Audited Consolidated Financial Statements

MediaHouse Limited and Subsidiaries

September 30, 2006

Ernst & Young

DIRECTOR'S REPORT

MEDIAHOUSE LIMITED

The Board and management of MediaHouse Limited (the "Group") are pleased to show a profit for the year of $1,104,388, or $2.15 per common share. The Group's success has been achieved through hard work, cost savings initiatives, and healthy revenue growth across all segments.

The Group continues to pursue new development opportunities both in traditional business segments, such as printing and publishing, but also in e-business.

During the year the Group added MediaHouse ASP Limited (ASP) to its group of subsidiaries. Along with Bermuda.com Limited, MediaHouse ASP Limited will focus on e-business, providing products such as interactive mapping systems, e-directories, and others. As ASP's sales market is not confined by borders, growth potential is limitless. The Board is excited about the future success of ASP and anticipates positive results.

A subsidiary, Caribbean Publishing Company Limited (CPC), continues to excel in its Caribbean market. Revenue growth has been consistent and strong throughout the region and the Board is proud of the world class directories being produced. During the year, CPC toasted the opening of its newest office in Jamaica. As a result of this expansion, the Board is pleased to welcome 31 new employees to the Group. Revenues associated with this region's initial sales cycle will not be recognized until fiscal 2007.

CPC rolled out "On-Purpose," which is a framework for the development of a strong corporate culture and core value system. Through this framework, CPC strives to empower its people through a bottom up approach. The program has been welcomed by both management and staff. "On-Purpose" will be rolled out within the Group's Bermuda region in the near future.

The year saw the final close and wrap-up of the operations in Maine, USA. The decision to exit this market supports the Board's determination to provide maximum value to its shareholders.

During the year, the Board and management made the decision to change its accounting policy for the treatment of revenue related to directory sales. The Board and management determined that the new policy would provide increased reliability and more relevant information to the financial statement users. The new accounting policy also better reflects industry risks, increases transparency, and is more conservative.

The Board and management are committed to providing value to its shareholders. The results achieved in the current year are a positive conclusion to a year of hard work, new developments, expansion, and staff empowerment.

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The Board would like to thank all our company members for their continued support and effort which has helped make the Group the success it is today.

As a public company listed on the Bermuda Stock Exchange, it should be noted that the directors and officers of MediaHouse Limited held 341,445 common shares and 53,752 preference shares. No rights to subscribe for shares in MediaHouse Limited have been granted to any director or officer and there are no service contracts with any director or officer. No dividend is proposed on the common shares for the period under review.

R. French

Randy French, President and Chief Executive Officer
MediaHouse Limited

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AUDITORS' REPORT

TO THE SHAREHOLDERS

MEDIAHOUSE LIMITED AND SUBSIDIARIES

We have audited the consolidated balance sheet of MediaHouse Limited (the "Company") as at September 30, 2006 and the consolidated statements of operations and retained earnings, changes in shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the consolidated financial position of MediaHouse Limited as at September 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst + Young

July 24, 2007

Chartered Accountants

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(Incorporated in Bermuda)

CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 2006
(expressed in Bermuda dollars)

	2006	(Restated) 2005
ASSETS		
Current assets		
Cash and cash equivalents (Note 3)	$ 1,868,299	$ 1,187,858
Accounts receivable, net of allowance for doubtful amounts of $1,805,065 (2005 - $3,291,115)	7,155,700	5,925,713
Inventories (Note 4)	596,212	508,744
Prepaid expenses and deferred expenses	10,210,543	4,732,893
	19,830,754	12,355,208
Capital assets (Notes 5 and 8)	3,553,883	3,140,497
Intangible assets (Note 6)	2,183,378	2,097,696
Future income tax asset (Note 9)	75,684	-
Goodwill (Note 7)	74,800	74,800
	$ 25,718,499	$ 17,668,201
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 9)	$ 4,948,338	$ 3,888,339
Deferred revenue	8,318,468	2,224,299
Current portion of bank loan (Note 8)	328,115	307,520
Dividends payable	43,538	44,614
	13,638,459	6,464,772
Long term portion of bank loan (Note 8)	6,211,729	6,539,844
	19,850,188	13,004,616
Minority interest (Note 11)	337,965	184,020
	20,188,153	13,188,636

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(Incorporated in Bermuda)

CONSOLIDATED BALANCE SHEET, Cont'd.

SEPTEMBER 30, 2006
(expressed in Bermuda dollars)

	2006	(Restated) 2005
SHAREHOLDERS' EQUITY		
Preference shares (Note 10)	$ 544,410	$ 557,670
Common shares (Note 10)	1,185,362	1,185,362
Contributed surplus	546,849	543,642
Retained earnings	3,253,725	2,192,891
	5,530,346	4,479,565
	$ 25,718,499	$ 17,668,201

See accompanying notes

On behalf of the Board:

R. French
Director

Director

MEDIAHOUSE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2006
(expressed in Bermuda dollars)

	2006	(Restated) 2005
Sales (Note 13)		
Printing	$ 18,340,439	$ 16,267,915
Publishing	3,874,661	4,089,942
Other	1,270,215	412,780
	23,485,315	20,770,637
Cost of sales	10,269,601	9,509,585
Gross profit - 56.27% (2005 - 54.21%)	13,215,714	11,261,052
General and administrative expenses (Note 12)	11,155,309	10,381,178
Foreign currency expense	58,070	41,990
Amortization	662,881	496,782
Profit from operations	1,339,454	341,102
Interest expense	(479,246)	(534,354)
Rental and other income	405,627	344,261
Net profit before taxation	1,265,835	151,009
Income tax expense (Note 9)	(7,502)	(300,934)
Net profit (loss) after taxation	1,258,333	(149,925)
Minority interest (Note 11)	(153,945)	(333,668)
Net profit (loss) for the year	1,104,388	(483,593)
Retained earnings, beginning of year	2,192,891	2,721,098
Preference dividends (Note 10)	(43,554)	(44,614)
Retained earnings, end of year	$ 3,253,725	$ 2,192,891
Net profit (loss) per common share	$ 2.15	$ (1.07)

See accompanying notes

MEDIAHOUSE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2006
(expressed in Bermuda dollars)

	Common Shares	Preference Shares	Contributed Surplus	Retained Earnings	Total
Balance at September 30, 2004	$ 1,185,362	$ 557,670	$ 103,156	$ 4,156,343	$ 6,002,531
Change in accounting policy with retrospective application (Note 16)	-	-	-	(1,435,245)	(1,435,245)
Balance at September 30, 2004 (restated)	$ 1,185,362	$ 557,670	$ 103,156	$ 2,721,098	$ 4,567,286
Net income (restated)	-	-	-	(483,593)	(483,593)
Addition to contributed surplus	-	-	440,486	-	440,486
Preference dividends paid	-	-	-	(44,614)	(44,614)
Balance at September 30, 2005 (restated)	$ 1,185,362	$ 557,670	$ 543,642	$ 2,192,891	$ 4,479,565
Net income	-	-	-	1,104,388	1,104,388
Repurchase of preference shares (Note 10)	-	(13,260)	-	-	(13,260)
Addition to contributed surplus	-	-	3,207	-	3,207
Preference dividends paid	-	-	-	(43,554)	(43,554)
Balance at September 30, 2006	$ 1,185,362	$ 544,410	$ 546,849	$ 3,253,725	$ 5,530,346

See accompanying notes

MEDIAHOUSE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2006
(expressed in Bermuda dollars)

	2006	(Restated) 2005
Operating activities:		
Net profit (loss) for the year	$ 1,104,388	$ (483,593)
Add items not involving cash movement:		
Amortization of capital assets	591,660	467,432
Amortization of intangible assets	71,221	29,350
Minority interest	153,945	333,668
Loss on capital asset disposal	24,419	-
Add (deduct) net changes in assets and liabilities:		
Accounts receivable	(1,229,987)	(987,908)
Inventories	(87,468)	81,358
Prepaid expenses and deferred expenses	(5,477,650)	213,922
Future income tax asset	(75,684)	-
Accounts payable and accrued liabilities	1,059,999	391,610
Deferred revenue	6,094,169	(848,854)
Net cash flows from (applied) to operating activities	2,229,012	(803,015)
Financing activities:		
Preference dividends paid	(44,630)	(44,614)
Repurchase of preference shares	(10,053)	-
Proceeds on sale of minority interest	-	50,000
Increase in bank financing	-	7,100,000
Repayment of bank loan	(307,520)	(2,321,196)
Net cash flows from financing activities	(362,203)	4,784,190
Investing activities:		
Purchase of capital assets	(1,033,222)	(901,497)
Purchase of intangible assets	(156,903)	(98,888)
Disposal of capital assets	3,757	-
Net cash flows applied to investing activities	(1,186,368)	(1,000,385)
Net increase in cash and cash equivalents	680,441	2,980,790
Cash and cash equivalents, beginning of year	1,187,858	(1,792,932)
Cash and cash equivalents, end of year	$ 1,868,299	$ 1,187,858
Other cash flow information:		
Taxes paid	$ 20,279	$ 134,814
Interest paid	$ 470,409	$ 455,982

See accompanying notes

(expressed in Bermuda dollars)

1. Operations

MediaHouse Limited (the "Company") is a Bermuda company formed as a result of an amalgamation and restructuring effective October 1, 1994, and is traded on the Bermuda Stock Exchange. The Company is in the business of high quality commercial printing and is the publisher of a newspaper "The Bermuda Sun", a tourist guide "Preview of Bermuda", telephone directories and other publications. In addition, the Company maintains various internet portals which focus on e-business and it operates an electrician business.

2. Significant accounting policies

The Company follows Canadian generally accepted accounting principles which have general application in Bermuda. Significant accounting policies are as follows:

(a) Basis of consolidation
The consolidated financial statements include the accounts of MediaHouse Limited and its subsidiaries, Island Press Limited, Bermuda Sun Limited, Preview of Bermuda Limited, Global Directories Limited, MediaHouse ASP Ltd., Industrial Electrics and Controls Limited, Crow House Limited, and Bermuda.com Limited. All significant inter-company transactions have been eliminated.

As explained in Note 11, the effective interest of the Company in the voting common shares of Global Directories Limited is 85%. Minority interest represents the interest of external parties in respect of net income and shareholders' equity of Global Directories Limited. These subsidiaries of Global Directories Limited include the following entities:

Subsidiary	% of Ownership in 2006	% of Ownership in 2005
Global Directories (USA) Inc.	100%	100%
Global Directories (Caribbean) Ltd.	100%	100%
Global Directories (Bermuda) Ltd.	100%	100%
Global Directories (Costa Rica) S.A.	100%	100%
Caribbean Publishing Company Limited	100%	100%
Caribbean Publishing Company (Cayman) Limited	100%	100%
Caribbean Publishing Company Limited (St. Lucia)	100%	100%
Litwin N.V. (St. Maarten)	100%	100%
Caribbean Publishing Company N.V. (Aruba)	100%	100%
Caribbean Publishing Company (St. Kitts) Limited	100%	100%
Caribbean Publishing Company (B.V.I.) Limited	100%	100%
Caribbean Publishing Inc. (Florida)	100%	100%
Caicos Publishing Company Limited (Turks & Caicos)	100%	100%
Caribbean Publishing Company (Anguilla) Limited	100%	100%
Caribbean Publishing Company (St. Vincent) Limited	100%	100%
Caribbean Publishing Company (Montserrat) Limited	100%	100%

2. Significant accounting policies, cont'd.

(a) Basis of consolidation, cont'd.

Subsidiary	% of Ownership in 2006	% of Ownership in 2005
Caribbean Publishing Company (Grenada) Limited	100%	100%
Global Directories (St. Lucia) Limited ("GD(SL)L")	100%	100%
Global Directories (Barbados) Limited (through GD(SL)L)	100%	100%
Global Directories (Jamaica) Limited (through GD(SL)L)	100%	N/A

Subsidiaries are consolidated from the date the Company obtains control until such time as control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to confirm any dissimilar material accounting policies that may exist.

(b) Inventories
Raw materials are valued on a first-in, first-out basis at the lower of cost or net realizable value. Work in process and finished products consist of direct material and attributable direct labour costs and are valued at the lower of cost and net realizable value.

(c) Goodwill
Goodwill arising on the purchase of an incorporated business is measured at unamortized cost less any accumulated impairment losses. The Company has determined that there is no impairment in the unamortized portion of goodwill at the end of the current fiscal year. Its ultimate recoverability is assessed by management on an annual basis and is presently deemed realizable.

(d) Intangible assets
Internet portals and domains arising on the purchase of assets are not subject to amortization. Customer contracts arising on the purchase of assets are being amortized on a straight line basis over three years, commencing in the year subsequent to acquisition. Customer lists purchased are amortized over five years. Website redesign costs are amortized on a straight-line basis over three years.

Management, on an annual basis, tests for asset impairment. The Company has determined that there is no impairment in the intangible assets at the end of the current fiscal year.

(expressed in Bermuda dollars)

2. Significant accounting policies, cont'd.

(e) Capital assets
Capital assets are being amortized on a straight-line basis over their estimated useful lives. The following annual rates are being used for amortization:

Buildings	-	2.5%
Building improvements	-	10 - 20%
Machinery and equipment	-	10 - 33.3%
Computers and typesetting equipment	-	20 - 33.3%
Furniture and fixtures	-	10%
Vehicles and warehouse equipment	-	20%

Capital assets are reviewed annually for impairment by management. The Company has determined that there is no impairment in the capital assets at the end of the current fiscal year.

(f) Revenue recognition
Revenue is recognized when contracts are completed or when the product and service is delivered.

The Company has entered into a number of contracts with customers, some of which have terms extending over a number of years, and, in aggregate, represent a material portion of the Company's revenues.

For directory publishing, sales are recorded at the date the majority of directories are delivered to the local telephone provider (the "Telco") in each country. Costs of directory publication, commissions, and overhead on unpublished directory advertising orders are expensed when the related revenue is recognized. Deferred publication costs include all direct printing, selling costs, and distribution costs associated with the publication of directories not yet delivered to the Telco. Deferred publication charges are released in full (100%) when the directory is delivered, matching with revenue recognition. Directory cycles are usually one year long. Timing of release of deferred costs after September 30 will vary depending on when each directory is delivered. For deferred costs at 2005 and 2006, this was between one month and six months after the year end, respectively.

(g) Deposits for future advertising
Collections of sales revenue from advertisers for future publications and services are recorded as deferred revenue until the contracts are completed, the product and services are delivered, or publication is recognized.

(h) Cash and cash equivalents
Cash and cash equivalents consist of current, money market, and bank overdraft.

2. Significant accounting policies, cont'd.

(i) Net profit per common share
Net profit per common share has been computed on the basis of net profit after minority interest and preference dividends, divided by the weighted average number of common shares outstanding during the year.

(j) Foreign currency translation
Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the date of the financial statements. Non-monetary assets and liabilities denominated in foreign currencies are translated at historical rates of exchange. Transactions in foreign currencies are translated at the rates of exchange prevailing at the time of the transaction. Exchange gains and losses are included in the consolidated statement of income and retained earnings.

(k) Financial instruments
Financial instruments consist of accounts receivable, dividends payable, accounts payable and accrued liabilities, minority interest and bank loan. Fair value disclosures with respect to certain financial instruments are included separately where and if appropriate. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from its financial instruments. The carrying values of other financial instruments approximate their fair value due to the short-term nature of the balances.

(l) Use of estimates
The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(m) Taxation
There is currently no taxation imposed on income or capital gains by the Government of Bermuda. The only taxes payable by the Company are taxes applicable to certain income earned in other jurisdictions.

3. Cash and cash equivalents

Cash at September 30, consist of:

	2006	2005
Cash on hand	$ 235,924	$ 275,125
Bank accounts in United States dollars	310,828	46,482
Bank accounts in local currencies - unrestricted	1,321,547	866,251
	$ 1,868,299	$ 1,187,858

(expressed in Bermuda dollars)

3. Cash and cash equivalents, cont'd.

Currencies in various Caribbean countries are subject to foreign exchange controls, which restrict the transfer of cash outside the country. All cash and cash equivalents at September 30, 2006 and 2005 are unrestricted.

4. Inventories

Inventories at September 30 consist of:

	2006	2005
Raw materials	$ 501,117	$ 433,716
Work in process	75,712	64,136
Finished products	19,383	10,892
	$ 596,212	$ 508,744

5. Capital assets

Capital assets at September 30 consist of:

	2006		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 400,950	$ -	$ 400,950
Buildings and building improvements	3,249,084	1,614,907	1,634,177
Machinery and equipment	4,419,674	4,334,739	84,935
Computers and typesetting equipment	3,400,910	2,445,864	955,046
Furniture and fixtures	928,491	532,098	396,393
Vehicles and warehouse equipment	234,453	152,071	82,382
	$ 12,633,562	$ 9,079,679	$ 3,553,883

(expressed in Bermuda dollars)

5. Capital assets, cont'd.

	2005		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 400,950	$ -	$ 400,950
Buildings and building improvements	3,119,674	1,448,306	1,671,368
Machinery and equipment	4,412,233	4,291,491	120,742
Computers and typesetting equipment	2,826,659	2,186,692	639,967
Furniture and fixtures	746,370	507,880	238,490
Vehicles and warehouse equipment	199,667	130,687	68,980
	$ 11,705,553	$ 8,565,056	$ 3,140,497

Amortization for the year ended September 30, 2006 amounted to $591,660 (2005 - $467,432).

6. Intangible assets

Intangible assets at September 30 consist of:

	2006		
	Cost	Accumulated Amortization	Net Book Value
Internet portals	$ 1,950,130	$ -	$ 1,950,130
Redesign costs	197,250	41,870	155,380
Customer contracts	65,254	43,501	21,753
Customer lists	38,000	15,200	22,800
Pre-Operating costs	33,315	-	33,315
	$ 2,283,949	$ 100,571	$ 2,183,378

(expressed in Bermuda dollars)

6. Intangible assets, cont'd.

	2005		
	Cost	Accumulated Amortization	Net Book Value
Internet portals	$ 1,950,130	$ -	$ 1,950,130
Redesign costs	73,662	-	73,662
Customer contracts	65,254	21,750	43,504
Customer lists	38,000	7,600	30,400
	$ 2,127,046	$ 29,350	$ 2,097,696

Amortization for the year ended September 30, 2006 amounted to $71,221 (2005 - $29,350).

7. Goodwill

The Company purchased, at a cost of $100,000, the assets and liabilities of Preview Bermuda Limited, a company involved in the printing of tour guides. The acquisition was accounted for using the purchase method (Note 2(c)).

8. Bank loan

	2006	2005
Current portion	$ 328,115	$ 307,520
Long term portion	6,211,729	6,539,844
	$ 6,539,844	$ 6,847,364

Scheduled long term debt repayments are as follows:

2007	$ 328,115
2008	350,089
2009	373,536
2010	398,551
Thereafter	5,089,553
	$ 6,539,844

(expressed in Bermuda dollars)

8. Bank loan, cont'd.

In December 2004, the Company obtained a $6,500,000 mortgage facility. The mortgage is secured by the Company's property at 19, Elliott Street and 41, Victoria Street, Hamilton, Bermuda. The mortgage facility was increased by an additional $600,000, and is secured by the Company's property at 19, Elliott Street and 41, Victoria Street, Hamilton, Bermuda. Interest is calculated at 6.5%, and the loan is repayable in blended monthly principal and interest installments over 15 years.

9. Taxation

The Company and its subsidiaries are only subject to tax on income earned in Aruba, St. Kitts, St. Maarten, Montserrat, British Virgin Islands, the United States of America, Barbados, Antigua, Barbuda, Dominica, Grenada, St. Vincent, Jamaica and St. Lucia. Income tax expense for the year ended September 30, 2006 is $7,502 (2005 - $300,934). Income taxes payable at September 30, 2006 amounted to $348,934 (2005 - income taxes payable of $161,170). These amounts were included in accounts payable and accrued liabilities.

A future income tax charge is provided, using the liability method, on all temporary differences between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes.

Future income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is likely that future profits will be available against which these deductible temporary differences, carry-forward of unused tax credits and unused tax losses can be utilized. The unused tax losses do not expire and can be carried forward indefinitely. The carrying amount of future income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future tax profits will be available to allow all or part of the future income tax asset to be utilized.

The taxation expense on net income consists of the following:

	2006	2005
Statement of Operations		
Current income taxes	$ 83,186	$ 300,934
Future income taxes	(75,684)	-
	$ 7,502	$ 300,934

(expressed in Bermuda dollars)

9. Taxation, cont'd.

The taxation expense differs from the theoretical amount that would arise using the Company's domestic income tax rate as follows:

	2006	2005
Income before taxation	$ 1,265,835	$ 151,009
Overseas tax rates (variable by jurisdiction)	83,186	300,934
Overseas future income taxes credit	(75,684)	-
Total tax expense	$ 7,502	$ 300,934

	2006	2005
Future income tax asset		
Balance, October 1, 2005	$ -	$ -
Future income tax credit for the year	75,684	-
Balance, September 30, 2006	$ 75,684	$ -

The significant components of future income tax asset are as follows:

	2006	2005
Property, plant and equipment	$ (42,945)	$ -
Tax losses	118,629	-
	$ 75,684	$ -

10. Preference and common shares

Share capital at September 30 consists of the following:

	2006	2005
Preference shares		
Authorized - 120,000 (2005 - 120,000) 8% cumulative, Redeemable at par, preference shares of par value of $5.00 each		
Issued and fully paid - 108,882 (2005 - 111,534) shares	$ 544,410	$ 557,670

(expressed in Bermuda dollars)

10. Preference and common shares, cont'd.

Common shares		
Authorized - 1,000,000 (2005 - 1,000,000) shares of par value of $2.40 each		
Issued and fully paid - 493,901 (2005 - 493,901) shares	$ 1,185,362	$ 1,185,362

During the year 2,652 preference shares were repurchased for $10,053. The resulting gain of $3,207 on the repurchase of the preference shares was credited to contributed surplus.

11. Minority interest

Effective January 21, 2005 the Company sold 15% of the issued share capital in Global Directories Limited for the sum of $290,838.

At this date, Global Directories Limited and its wholly-owned subsidiaries had a combined negative net asset value of $997,653 of which $149,648 was the carrying value of the 15% attributed to the sale. The difference between the amount paid and the carrying value of $440,486 has been attributed to contributed surplus for the year ended September 30, 2005.

For the year ended September 30, 2006, Global Directories Limited and its wholly-owned subsidiaries made a combined profit of $1,026,300 (2005 - $2,224,452), resulting in the minority's share of the profit for the year of $153,945 (2005 - $333,668).

12. Pension plan

The Company maintains a defined contribution pension plan (the "Plan") for the benefit of its eligible employees. For current service contributions, the Company contributes a percentage of eligible employees' salaries on a monthly basis. The Plan is administered by Bermuda Life Insurance Company Limited and complies with the provisions of the National Pension Scheme (Occupational Pensions) Act 1998. In the Caribbean, the Company participates in a contributory, multi-employer defined contribution pension plan, which covers employees in most jurisdictions. The Miami office has a voluntary 401k plan.

The total pension expense for 2006 amounted to $312,018 (2005 - $260,012).

(expressed in Bermuda dollars)

13. Segmented information

The Company has identified its reportable segments based on the responsibility of operations. Printing includes commercial and retail printing and directory publishing. Publishing includes newspaper and magazine publishing. Other includes property rentals and other investment activities, electrical repair and maintenance activities, and web-based advertising sales. Transactions between intercompany segments are recorded at third party rates, except those transactions related to rents. Intercompany rental revenue and corresponding expenses are recorded at the exchange amount. Included in publishing revenue are two major customers whose share of total Company revenues are approximately 41%.

	2006				
	Printing	Publishing	Other	Inter-Segment Elimination	Total
Third party sales revenue	$ 18,340,439	$ 3,874,661	$ 1,270,215	$	$ 23,485,315
Third party rental income			761,427	(355,800)	405,627
Inter company revenue	1,171,763	6,986	1,460,694	(2,639,443)	-
	19,512,202	3,881,647	3,492,336	(2,995,243)	23,890,942
Expenses	17,048,489	3,624,660	3,805,074	(2,995,243)	21,482,980
Amortization	394,455	36,747	231,679	-	662,881
	17,442,944	3,661,407	4,036,753	(2,995,243)	22,145,861
Interest expense	(401,385)	62,782	(579,896)	439,253	(479,246)
Interest income	111,131	-	328,122	(439,253)	-
Net profit (loss) before tax	1,779,004	283,022	(796,191)	-	1,265,835
Taxation	(7,502)	-	-	-	(7,502)
Net profit (loss) after tax	$ 1,771,502	$ 283,022	$ (796,191)	$ -	$ 1,258,333
Assets	$ 27,174,751	$ 1,797,295	$ 21,992,544	$ -	$ 50,964,590
Elimination of inter-company accounts receivable	-	-	-	(21,911,031)	(21,911,031)
Elimination of Investment in subsidiaries	-	-	-	(3,335,060)	(3,335,060)
Total	$ 27,174,751	$ 1,797,295	$ 21,992,544	$ (25,246,091)	$ 25,718,499
Goodwill			$ 74,800		$ 74,800

(expressed in Bermuda dollars)

13. Segmented information, cont'd.

	2005				
	Printing	Publishing	Other	Inter-Segment Elimination	Total
Third party sales revenue	$ 16,267,915	$ 3,695,416	$ 807,306	$ -	$ 20,770,637
Third party rental income	3,928	-	693,973	(353,640)	344,261
Inter company revenue	1,095,819	40,970	1,344,485	(2,481,274)	-
	17,367,662	3,736,386	2,845,764	(2,834,914)	21,114,898
Expenses	16,041,391	3,832,028	2,894,248	(2,834,914)	19,932,753
Amortization	301,765	32,515	162,502	-	496,782
	16,343,156	3,864,543	3,056,750	(2,834,914)	20,429,535
Interest expense	(300,442)	(366)	(729,940)	496,394	(534,354)
Interest income	111,405	-	384,989	(496,394)	-
Net profit (loss) before tax	835,469	(128,523)	(555,937)	-	151,009
Taxation	(300,934)	-	-	-	(300,934)
Net profit (loss) after tax	$ 534,535	$ (128,523)	$ (555,937)	$ -	$ (149,925)
Assets	$ 19,200,892	$ 1,622,241	$ 20,896,809	$ -	$ 41,719,942
Elimination of inter-company accounts receivable	-	-	-	(20,705,478)	(20,705,478)
Elimination of Investment in subsidiaries	-	-	-	(3,346,263)	(3,346,263)
Total	$ 19,200,892	$ 1,622,241	$ 20,896,809	$ (24,051,741)	$ 17,668,201
Goodwill			$ 74,800		$ 74,800

(expressed in Bermuda dollars)

14. Commitments

The Company is committed under operating leases to the payment of the aggregate sum of $2,309,961 (2005 - $1,114,750) comprising the following minimum amounts payable annually:

2007	$ 716,593
2008	$ 675,291
2009	$ 588,259
2010	$ 329,818

15. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

16. Change in accounting policy with retrospective application

During 2006, the Company changed its accounting policy for the treatment of revenue related to directory sales. Previously, the Company recorded sales at the date the directories were sent to the printer. This date was considered to be the date final typeset pages were sent to the printer. The Company now records sales at the date the majority of directories are delivered to the Telco in each country. Management judges that this policy provides reliable and more relevant information because it results in a better reflection of industry risks, making the Company's financial statements more conservative and transparent. This change in accounting policy has been accounted for retrospectively, and the comparative statements for 2005 have been restated. The effect of the change on 2005 is tabulated below. Opening retained earnings for 2005 have been reduced by $1,435,245, which is the amount of the adjustments relating to periods prior to 2005.

Effect on 2006 and 2005:

Statement of Operations

	2006	2005
Decrease in sales	$ (1,177,089)	$ (371,268)
Decrease (increase) in direct costs	499,436	50,054
Decrease in overhead expenses	902,837	323,407
Decrease in net loss	$ 225,184	$ 2,193

(expressed in Bermuda dollars)

16. Change in accounting policy with retrospective application, cont'd.

Balance Sheet

	2006	2005
Decrease in accounts receivable	$ (6,165,961)	$ (4,988,872)
Increase in deferred publication costs	4,537,345	3,539,290
	$ (1,628,616)	$ (1,449,582)

	2006	2005
Decrease in accounts payable & accrued expenses	$ (420,748)	$ (16,530)
Decrease in retained earnings	(1,207,868)	(1,433,052)
	$ (1,628,616)	$ (1,449,582)

Effect in earning per share:

	2005		
	Income	Common Shares	Per Share Amount
Net loss	$ (485,436)		
Less: preference share dividends	(44,614)		
Net loss attributable to common shareholders	(530,050)	493,901	$ (1.07)
Net restatement of earnings	2,193		
Net loss restated	$ (527,857)	493,201	$ (1.07)

(expressed in Bermuda dollars)

17. Retrospective restatement of errors

In prior periods, the Company incorrectly recorded sales and royalties as gross on certain publishing contracts. The publishing contracts between the Company and these Telcos are agency relationships. The amounts collected on behalf of the principal should not have been recorded as revenue and the associated royalty as a direct expense. Sales should have been recorded net of the royalty. This error affects the financial statement disclosure, but does not impact earnings. The financial statements of 2005 have been restated to correct for this error. The effect of the restatement on the financial statement is summarized below:

Effect on 2005:

Statement of Operations	September 30
Decrease in sales	$ 3,861,176
Decrease in royalties	3,861,176

Balance Sheet	September 30
Decrease in accounts receivable	$ 1,024,139
Decrease in deferred publication costs	1,748,623
	$ 2,772,762
Decrease in royalties payable	$ 2,772,762

18. Subsequent event

In October 2006, 40% of the common shares of MediaHouse ASP Limited were transferred to a related party.