	69,516	28%
Financial assets - (current and non-current)	26,188	10%	37,381	15%
Due from related parties	17,974	7%	1,949	1%
	<u>255,443</u>	<u>100%</u>	<u>245,689</u>	<u>100%</u>

All assets are fully performing with the exception of trade receivables. 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 Note 11 for the credit quality of trade receivables and impairment.

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

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***4 Financial risk management (continued)****4.1 Financial risk factors (continued)****(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 balance 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 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
	<u>92,674</u>	<u>76,976</u>	<u>169,650</u>	<u>149,076</u>
At 31 December 2016				
Bank borrowings	19,122	19,170	38,292	35,149
Trade payables	19,940	-	19,940	19,940
Sundry creditors and accruals	18,841	-	18,841	18,841
	<u>57,903</u>	<u>19,170</u>	<u>77,073</u>	<u>73,930</u>

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)*(These financial statements are expressed in Trinidad and Tobago dollars)***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.

	2017 \$'000	2016 \$'000
Bank overdrafts	3,098	3,436
Short term borrowings	24,550	15,082
Long term borrowings	56,992	16,631
	84,640	35,149
Less: cash and cash equivalents	(78,030)	(69,516)
Net cash and cash equivalents	6,610	(34,367)
 Total equity	 735,331	 702,319
 Gearing ratio	 1%	 NIL

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

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.

(ii) Valuation techniques used to determine level 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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

5 Segment information

The Group derives the following types of revenue:

	2017 \$'000	2016 \$'000
Sale of goods	24,595	35,769
Provision of services	417,582	430,457
Total revenue from continuing operations	<u>442,177</u>	<u>466,226</u>

Accounting policy

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

The Board of Directors considers the business from both a business and geographic sector perspective. Geographically, management considers the performance in the Trinidad and Barbados markets. From a business sector perspective, management separately considers the media and non-media activities in these geographies.

The Board of Directors assesses the performance of the operating segments based on profit before taxation. This basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. The measure also excludes the effects of equity-settled share-based payments and unrealised gains / losses on financial instruments. There is no revenue between segments to be eliminated.

The media segment derives its revenue mainly from advertising services utilising television, print and radio media. The non- media segment earns revenue from wholesale distribution, property management, broadband services and other services.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

5 Segment information (continued)

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

	31 December 2017			31 December 2016		
	Media S'000	Non Media S'000	Group S'000	Media S'000	Non Media S'000	Group S'000
Revenue	366,847	75,330	442,177	420,640	45,586	466,226
Operating profit	62,375	16,810	79,185	72,931	7,400	80,331
Goodwill impairment	-	(7,000)	(7,000)	-	-	-
Dividend income	1,191	-	1,191	1,647	-	1,647
Interest income	3,093	0	3,093	3,672	-	3,672
Finance costs	(3,502)	(1,731)	(5,233)	(2,446)	(194)	(2,640)
Share of profit of associate and joint venture	-	1,233	1,233	-	3,554	3,554
Profit before tax	63,157	9,312	72,469	75,804	10,760	86,564
Taxation	(15,602)	(4,421)	(20,023)	(28,446)	(2,074)	(30,520)
Profit for the year	47,555	4,891	52,446	47,358	8,686	56,044
Group profit / (loss) attributable to:						
- Non-controlling interests	79	4,611	4,690	1	125	126
- Owners of the parent	47,476	280	47,756	47,357	8,561	55,918
	47,555	4,891	52,446	47,358	8,686	56,044

	31 December 2017			31 December 2016		
	Media S'000	Non Media S'000	Group S'000	Media S'000	Non Media S'000	Group S'000
Depreciation	16,179	3,785	19,964	18,927	549	19,476
Amortisation	1,951	462	2,413	1,941	428	2,369
Capital expenditure	24,760	4,077	28,837	49,710	56	49,766
Assets	719,752	252,431	972,183	775,880	87,336	863,216
Liabilities	198,300	38,552	236,852	124,331	36,566	160,897

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

5 Segment information (continued)

The Trinidad operations are segmented into Media and Non-media as follows:

	31 December 2017			31 December 2016		
	Media	Non-media	Trinidad	Media	Non-media	Trinidad
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	230,554	63,597	294,151	271,889	31,868	303,757
Operating profit	46,324	16,212	62,536	48,072	7,921	55,993
Goodwill impairment	-	(7,000)	(7,000)	-	-	-
Dividend income	81	-	81	191	-	191
Interest income	108	0	108	156	-	156
Finance costs	(3,183)	(1,593)	(4,776)	(2,137)	(64)	(2,201)
Share of profit of associate and joint venture	-	1,233	1,233	-	3,554	3,554
Profit before tax	43,330	8,852	52,182	46,282	11,411	57,693
Taxation	(10,588)	(4,421)	(15,009)	(21,808)	(2,074)	(23,882)
Profit for the year	32,742	4,431	37,173	24,474	9,337	33,811
Group profit / (loss) attributable to:						
- Non-controlling interests	79	4,386	4,465	41	445	486
- Owners of the parent	32,663	45	32,708	24,433	8,892	33,325
	32,742	4,431	37,173	24,474	9,337	33,811

	31 December 2017			31 December 2016		
	Media	Non-media	Trinidad	Media	Non-media	Trinidad
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Depreciation	9,478	3,676	13,154	13,098	392	13,490
Amortisation	1,602	398	2,000	1,602	364	1,966
Capital expenditure	11,960	4,077	16,037	35,871	56	35,927
Assets	469,977	241,168	711,145	519,141	76,108	595,249
Liabilities	177,721	32,066	209,787	102,058	29,656	131,714

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

5 Segment information (continued)

The Barbados operations are segmented into Media and Non-media as follows:

	31 December 2017			31 December 2016		
	Media \$'000	Non-media \$'000	Barbados \$'000	Media \$'000	Non-media \$'000	Barbados \$'000
Revenue	136,293	11,733	148,026	148,751	13,718	162,469
Operating profit	16,051	598	16,649	24,860	(522)	24,338
Dividend income	1,110	-	1,110	1,456	-	1,456
Interest income	2,985	-	2,985	3,516	-	3,516
Finance costs	(319)	(138)	(457)	(309)	(130)	(439)
Profit before tax	19,827	460	20,287	29,523	(652)	28,871
Taxation	(5,014)	-	(5,014)	(6,638)	-	(6,638)
Profit for the year	14,813	460	15,273	22,885	(652)	22,233
Group profit attributable to:						
- Non-controlling interest	0	225	225	(40)	(320)	(360)
- Owners of the parent	14,813	235	15,048	22,925	(332)	22,593
	14,813	460	15,273	22,885	(652)	22,233

	31 December 2017			31 December 2016		
	Media \$'000	Non-media \$'000	Barbados \$'000	Media \$'000	Non-media \$'000	Barbados \$'000
Depreciation	6,701	109	6,810	5,830	156	5,986
Amortisation	349	64	413	339	64	403
Capital expenditure	12,800	-	12,800	13,839	-	13,839
Assets	249,775	11,263	261,038	256,739	11,228	267,967
Liabilities	20,579	6,486	27,065	22,273	6,910	29,183

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

5. Segment information (continued)

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

	31 December 2017			31 December 2016		
	Trinidad S'000	Barbados S'000	Group S'000	Trinidad S'000	Barbados S'000	Group S'000
Revenue	294,151	148,026	442,177	303,757	162,469	466,226
Operating profit	62,536	16,649	79,185	55,993	24,338	80,331
Goodwill impairment	(7,000)	-	(7,000)	-	-	-
Dividend income	81	1,110	1,191	191	1,456	1,647
Interest income	108	2,985	3,093	156	3,516	3,672
Finance costs	(4,776)	(457)	(5,233)	(2,201)	(439)	(2,640)
Share of profit of associate and joint venture	1,233	-	1,233	3,554	-	3,554
Profit before tax	52,182	20,287	72,469	57,693	28,871	86,564
Taxation	(15,009)	(5,014)	(20,023)	(23,882)	(6,638)	(30,520)
Profit for the year	37,173	15,273	52,446	33,811	22,233	56,044
Group profit / (loss) attributable to:						
- Non-controlling interests	4,465	225	4,690	486	(360)	126
- Owners of the parent	32,708	15,048	47,756	33,325	22,593	55,918
	37,173	15,273	52,446	33,811	22,233	56,044

	31 December 2017			31 December 2016		
	Trinidad S'000	Barbados S'000	Group S'000	Trinidad S'000	Barbados S'000	Group S'000
Depreciation	13,154	6,810	19,964	13,490	5,986	19,476
Amortisation	2,000	413	2,413	1,966	403	2,369
Capital expenditure	16,037	12,800	28,837	35,927	13,839	49,766
Assets	711,145	261,038	972,183	595,249	267,967	863,216
Liabilities	209,787	27,065	236,852	131,714	29,183	160,897

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***6. Investment properties**

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

	2017 \$'000	2016 \$'000
At 1 January	67,180	68,000
Depreciation	(1,640)	(820)
At 31 December	<u>65,540</u>	<u>67,180</u>

The investment properties consist of the following:

Commercial Freehold Properties

40-42 Henry Street, Port of Spain	29,070	29,690
39 Dundonald Street, Port of Spain	36,470	37,490
	<u>65,540</u>	<u>67,180</u>

(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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)*(These financial statements are expressed in Trinidad and Tobago dollars)***6. Investment properties (continued)**

- (b) The fair value of investment properties as at 31 December 2017 was \$67,500,000. 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		Unobservable inputs	Range of inputs		Relationship of unobservable inputs to fair value
	31-Dec-17 S'000	31-Dec-16 S'000		2017	2016	
Investment properties	67,500	69,200	Discount rate	8%	8%	The higher the discount rate and terminal yield, the lower the fair value
			Terminal yield	7% - 9%	8%	

The Group's investment properties were valued at 31 December 2017 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.

ONE CARIBBEAN MEDIA LIMITED**Year ended 31 December 2017****Notes to the consolidated financial statements (continued)***(These financial statements are expressed in Trinidad and Tobago dollars)***7. Property, plant and equipment**

	Work in Progress \$'000	Land and Buildings \$'000	Machinery and Equipment \$'000	Total \$'000
At 1 January 2016				
Cost or valuation	43,669	187,761	347,154	578,584
Accumulated depreciation	-	(19,937)	(255,677)	(275,614)
Net book amount	<u>43,669</u>	<u>167,824</u>	<u>91,477</u>	<u>302,970</u>
Year ended 31 December 2016				
Opening net book amount	43,669	167,824	91,477	302,970
Revaluation (Note 18)	-	(16,891)	-	(16,891)
Additions	29,304	4,590	15,872	49,766
Transfers	(21,411)	16,913	4,498	-
Disposals / adjustment	-	(11,224)	(127)	(11,351)
Depreciation charge	-	(2,015)	(16,641)	(18,656)
Closing net book amount	<u>51,562</u>	<u>159,197</u>	<u>95,079</u>	<u>305,838</u>
At 31 December 2016				
Cost or valuation	51,562	159,208	311,231	522,001
Accumulated depreciation	-	(11)	(216,152)	(216,163)
Net book amount	<u>51,562</u>	<u>159,197</u>	<u>95,079</u>	<u>305,838</u>
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	<u>51,293</u>	<u>175,352</u>	<u>100,543</u>	<u>327,188</u>
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	<u>51,293</u>	<u>175,352</u>	<u>100,543</u>	<u>327,188</u>

The Group leases certain motor vehicles and equipment under operating lease arrangements. Lease rental of \$520,105 (2016: \$580,733) was expensed in cost of providing services.

ONE CARIBBEAN MEDIA LIMITED
Year ended 31 December 2017
Notes to the consolidated financial statements (continued)
(These financial statements are expressed in Trinidad and Tobago dollars)

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 valuers 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 comprehensive income 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 plant and equipment are determined by reference to its carrying amount and are taken into account in determining profit before tax.

ONE CARIBBEAN MEDIA LIMITED
Year ended 31 December 2017
Notes to the consolidated financial statements (continued)
(These financial statements are expressed in Trinidad and Tobago dollars)

7. Property, plant and equipment (continued)

(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.

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 measurements 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 2017			
Recurring fair value measurements			
- Land and buildings	--	--	175,352
	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 2016			
Recurring fair value measurements			
- Land and buildings	--	--	159,197

There were no transfers between levels during the year.

The Group's management reviews the latest valuations performed by the independent valuers 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;
- hold discussions with the independent valuers.

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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***7. Property, plant and equipment (continued)****(b) Significant fair value estimate(continued)**

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.

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

	2017	2016
	\$'000	\$'000
Cost	193,493	174,996
Accumulated depreciation	(32,735)	(30,359)
Net book value	<u>160,758</u>	<u>144,637</u>

(f) Capital commitments

The Group has approved capital expenditure of \$284,172 (2016 - \$4,540,472). This expenditure is in relation to the advertising traffic and billing system.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

8. Intangible assets

	Goodwill \$'000	Brands \$'000	Licences and software \$'000	Intellectual property \$'000	Customer related intangibles \$'000	Total \$'000
Year ended 31 December 2016						
At beginning of the year	60,889	8,717	22,598	1,185	-	93,389
Amortisation	-	(523)	(1,443)	(403)	-	(2,369)
At end of the year	<u>60,889</u>	<u>8,194</u>	<u>21,155</u>	<u>782</u>	<u>-</u>	<u>91,020</u>
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	<u>60,889</u>	<u>8,194</u>	<u>21,155</u>	<u>782</u>	<u>-</u>	<u>91,020</u>
Year ended 31 December 2017						
At beginning of the year	60,889	8,194	21,155	782	-	91,020
Acquisition (Note 30)	72,079	-	-	-	7,000	79,079
Additions	-	-	700	-	-	700
Amortisation	-	(523)	(1,477)	(413)	-	(2,413)
Impairment	(7,000)	-	-	-	-	(7,000)
At end of the year	<u>125,968</u>	<u>7,671</u>	<u>20,378</u>	<u>369</u>	<u>7,000</u>	<u>161,386</u>
At 31 December 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	<u>125,968</u>	<u>7,671</u>	<u>20,378</u>	<u>369</u>	<u>7,000</u>	<u>161,386</u>
Useful economic life (years)		20	10	5		

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***8. Intangible assets (continued)****(b)** The goodwill has been allocated to each cash generating unit is as follows:

	2017 \$'000	2016 \$'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	-
Novo Media Limited	11,863	11,863
VL Limited	5,900	12,900
	<u>125,968</u>	<u>60,889</u>

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. The key assumptions used for value-in-use calculations are as follows:

	Growth rate	Pre-tax discount rate
2017		
Media	5%- 20%	17%
Distribution	1%- 15%	13.5%
Other	0% - 10%	17%
2016		
Media	5%- 10%	15%
Distribution	5%- 10%	15%
Other	3%	10 % - 17%

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***9. Investments in associates and joint venture**

	2017				2016			
	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	989	3,135	55,759	59,883	969	3,135	53,121	57,225
Share of profit	51	-	1,182	1,233	36	-	3,518	3,554
Share of tax	(8)	-	(336)	(344)	(16)	-	(880)	(896)
End of the year	1,032	3,135	56,605	60,772	989	3,135	55,759	59,883

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.

(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.

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.

ONE CARIBBEAN MEDIA LIMITED
Year ended 31 December 2017
Notes to the consolidated financial statements (continued)
(These financial statements are expressed in Trinidad and Tobago dollars)

9. Investments in associates and joint venture (continued)

(a) Accounting policy (continued)

(i) Associates (continued)

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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***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
2017						
Tobago Newspapers Limited	Trinidad and Tobago	3,667	252	-	-	27%
Cumberland Communications Limited	Trinidad and Tobago	1,730	719	182	51	50%
Novo Technology Inc.	Trinidad and Tobago	22,547	2,938	3,568	1,182	40%
		<u>27,944</u>	<u>3,909</u>	<u>3,750</u>	<u>1,233</u>	
2016						
Tobago Newspapers Limited	Trinidad and Tobago	3,667	252	-	-	27%
Cumberland Communications Limited	Trinidad and Tobago	1,555	584	182	36	50%
Novo Technology Inc.	Trinidad and Tobago	20,177	1,454	7,373	3,518	40%
		<u>25,399</u>	<u>2,290</u>	<u>7,555</u>	<u>3,554</u>	

No financial information was available for Tobago Newspapers Limited for 2017.

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

10. Financial assets

	2017 \$'000	2016 \$'000
Available-for-sale		
Quoted securities	1,640	1,652
Unquoted securities	<u>3,146</u>	<u>3,146</u>
	4,786	4,798
Loans and receivables		
Debt securities	9,509	10,231
Term deposits - Non-current portion	387	387
Loans to corporate entities	<u>855</u>	<u>855</u>
	<u>15,537</u>	<u>16,271</u>
Loans and receivables		
Term deposits - Current portion	<u>10,651</u>	<u>21,110</u>

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

10. Financial assets (continued)

(a) Accounting policies

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.

(i) 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.

(ii) 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.

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.

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 finance income.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

10. Financial assets (continued)

(a) Accounting policies (continued)

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

(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.

ONE CARIBBEAN MEDIA LIMITED
Year ended 31 December 2017
Notes to the consolidated financial statements (continued)
(These financial statements are expressed in Trinidad and Tobago dollars)

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.

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

The non-current portion of the term deposits attract interest between 2.0% and 4.25% (2016 – 2.5% and 4.25%) and will mature between January 2018 and March 2018.

The current portion of the term deposits attract interest between 2.25% and 2.55% (2016 – 2.5% and 3.1%). 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 available-for-sale financial assets is as follows:

	2017 \$'000	2016 \$'000
At beginning of year	4,798	5,267
Disposal of equity securities	(141)	(670)
Fair value changes	129	201
At end of year	<u>4,786</u>	<u>4,798</u>

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.

ONE CARIBBEAN MEDIA LIMITED
Year ended 31 December 2017
Notes to the consolidated financial statements (continued)
(These financial statements are expressed in Trinidad and Tobago dollars)

10. Financial assets (continued)

(d) Financial assets are denominated in the following currencies:

	2017 \$'000	2016 \$'000
Currency		
TT\$	999	999
BDS\$	25,189	36,382
	<u>26,188</u>	<u>37,381</u>

(e) 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
2017				
Assets				
Available-for-sale financial assets - quoted securities	1,640	-	-	1,640
Available-for-sale financial assets - unquoted securities	-	-	3,146	3,146
	<u>1,640</u>	<u>-</u>	<u>3,146</u>	<u>4,786</u>
2016				
Assets				
Available-for-sale financial assets - quoted securities	1,652	-	-	1,652
Available-for-sale financial assets - unquoted securities	-	-	3,146	3,146
	<u>1,652</u>	<u>-</u>	<u>3,146</u>	<u>4,798</u>

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 Trade receivables

	2017			2016		
	Current \$'000	Non-current \$'000	Total \$'000	Current \$'000	Non-current \$'000	Total \$'000
Trade receivables	142,715	15,500	158,215	137,553	15,438	152,991
Provision for impairment	(24,964)	-	(24,964)	(16,148)	-	(16,148)
	<u>117,751</u>	<u>15,500</u>	<u>133,251</u>	<u>121,405</u>	<u>15,438</u>	<u>136,843</u>

(a) *Accounting policy*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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 measured at amortised cost less provision for impairment.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

11 Trade receivables (continued)

(a) Accounting policy (continued)

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.

Impairment of financial assets

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.

ONE CARIBBEAN MEDIA LIMITED
Year ended 31 December 2017
Notes to the consolidated financial statements (continued)
(These financial statements are expressed in Trinidad and Tobago dollars)

11 Trade receivables (continued)

(b) Movement on the Group's provision for impairment of trade receivables is as follows:

	2017 \$'000	2016 \$'000
At beginning of the year	16,148	14,518
Acquisition	11,111	-
Increase in provision for impairment	1,951	3,922
Bad debts written off	(4,246)	(2,292)
At end of the year	<u>24,964</u>	<u>16,148</u>

The Group's terms of payment are 30-60 days and the following shows the current receivables profile:

	2017 \$'000	2016 \$'000
Up to 30 days	42,649	43,828
31 - 60 days	18,833	20,701
Past due	<u>81,233</u>	<u>73,024</u>
	<u>142,715</u>	<u>137,553</u>

As of 31 December 2017, trade receivables of \$56,268,422 (2016 - \$56,875,283) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default and as such are of a good credit quality.

The fair value of trade receivables (current and non-current) is a close approximation to the carrying amounts.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2017 \$'000	2016 \$'000
TT\$	89,537	89,632
BD\$	<u>43,714</u>	<u>47,211</u>
	<u>133,251</u>	<u>136,843</u>

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

The non-current portion of trade receivables relates to products sold to customers of Innogen Technologies Inc with a repayment plan for over one year. Interest is charged at a 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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***12 Sundry debtors and prepayments**

	2017 \$'000	2016 \$'000
Sundry debtors	20,024	16,670
Provision for impairment	(3,196)	(2,690)
	<u>16,828</u>	<u>13,980</u>
Prepayments	5,028	6,419
	<u>21,856</u>	<u>20,399</u>
Less: non-current portion	-	(6)
	<u>21,856</u>	<u>20,393</u>

Movement on the Group's provision for impairment of sundry debtors is as follows:

At beginning of the year	2,690	2,585
Increase in provision for impairment	506	105
Bad debts written off	-	-
At end of the year	<u>3,196</u>	<u>2,690</u>

There is no concentration with respect to credit risk. As at 31 December 2017, sundry debtors of \$16,827,957 (2016 - \$ 13,979,983) were fully performing.

13 Deferred programming

	2017 \$'000	2016 \$'000
Opening balance	3,202	8,739
New contracts	<u>6,278</u>	<u>2,868</u>
	9,480	11,607
Usage	<u>(4,255)</u>	<u>(8,405)</u>
	5,225	3,202
Current portion	<u>(3,860)</u>	<u>(2,820)</u>
Non-current portion	<u>1,365</u>	<u>382</u>

Accounting policy

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

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***14 Taxation****(a) Taxation charge**

	2017 \$'000	2016 \$'000
Current tax	17,643	20,658
Prior year under provision	717	2,896
Deferred tax	1,319	6,070
Share of tax in associate and joint venture (Note 9)	344	896
	<u>20,023</u>	<u>30,520</u>

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:

	2017 \$'000	2016 \$'000
Profit before tax	<u>72,469</u>	<u>86,564</u>
Tax calculated	21,297	21,641
Effect of different tax rates in other countries	(994)	(8)
Effect of change in tax rate	-	4,048
Expenses not deductible for tax purposes	2,478	709
Income not subject to tax	(3,144)	(1,170)
Tax losses not utilised	(544)	-
Effect of income tax holiday	(115)	163
Tax allowances	(181)	(173)
Other permanent differences	245	1,695
Business levy	264	2
Green fund levy	-	717
Prior year under provision	717	2,896
	<u>20,023</u>	<u>30,520</u>

(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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

14 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% (2016: 30%) for Trinidad and Tobago entities and 25% (2016-25%) for overseas entities.

The increase in the tax rate from 25% to 30% in Trinidad and Tobago took effect from 1 January 2017. As a result, the relevant deferred tax balances were remeasured as at 31 December 2016.

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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

14 Taxation (continued)

(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% (2016 – 30%).

	2017 \$'000	2016 \$'000
Deferred tax assets	(12,052)	(14,529)
Deferred tax liabilities	36,524	36,987
Deferred tax (assets) / liabilities - net	<u>24,472</u>	<u>22,458</u>

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

At beginning of year	22,458	14,998
Acquisition (Note 30)	(3,656)	-
Effect of change in tax rate	-	1,964
Charge to consolidated income statement	1,319	2,022
Charge to other comprehensive income	4,351	3,474
At end of the year	<u>24,472</u>	<u>22,458</u>

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 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	<u>17,914</u>	<u>(570)</u>	<u>7,048</u>	<u>11,562</u>	<u>(11,482)</u>	<u>24,472</u>
Deferred tax (assets) / liabilities						
At 1 January 2016	9,944	(4,988)	8,009	10,250	(8,217)	14,998
Effect of change in tax rate	1,392	(1,538)	1,602	2,050	(1,542)	1,964
Charge / (credit) to profit or loss	6,069	(1,034)	(2,082)	(246)	(685)	2,022
Charge to other comprehensive income	-	3,474	-	-	-	3,474
At 31 December 2016	<u>17,405</u>	<u>(4,086)</u>	<u>7,529</u>	<u>12,054</u>	<u>(10,444)</u>	<u>22,458</u>

ONE CARIBBEAN MEDIA LIMITED**Year ended 31 December 2017****Notes to the consolidated financial statements (continued)***(These financial statements are expressed in Trinidad and Tobago dollars)***15 Inventories**

	2017 \$'000	2016 \$'000
Goods held for sale	16,203	21,402
Newsprint and other raw materials	11,539	17,180
Spare parts and consumables	6,209	7,703
Goods in transit	1,501	2,347
	<u>35,452</u>	<u>48,632</u>

(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 \$44,991,023 (2016 - \$58,917,062).

Work in progress (of incomplete appliances) comprises assembly, direct labour costs and raw material costs.

16 Cash and cash equivalents

	2017 \$'000	2016 \$'000
Cash at bank and in hand	63,163	55,566
Short-term bank deposits	14,867	13,950
	<u>78,030</u>	<u>69,516</u>

(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, 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 2.55% (2016 – 0.01% and 4.25%). These deposits have a maturity of 90 days.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***17 Share capital**

	2017 \$'000	2016 \$'000
Authorised		
Unlimited number of ordinary shares of no par value		
Issued and fully paid		
66,499,801 (2016 - 66,387,282) shares of no par value	<u>390,916</u>	<u>388,899</u>

(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 2017	66,387,282	388,899
Value of share options granted	-	268
Share options exercised	112,519	1,749
As at 31 December 2017	<u>66,499,801</u>	<u>390,916</u>
As at 1 January 2016	66,320,424	387,623
Value of share options granted	-	268
Share options exercised	66,858	1,008
As at 31 December 2016	<u>66,387,282</u>	<u>388,899</u>

The Company has a shareholders' rights plan in operation which allows shareholders to acquire additional shares under certain conditions. Details of this plan can be obtained from the Company's registered office. There was no transaction during the year in relation to this plan that had a financial statement impact.

ONE CARIBBEAN MEDIA LIMITED**Year ended 31 December 2017****Notes to the consolidated financial statements (continued)***(These financial statements are expressed in Trinidad and Tobago dollars)***17 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 2017 (2016 – 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	
			2017 '000	2016 '000
2009 - 2012	04-May-19	17.50	441	543
2009 - 2012	30-Sep-19	17.50	155	154
2012 - 2015	18-Oct-22	15.06	638	750
2014 - 2017	05-Jun-24	22.60	607	755
2015 - 2018	24-Apr-25	22.30	347	428
2015 - 2018	20-Nov-25	22.00	369	452
			<u>2,557</u>	<u>3,082</u>
Reconciliation of movement				
At the beginning of the year			3,082	3,338
Granted during the year			-	-
Lapsed during the year			(412)	(189)
Exercised during the year			(113)	(67)
At the end of the year			<u>2,557</u>	<u>3,082</u>

The weighted average price of share options exercised during the year was \$15.54 (2016: \$15.06).

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

	2017	2016
Maturity	10 years	10 years
Expected price volatility of the Company's shares	78%	78%
Interest rate	8.00%	8.00%

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.

ONE CARIBBEAN MEDIA LIMITED**Year ended 31 December 2017****Notes to the consolidated financial statements (continued)***(These financial statements are expressed in Trinidad and Tobago dollars)***17 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 2017 of 40 cents per share was approved on 28 March 2018 by the Board of Directors. This brings the total declared dividends for 2017 to 67 cents (2016 – 76 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 2018.

18 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 2016	2,617	26,275	(6,848)	22,044
Currency translation differences	7,598	-	-	7,598
Depreciation transfer	-	(54)	-	(54)
Adjustment	-	3,186	-	3,186
Revaluation of land and buildings (Note 7)	-	(16,891)	-	(16,891)
Unrealised gains on revaluation of financial investments	-	-	201	201
Balance at 31 December 2016	10,215	12,516	(6,647)	16,084
Currency translation differences	654	-	-	654
Depreciation transfer	-	(223)	-	(223)
Unrealised gains on revaluation of financial investments	-	-	129	129
Gains transferred to income on disposal of financial investment	-	-	(104)	(104)
Balance at 31 December 2017	10,869	12,293	(6,622)	16,540

19 Non-controlling interests

	2017 \$'000	2016 \$'000
At beginning of the year	4,938	4,849
Share of total comprehensive income of subsidiaries	4,690	111
Non-controlling interest arising on acquisition (Note 30)	4,249	-
Other adjustment	(50)	(10)
Dividends	-	(12)
At end of the year	13,827	4,938

ONE CARIBBEAN MEDIA LIMITED**Year ended 31 December 2017****Notes to the consolidated financial statements (continued)***(These financial statements are expressed in Trinidad and Tobago dollars)***20 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 2017, the ESOP held 3,004,564 (2016 – 3,421,705) shares with a market value of \$39,239,606 (2016 - \$68,091,930).

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

	2017	2016	2017	2016
	\$'000	\$'000	No. of shares	No. of shares
At beginning of the year	39,439	33,783	3,421,705	3,298,766
Sale of shares	(12,600)	-	(1,093,186)	-
Allocation to employees	(811)	(2,014)	(70,381)	(210,391)
Re-purchase from ex-employees	12,516	7,670	746,426	333,330
At end of the year	<u>38,544</u>	<u>39,439</u>	<u>3,004,564</u>	<u>3,421,705</u>

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 2017, the amount of shares held in trust by the ESOP for employees was 1,622,722 (2016 – 2,298,767).

ONE CARIBBEAN MEDIA LIMITED**Year ended 31 December 2017****Notes to the consolidated financial statements (continued)***(These financial statements are expressed in Trinidad and Tobago dollars)***21 Retirement benefit obligation**

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

	2017 \$'000	2016 \$'000
Retirement benefit asset	14,594	-
Retirement benefit obligation	(14,381)	(11,835)
	<u>213</u>	<u>(11,835)</u>
Fair value of plan assets	265,187	253,129
Present value of defined benefit obligation	(264,974)	(264,964)
Obligation recognised in the balance sheet	<u>213</u>	<u>(11,835)</u>

(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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

21 Retirement benefit obligation (continued)

(a) Accounting policy

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 2017, 50% (2016 – 48%) of the plan assets comprised of bonds and 32% (2016 – 29%) 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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

21 Retirement benefit obligation (continued)

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

	2017	2016
	\$'000	\$'000
At beginning of the year	253,129	243,029
Expected return on plan assets	17,457	15,977
Other plan expenses	(105)	(114)
Remeasurement recognised in other comprehensive income	(3,995)	(8,547)
Contributions	9,241	9,703
Benefit payments	(10,540)	(6,919)
At end of the year	<u>265,187</u>	<u>253,129</u>

Plan assets comprise the following:

	2017					
	Trinidad	Barbados	Total	Trinidad	Barbados	Total
	\$'000	\$'000	\$'000	%	%	%
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%
	<u>130,142</u>	<u>135,045</u>	<u>265,187</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

	2016					
	Trinidad	Barbados	Total	Trinidad	Barbados	Total
	\$'000	\$'000	\$'000	%	%	%
Bonds	74,279	46,399	120,678	60%	36%	48%
Equity instruments	27,475	44,892	72,367	22%	35%	29%
Other	22,561	15,637	38,198	18%	12%	14%
Mortgages	-	14,685	14,685	0%	11%	6%
Property	-	7,201	7,201	0%	6%	3%
	<u>124,315</u>	<u>128,814</u>	<u>253,129</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

	2017			2016		
	Trinidad	Barbados	Total	Trinidad	Barbados	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Local	119,470	135,045	254,515	119,859	128,814	248,673
International	10,672	-	10,672	4,456	-	4,456
	<u>130,142</u>	<u>135,045</u>	<u>265,187</u>	<u>124,315</u>	<u>128,814</u>	<u>253,129</u>

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

21 Retirement benefit obligation (continued)

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

	2017	2016
	\$'000	\$'000
At beginning of the year	264,964	263,484
Interest cost	17,968	16,992
Current service cost	10,249	10,918
Benefit payments	(10,540)	(6,919)
Contributions	1,187	1,172
Remeasurement recognised in other comprehensive income:		
- Financial assumption changes	(1,335)	(5,297)
- Experience	(17,519)	(15,386)
At end of the year	<u>264,974</u>	<u>264,964</u>

The principal actuarial assumptions used are as follows:

	Per Annum			
	2017		2016	
	Trinidad	Barbados	Trinidad	Barbados
Discount rate	5.40%	7.75%	5.00%	7.75%
Expected rate of salary increases	4.00%	6.75%	3.75%	6.75%
Expected rate of pension increases	0.00%	3.75%	0.00%	3.75%

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

	Trinidad		Barbados	
	2017	2016	2017	2016
Relating to:	\$M	\$M	\$M	\$M
Active employees	112.8	129.2	22.0	21.5
Deferred members	17.1	14.6	0.6	0.8
Members in retirement	14.6	4.9	15.2	14.3

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

	2017	2016
	\$'000	\$'000
Current service cost	8,261	8,713
Net interest cost on net defined benefit asset / (liability)	511	1,032
Plan administration expenses	105	114
Total included in staff costs (Note 25)	<u>8,877</u>	<u>9,859</u>

The actual return on the plans' assets is \$13,462,637 (2016 – \$7,429,062).

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***21 Retirement benefit obligation (continued)**

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			
	2017	2016	2017	2016	2017	2016		
Discount rate	0.50%	0.50%	Decrease by	9.00%	9.10%	Increase by	10.30%	10.50%
Salary growth rate	0.50%	0.50%	Increase by	5.90%	6.30%	Decrease by	5.40%	5.70%
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%	2.20%

	Barbados							
	Change in assumption		Increase in assumption		Decrease in assumption			
	2017	2016	2017	2016	2017	2016		
Discount rate	1.00%	1.00%	Decrease by	13.46%	13.50%	Increase by	17.32%	17.50%
Salary growth rate	0.50%	0.50%	Increase by	4.34%	7.10%	Decrease by	3.97%	4.00%
Pension growth rate	0.25%	0.25%	Increase by	2.44%	2.50%	Decrease by	2.34%	2.40%
Life expectancy	+ / - 1 year		Increase by	1.10%	0.90%	Decrease by	1.20%	1.10%

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.

(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 \$6,025,803 to the funds for the year ending 31 December 2018. 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:

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)*(These financial statements are expressed in Trinidad and Tobago dollars)***21 Retirement benefit obligation (continued)****(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 – 21.7 years (2016 – 22.01 years) and
- Barbados – 15.48 years (2016 – 15.80 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
<u>2017</u>	\$'000	\$'000	\$'000	\$'000	\$'000
Trinidad	3,486	2,723	11,509	39,436	57,154
Barbados	4,101	4,473	16,049	37,185	61,808
<u>2016</u>					
Trinidad	938	2,679	11,930	40,145	55,692
Barbados	4,200	4,442	15,518	36,235	60,395

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***22 Borrowings**

	2017 \$'000	2016 \$'000
Current		
Bank overdrafts	3,098	3,436
Bank borrowings	<u>24,550</u>	<u>15,082</u>
	27,648	18,518
Non-current		
Bank borrowings	<u>56,992</u>	<u>16,631</u>
Total borrowings	<u>84,640</u>	<u>35,149</u>

(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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

22 Borrowings (continued)

- (b) The bank overdrafts bear interest at the rate of 7.5%. The bank borrowings attract interest at varying rates of 4.5% - 7.85% (2016 – 4.5% - 7.5%) per annum and are being repaid by monthly installments of \$3,769,506.

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 registered debenture giving the bank a first fixed charge over the fixed and floating assets of Green Dot Limited, stamped to cover \$8,000,000. A collateral deed of mortgage over property situated at 40 Carlton Avenue, St. James.
- (iii) Property all risk insurance on buildings, contents and stocks for \$411,500,462.
- (iv) Joint and Several Corporate Guarantee in the amount limited to \$31,500,000.
- (v) Joint and Several Directors and Shareholders Guarantee in the amount limited to \$8,000,000.
- (vi) Hire purchase agreement and assignment of insurance coverage over the vehicles.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

23 Provisions for liabilities and other charges

	2017	2016
	\$'000	\$'000
At 1 January	26,136	39,671
New provisions	10,500	9,625
Utilised	(12,043)	(23,160)
At 31 December	<u>24,593</u>	<u>26,136</u>

	Employee benefits	Commissions and fees	Libel	Other	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
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	<u>14,011</u>	<u>4,632</u>	<u>5,123</u>	<u>827</u>	<u>24,593</u>
At 1 January 2016	24,332	6,952	7,687	700	39,671
New provisions/adjustments	5,519	5,394	(2,217)	929	9,625
Utilised	(15,346)	(6,547)	(399)	(868)	(23,160)
At 31 December 2016	<u>14,505</u>	<u>5,799</u>	<u>5,071</u>	<u>761</u>	<u>26,136</u>

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.

ONE CARIBBEAN MEDIA LIMITED**Year ended 31 December 2017****Notes to the consolidated financial statements (continued)***(These financial statements are expressed in Trinidad and Tobago dollars)***24 Expenses by nature**

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

	2017	2016
	\$'000	\$'000
Staff costs (Note 25)	151,564	164,732
Other expenses	80,542	67,086
Inventories recognised as expense	44,991	58,917
Agency commissions	21,838	26,979
Depreciation (Note 6 & 7)	19,964	19,476
Utilities	11,311	9,696
Professional fees	10,110	8,855
Property expenses	5,351	5,574
Advertising and promotion	4,435	5,355
Programming usage	4,800	6,758
Licence fees and royalties	3,063	3,045
Amortisation (Note 8)	2,413	2,369
Impairment charge for bad debts	1,951	5,869
Directors' remuneration	798	1,165
Profit on disposal of property, plant and equipment	(9)	19
Profit on disposal of available-for-sale financial assets	(130)	-
	<u>362,992</u>	<u>385,895</u>

As disclosed in the consolidated statement of profit or loss:

Cost of providing services	283,869	283,576
Administrative expenses	74,688	96,964
Marketing expenses	4,435	5,355
	<u>362,992</u>	<u>385,895</u>

25 Staff costs

Salaries and wages	142,687	154,873
Pension cost (Note 21)	8,877	9,859
	<u>151,564</u>	<u>164,732</u>
Number of employees	<u>805</u>	<u>781</u>

ONE CARIBBEAN MEDIA LIMITED**Year ended 31 December 2017****Notes to the consolidated financial statements (continued)***(These financial statements are expressed in Trinidad and Tobago dollars)***26 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 \$47,755,890 (2016 - \$55,917,754) and on the weighted average number of ordinary shares in issue of 62,850,707 (2016 - 62,719,046) 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 64,984,925 (2016 - 65,371,108) assuming conversion of all dilutive potential ordinary shares and exercise of share options granted.

The calculation of earnings per share inclusive of ESOP shares is based on the Group's profit attributable to the shareholders (owners of the parent) as above and on the weighted average total number of ordinary shares in issue.

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

	2017	2016
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	62,850,707	62,719,046
Share options	2,134,218	2,652,062
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>64,984,925</u>	<u>65,371,108</u>

27 Net change in operating assets and liabilities

	2017 \$'000	2016 \$'000
Decrease / (increase) in inventories	13,309	(5,456)
Decrease in trade receivables, sundry debtors and prepayments	17,469	25,599
(Increase) / decrease in deferred programming	(2,021)	5,537
Increase / (decrease) in trade payables	435	(7,668)
Increase / (decrease) in sundry creditors and accruals and provisions for liabilities and other charges	234	(12,430)
	<u>29,426</u>	<u>5,582</u>

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

28 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 2017 guarantees and bonds totaled \$3,775,293 (2016 - \$3,775,293).

(b) Operating lease commitments

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

	2017 \$'000	2016 \$'000
Not later than 1 year	1,323	897
Later than 1 year and not later than 5 years	3,245	978
Later than 5 years	1,207	-
	<u>5,775</u>	<u>1,875</u>

29 Financial instruments by category

	At amortised cost	At fair value	Total	At amortised cost	At fair value	Total
	2017			2016		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets as per consolidated balance sheet						
Available-for-sale financial assets	-	4,786	4,786	-	4,798	4,798
Trade and other receivables						
excluding prepayments	150,079	-	150,079	150,823	-	150,823
Due from related parties	17,974	-	17,974	1,949	-	1,949
Term deposits	11,038	-	11,038	21,497	-	21,497
Cash and cash equivalents	78,030	-	78,030	69,516	-	69,516
	<u>257,121</u>	<u>4,786</u>	<u>261,907</u>	<u>243,785</u>	<u>4,798</u>	<u>248,583</u>

	At amortised cost	At fair value	Total	At amortised cost	At fair value	Total
	2017			2016		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Liabilities as per consolidated balance sheet						
Borrowings	84,639	-	84,639	35,149	-	35,149
Trade and other payables	67,132	-	67,132	38,781	-	38,781
	<u>151,771</u>	<u>-</u>	<u>151,771</u>	<u>73,930</u>	<u>-</u>	<u>73,930</u>

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)*(These financial statements are expressed in Trinidad and Tobago dollars)***30 Business combination****(a) Summary of acquisition**

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:

	\$'000
Cash	45,904
Ordinary shares issued	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:

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

(b) Purchase consideration- cash outflow

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

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

31 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.

31.1 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 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:

There are no new standards, amendments and interpretations effective for the first time for the financial year beginning on or after 1 January 2017 which had a material impact on the Group's consolidated financial statements.

(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 2017 reporting periods and have not been early adopted by the Group. The Group is yet to assess the impact of these new standards.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***31 Summary of significant accounting policies (continued)****31.1 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 9 Financial Instruments
Nature of change	IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
Impact	The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018: The majority of the Group's debt instruments that are currently classified as available-for-sale will satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets. The other financial assets held by the Group include: equity instruments currently classified as AfS for which a FVOCI election is available equity investments currently measured at fair value through profit or loss (FVPL) which will continue to be measured on the same basis under IFRS 9, and debt instruments currently classified as held-to-maturity and measured at amortised cost which meet the conditions for classification at amortised cost under IFRS 9. Accordingly, the Group does not expect the new guidance to affect the classification and measurement of these financial assets. However, gains or losses realised on the sale of financial assets at FVOCI will no longer be transferred to profit or loss on sale, but instead reclassified below the line from the FVOCI reserve to retained earnings. There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.
Date of adoption by Group	Must be applied for financial years commencing on 1 January 2018. The Group will apply the new rules from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

*(These financial statements are expressed in Trinidad and Tobago dollars)***31 Summary of significant accounting policies (continued)****31.1 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 15 Revenue from Contracts with Customers
Nature of change	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.
Impact	Presentation of contract assets and contract liabilities in the balance sheet – IFRS 15 requires separate presentation of contract assets and contract liabilities in the balance sheet. This will result in some reclassifications as of 1 January 2018 in relation to consulting contracts and contract liabilities in relation to expected volume discounts, rights to return and the customer loyalty programme which are currently included in other balance sheet line items. The application of IFRS 15 may further result in the identification of separate performance obligations in relation to IT consulting contracts which could affect the timing of the recognition of revenue going forward.
Date of adoption by Group	Mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

ONE CARIBBEAN MEDIA LIMITED**Year ended 31 December 2017****Notes to the consolidated financial statements (continued)***(These financial statements are expressed in Trinidad and Tobago dollars)***31 Summary of significant accounting policies (continued)****31.1 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	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 28 (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.
Date of adoption by Group	Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

31 Summary of significant accounting policies (continued)

31.2 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.

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Notes to the consolidated financial statements (continued)

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

31 Summary of significant accounting policies (continued)

31.3 Investment properties – See Note 6.

31.4 Property, plant and equipment – See Note 7.

31.5 Intangible assets – See Note 8.

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

31.7 Financial assets – See Note 10.

31.8 Trade receivables – See Note 11.

31.9 Deferred programming – See Note 13.

31.10 Taxation – See Note 14.

31.11 Inventories – See Note 15.

31.12 Cash and cash equivalents – See Note 16.

31.13 Share capital – See Note 17.

31.14 Retirement benefit obligation – See Note 21.

31.15 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.

ONE CARIBBEAN MEDIA LIMITED

Year ended 31 December 2017

Notes to the consolidated financial statements (continued)

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

31 Summary of significant accounting policies (continued)

31.16 Revenue recognition

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.

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.

Provision of services – Non-media

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.

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.

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Notes to the consolidated financial statements (continued)

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

31 Summary of significant accounting policies (continued)

31.17 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.

31.18 Dividend income

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

31.19 Interest income

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.

31.20 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.