Audited Consolidated Financial Statements

MediaHouse Limited and Subsidiaries

September 30, 2008

CHAIRMAN'S REPORT

MEDIAHOUSE LIMITED

We are pleased to present strong operating results for fiscal 2008. MediaHouse Limited ("MHL" or the "Company") is reporting a profit for the year of $2,698,362, or $5.48 per common share. These strong results build off of the milestone returns achieved by the Company in fiscal 2007.

MHL's focus continues to be centered on serving the customer and connecting communities through commerce. Our unyielding focus on the customer is supported by the Company's committed team, its high quality products, its leading customer service, and its commitment to being the best.

Caribbean Publishing Company Limited ("CPC") continued to see positive revenue growth across the region. This accomplishment, during a year of deteriorating economic conditions and deregulation within the telecommunications industry, has been achieved by proactively delivering strong customer value, intensely monitoring direct and operational costs, and maintaining a close eye on competitors. We are pleased to announce that CPC has won another award during the year. The Best Print Directory within the book circulation category of 50,001 to 100,000 was awarded to the Cayman Islands Telephone Directory by the Association of Directory Publishers, an international trade organization for directory publishers.

Achieving another year of positive results, The Bermuda Sun Limited ("BSL") and its team has continued to produce a product that is trusted by readers and advertisers for quality, market reach and coverage. Through creative and appealing new products, the BSL has been able to successfully offset the downward pressures on revenue caused by the toughening economic market.

Island Press Limited ("IPL") and Preview of Bermuda ("POB") were also successful in maintaining their profitable positions. The overriding challenge of Bermuda's tough economic market has kept IPL and POB on the offensive. As noted above, a committed focus on the customer is what has kept these companies successful.

Nearing the close of the current fiscal year, MediaHouse ASP Limited ("ASP") launched MicroMaps, its interactive mapping system, to the general market. Management is excited about this new cutting edge product and sees it developing into an integral part of the Group's future success.

The Board was pleased to redeem all of the Company's preference shares at their par value of $5.00 per share during the year ended September 30, 2008. In addition to the par value, all preference shareholders received nine months of interest through September 30, 2008.

Cont'd.....

As noted in the March 31, 2008 Director's report, the timing of revenue recognition results in proportionally more directory revenue being recognized in the opening six months of the current fiscal year versus the closing six months of the current fiscal year. This is consistent with the cyclical nature of the Company's directory production.

During the year, the weakening economic climate challenged the Company's management and their team members to be more creative, be acutely responsive to changing inputs and outputs, and most importantly be intensely customer focused. Unfortunately, the bearish economic conditions globally have continued to deteriorate subsequent to year-end. It will be the Board and management's job to make the tough decisions needed to keep the company moving forward during these difficult times.

The Board would like to thank all our Company investors for their confidence and support.

As a public company listed on the Bermuda Stock Exchange, it should be noted that the directors and the officers of MHL held 354,745 common shares. No rights to subscribe for shares in MHL have been granted to any director or officer and there are no service contracts with any director or officer.

In closing, I would like to personally thank all our Company members for their uncompromising commitment and hard work. MediaHouse Limited, and its success, is a reflection of you all.

R. French

Randy French, President and Chief Executive Officer
MediaHouse Limited

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AUDITORS' REPORT

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS

MEDIAHOUSE LIMITED AND SUBSIDIARIES

We have audited the consolidated balance sheet of MediaHouse Limited (the "Company") as at September 30, 2008 and the consolidated statements of operations and comprehensive income, 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 the Company as at September 30, 2008 and the results of its consolidated operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

As discussed in Note 17 to the financial statements, the Company has restated its 2007 financial statements.

Ernst + Young Ltd.

March 18, 2009

Chartered Accountants

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(Incorporated in Bermuda)

CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 2008
(expressed in Bermuda dollars)

	2008	As Restated (Note 17) 2007
ASSETS		
Current assets		
Cash and cash equivalents (Notes 3 and 11)	$ 6,292,156	$ 6,413,972
Accounts receivable, net of allowance for doubtful amounts of $3,185,555 (2007 - $2,477,649)	10,199,046	8,452,536
Due from employees and agents	-	217,643
Inventories (Note 4)	693,765	654,473
Prepaid expenses and deferred expenses	9,508,854	9,337,597
	26,693,821	25,076,221
Capital assets (Notes 5 and 8)	3,341,325	3,586,218
Intangible assets (Note 6)	2,238,874	2,266,253
Goodwill (Note 7)	74,800	74,800
	$ 32,348,820	$ 31,003,492
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 4,701,591	$ 4,202,263
Income taxes payable (Note 9)	799,404	1,529,567
Deferred revenue	9,691,670	10,187,229
Current portion of bank loan (Note 8)	404,454	378,933
Dividends payable	27,343	43,538
	15,624,462	16,341,530
Future income tax liability (Note 9)	81,156	59,686
Long term portion of bank loan (Note 8)	5,926,109	6,328,510
	21,631,727	22,729,726
Minority interest (Note 13)	955,000	632,950
	22,586,727	23,362,676

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(Incorporated in Bermuda)

CONSOLIDATED BALANCE SHEET, Cont'd.

SEPTEMBER 30, 2008
(expressed in Bermuda dollars)

	2008	As Restated (Note 17) 2007
SHAREHOLDERS' EQUITY		
Preference shares (Note 10)	$ -	$ 544,410
Common shares (Note 10)	1,185,362	1,185,362
Contributed surplus	546,849	546,849
Accumulated other comprehensive income	81,092	124,129
Retained earnings	7,948,790	5,240,066
	9,762,093	7,640,816
	$ 32,348,820	$ 31,003,492

See accompanying notes

On behalf of the Board:

R. French

Director

Director

MEDIAHOUSE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED SEPTEMBER 30, 2008
(expressed in Bermuda dollars)

	2008	As Restated (Note 17) 2007
Sales (Note 16)		
Printing	$ 35,668,684	$ 29,897,828
Publishing	4,179,576	4,003,664
Other	840,860	1,120,272
	40,689,120	35,021,764
Cost of sales	16,355,290	14,136,978
Gross profit - 59.80% (2007 - 59.63%)	24,333,830	20,884,786
General and administrative expenses (Note 14)	18,496,800	15,802,218
Foreign currency exchange (gain) loss	(13,116)	91,328
Amortization	918,999	825,740
Profit from operations	4,931,147	4,165,500
Interest expense	(430,948)	(455,505)
Rental and other income	438,146	407,544
Net profit before taxation	4,938,345	4,117,539
Income tax expense (Note 9)	(1,874,896)	(1,435,617)
Net profit after taxation	3,063,449	2,681,922
Minority interest (Note 13)	(322,050)	(348,541)
Net profit for the year	2,741,399	2,333,381
Foreign currency exchange (loss) gain	(43,037)	124,129
Comprehensive income	$ 2,698,362	$ 2,457,510
Net profit per common share	$ 5.48	$ 4.64

See accompanying notes

MEDIAHOUSE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED SEPTEMBER 30, 2008
(expressed in Bermuda dollars)

	Preference Shares	Common Shares	Contributed Surplus	Accumulated Other Comprehensive Income	Retained Earnings	Total
Balance at September 30, 2006	$ 544,410	$ 1,185,362	$ 546,849	$ -	$ 3,253,725	$ 5,530,346
Retrospective restatement of errors (Note 17)	-	-	-	-	(303,486)	(303,486)
Restated balance at September 30, 2006	$ 544,410	$ 1,185,362	$ 546,849	$ -	$ 2,950,239	$ 5,226,860
Net income	-	-	-	-	2,333,381	2,333,381
Other comprehensive income	-	-	-	124,129	-	124,129
Preference dividends declared	-	-	-	-	(43,554)	(43,554)
Restated Balance at September 30, 2007	$ 544,410	$ 1,185,362	$ 546,849	$ 124,129	$ 5,240,066	$ 7,640,816
Net income	-	-	-	-	2,741,399	2,741,399
Repurchase of preference shares	(544,410)	-	-	-	-	(544,410)
Other comprehensive loss	-	-	-	(43,037)	-	(43,037)
Preference dividends declared	-	-	-	-	(32,675)	(32,675)
Balance at September 30, 2008	$ -	$ 1,185,362	$ 546,849	$ 81,092	$ 7,948,790	$ 9,762,093

See accompanying notes

MEDIAHOUSE LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2008
(expressed in Bermuda dollars)

	2008	As Restated (Note 17) 2007
Operating activities:		
Net profit for the year	$ 2,741,399	$ 2,333,381
Foreign currency exchange (loss) gain	(43,037)	124,129
	2,698,362	2,457,510
Add items not involving cash movement:		
Amortization of capital assets	762,888	723,164
Amortization of intangible assets	160,542	133,100
Minority interest	322,050	348,541
Unrealized foreign exchange loss on fixed assets	-	29,257
Add (deduct) net changes in assets and liabilities:		
Accounts receivable	(1,746,510)	(1,451,943)
Due from employees and agents	217,643	(62,536)
Inventories	(39,292)	(58,261)
Prepaid expenses and deferred expenses	(171,257)	872,946
Future income tax asset	-	75,684
Accounts payable and accrued liabilities	499,328	(754,183)
Income tax payable	(730,163)	1,180,633
Future income tax liability	21,470	59,686
Deferred revenue	(495,559)	1,868,761
Net cash flows from operating activities	1,499,502	5,422,359
Financing activities:		
Preference dividends paid	(48,870)	(43,554)
Repurchase of preference shares	(544,410)	-
Increase in bank financing	-	500,000
Repayment of bank loan	(376,880)	(332,401)
Net cash flows (applied to) from financing activities	(970,160)	124,045
Investing activities:		
Purchase of capital assets	(517,995)	(784,756)
Purchase of intangible assets	(133,163)	(215,975)
Net cash flows applied to investing activities	(651,158)	(1,000,731)
Net (decrease) increase in cash and cash equivalents	(121,816)	4,545,673
Cash and cash equivalents, beginning of year	6,413,972	1,868,299
Cash and cash equivalents, end of year	$ 6,292,156	$ 6,413,972
Other cash flow information:		
Taxes paid	$ 2,418,184	$ 280,771
Interest paid	$ 427,305	$ 452,240

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 13, the effective interest of the Company in the voting common shares of Global Directories Limited and MediaHouse ASP Ltd. are 85% and 60% respectfully. Minority interest represents the interest of external parties in respect of net income and shareholders' equity of Global Directories Limited and MediaHouse ASP Ltd.

The subsidiaries of Global Directories Limited include the following entities:

Subsidiary	% of Ownership in 2008	% of Ownership in 2007
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%

(expressed in Bermuda dollars)

2. Significant accounting policies, cont'd.

(a) Basis of consolidation, cont'd.

Subsidiary	% of Ownership in 2008	% of Ownership in 2007
Caribbean Publishing Company (Anguilla) Limited	100%	100%
Caribbean Publishing Company (St. Vincent) Limited	100%	100%
Caribbean Publishing Company (Montserrat) Limited	100%	100%
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%	100%
Global Directories (Trinidad & Tobago) Limited (through GD(SL)L)	100%	100%

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 conform any dissimilar material accounting policies that may exist.

(b) Cash and cash equivalents
Cash and cash equivalents consist of cash balances with banks and highly liquid money market instruments. The Company maintains accounts in a number of banks throughout the Caribbean, United States of America and South America. All cash and cash equivalents are classified as held for trading. These instruments are accounted for at fair value.

(c) 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.

(d) 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.

(expressed in Bermuda dollars)

2. Significant accounting policies, cont'd.

(e) 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.

Bermuda.com purchased an online directory from mbermuda for $50,000. The online directory is not being amortized as it is not yet in use.

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.

(f) 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.

(g) 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.

2. Significant accounting policies, cont'd.

(g) Revenue recognition, cont'd.
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 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 September 30, 2007 and 2008, the timing of delivery was between one month and six months subsequent to year end.

(h) 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.

(i) Due from employees and agents
This relates to advances given to employees for travel and expense advances and are expensed in the same period as their matching revenue.

(j) 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.

(k) 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 net profit for the consolidated statement of income and retained earnings. For self-sustaining operations, exchange gains or losses on assets and liabilities are included in other comprehensive income in the consolidated statement of operations and comprehensive income.

2. Significant accounting policies, cont'd.

(l) Financial instruments
Financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, income taxes payable, bank loan, dividends payable and minority interest. 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.

(m) Financial instruments - disclosure and presentation
Financial instruments are classified into one of the following categories:

i. Held for trading: Financial instruments that are purchased and incurred with the intention of generating profits in the near term are classified as held for trading. These instruments are accounted for at fair value with the change in the fair value recognized in net income during the period. The Company designated its cash and cash equivalents as held for trading, which are measured at fair value.

ii. Available for sale: Financial instruments classified as available for sale are carried at fair value with the change in fair value recorded in other comprehensive income. When a decline in fair value is determined to be other than temporary, the cumulative loss incurred in accumulated other comprehensive income is removed and recognized in net income. Gains and losses realized on the disposal of available for sale instruments are recognized in other income. The Company did not have any available for sale instruments during the year ended September 30, 2008.

iii. Held to maturity: Securities that have a fixed maturity date and which the Company has a positive intention and the ability to hold to maturity are classified as held to maturity and accounted for at amortized cost using the effective interest rate method. The Company did not have any held to maturity instruments during the year ended September 30, 2008.

iv. Receivables and Payables: Subsequent to initial recognition at fair value, receivables and payables are accounted for at amortized cost with changes recognized in the current period net income.

The fair value of a financial instrument on the initial recognition is the transfer price, which is the fair value of the consideration given or received for held for trading and available for sale financial instruments.

Subsequent to the initial recognition, fair value is determined by using valuation techniques which refer to observable market data using the specific identification method.

(expressed in Bermuda dollars)

2. Significant accounting policies, cont'd.

(m) Financial instruments - disclosure and presentation, cont'd.
Transaction costs are expensed as incurred for financial instruments classified as held for trading. For other financial instruments, transaction costs are included with the related financial instrument on initial recognition.

(n) Comprehensive income
Comprehensive income represents the change in equity from transactions and other events from non-owner sources.

Other comprehensive income consists of foreign currency translation adjustments arising from translating financial statements of self-sustaining foreign operations.

(o) Use of estimates
The preparation of consolidated financial statements in accordance with Canadian 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. The areas involving the highest degree of judgment or estimation are:

i. Accruals: Amounts accrued for certain expenses are based on estimates and are included in accounts payable.

ii. Capital assets: Management exercises judgment in determining whether costs incurred can accrue significant future economic benefits to the Company to enable the value to be treated as a capital expense. Further judgment is applied in the annual review of the useful lives of all categories of capital assets and the resulting depreciation determined thereon.

iii. Deferred publication costs: Amounts deferred are determined by applying a percentage ratio based on the percentage of the directory revenues which were completed after the period end.

iv. Accounts receivable: The Company provides an allowance on accounts receivable by specific evaluation of individual invoices or based on historical experience using estimated rates as follows:

Number of Days Outstanding	Percentage Provided For
0-180	7.5%
181-360	15.0%
361-720	50.0%
Over 720	100.0%

2. Significant accounting policies, cont'd.

(p) 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.

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 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.

(q) Recent pronouncements
CICA Handbook Section 3064, Goodwill and Intangible Assets, has been issued and replaces Section 3062, Goodwill and Other Intangible Assets, and 3450, Research and Development. The new section establishes standards for the recognition, measurement, presentation, and disclosure of goodwill and intangible assets. The new section will be applicable to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the impact of the adoption of this section on its consolidated financial statements.

(r) Changes in accounting policies
Effective October 1, 2007, the Company adopted the CICA Handbook Section 3862, Financial Instrument - Disclosures, and 3863, Financial Instruments - Presentation. These sections require the disclosure of information with regards to the significance of financial instruments on the Company's financial position and performance (see Notes 2(l), 2(m)) and for the Company to increase disclosure on the nature, extent, and risk arising from the Company's financial instruments and how the entity manages those risks (see Note 11).

Effective October 1, 2007, the Company adopted the CICA Handbook Section 1535, Capital Disclosures, which specifies the disclosure of an entity's objectives, policies, and procedures for managing capital and what the Company regards as capital (see Note 12).

3. Cash and cash equivalents

Cash at September 30, consist of:

	2008	2007
Cash on hand	$ 10,888	$ 6,261
Bank accounts in United States dollars	594,306	2,145,810
Bank accounts in local currencies - unrestricted	5,686,962	4,261,901
	$ 6,292,156	$ 6,413,972

Currencies in various Caribbean countries are subject to foreign exchange or transfer controls, which restrict the transfer of cash outside the country. All cash and cash equivalents at September 30, 2008 and 2007 are unrestricted.

4. Inventories

Inventories at September 30 consist of:

	2008	2007
Raw materials	$ 642,466	$ 606,934
Work in process	51,299	47,539
	$ 693,765	$ 654,473

5. Capital assets

Capital assets at September 30 consist of:

	2008		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 400,950	$ -	$ 400,950
Buildings and building improvements	3,472,390	2,028,663	1,443,727
Machinery and equipment	4,713,761	4,502,752	211,009
Computers and typesetting equipment	4,131,763	3,220,247	911,516
Furniture and fixtures	979,242	637,992	341,250
Vehicles and warehouse equipment	208,949	176,076	32,873
	$ 13,907,055	$ 10,565,730	$ 3,341,325

(expressed in Bermuda dollars)

5. Capital assets, cont'd.

	2007		
	Cost	Accumulated Amortization	Net Book Value
Land	$ 400,950	$ -	$ 400,950
Buildings and building improvements	3,419,695	1,813,331	1,606,364
Machinery and equipment	4,613,020	4,404,766	208,254
Computers and typesetting equipment	3,762,409	2,825,100	937,309
Furniture and fixtures	958,533	583,742	374,791
Vehicles and warehouse equipment	234,453	175,903	58,550
	$ 13,389,060	$ 9,802,842	$ 3,586,218

At September 30, 2008, $4,431 (2007 - $82,334) of the Company's amortization charge is allocated to deferred publication costs. Amortization for the year ended September 30, 2008 amounted to $762,888 (2007 - $723,164).

Machinery and equipment includes $1,765,628 of fully amortized assets. Computers and typesetting equipment includes $958,250 of fully amortized assets.

6. Intangible assets

Intangible assets at September 30 consist of:

	2008		
	Cost	Accumulated Amortization	Net Book Value
Internet portals	$ 1,950,130	$ -	$ 1,950,130
Redesign costs	579,705	298,561	281,144
Customer contracts	65,254	65,254	-
Customer lists	38,000	30,400	7,600
	$ 2,633,089	$ 394,215	$ 2,238,874

(expressed in Bermuda dollars)

6. Intangible assets, cont'd.

	2007		
	Cost	Accumulated Amortization	Net Book Value
Internet portals	$ 1,950,130	$ -	$ 1,950,130
Redesign costs	446,542	145,619	300,923
Customer contracts	65,254	65,254	-
Customer lists	38,000	22,800	15,200
	$ 2,499,926	$ 233,673	$ 2,266,253

Amortization for the year ended September 30, 2008 amounted to $160,542 (2007 - $133,100).

7. Goodwill

In February 1998, 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(d)).

8. Bank loan

	2008	2007
Current portion	$ 404,454	$ 378,933
Long term portion	5,926,109	6,328,510
	$ 6,330,563	$ 6,707,443

Scheduled long term debt repayments are as follows:

2009	$ 404,454
2010	431,694
2011	460,769
2012	491,806
Thereafter	4,541,840
	$ 6,330,563

(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. In May 2005 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. In June 2007, the mortgage facility was increased by a second further charge of $500,000, and is secured by the Company's property at 19, Elliott Street and 41, Victoria Street, Hamilton, Bermuda. Interest is calculated at 7.0% and is repayable in blended monthly principal and interest installments over the remaining period of the initial mortgage facility.

9. Taxation

The Company and its subsidiaries are 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, 2008 is $1,874,896 (2007 - $1,435,617).

The taxation expense on net income consists of the following:

	2008	2007
Statement of Operations		
Current income taxes	$ 1,851,562	$ 1,305,127
Future income taxes	23,334	130,490
	$ 1,874,896	$ 1,435,617

The Company's provision for income taxes reflects an effective income tax rate which differs from the combined Bermudian statutory rate as follows:

	2008	2007
Income taxes at a combined Bermudian statutory rate of 0.0% (2007 - 0.0%)	$ -	$ -
Overseas tax rates (variable by jurisdiction)		
Oversease corporate income tax	1,872,620	1,431,536
Overseas tax on other	1,635	-
Overseas tax on non-allowable income	-	(10,511)
Overseas tax on non-allowable expense	641	14,592
Provision for income taxes	$ 1,874,896	$ 1,435,617

(expressed in Bermuda dollars)

9. Taxation, cont'd.

	2008	2007
Future income tax (liability) asset		
Balance, beginning of year	$ (59,686)	$ 75,684
Future income tax charge for the year	(21,470)	(135,370)
Balance, end of year	$ (81,156)	$ (59,686)

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

	2008	2007
Property, plant and equipment	$ (59,391)	$ (42,966)
Unrealized foreign exchange gains	(33,006)	(29,372)
Accruals	11,241	12,652
	$ (81,156)	$ (59,686)

10. Preference and common shares

Share capital at September 30 consists of the following:

	2008	2007
Preference shares		
Authorized - 120,000 (2007 - 120,000) 8% cumulative, Redeemable at par, preference shares of par value of $5.00 each		
Issued and fully paid - Nil (2007 - 108,882) shares	$ -	$ 544,410
Common shares		
Authorized - 1,000,000 (2007 - 1,000,000) shares of par value of $2.40 each		
Issued and fully paid - 493,901 (2007 - 493,901) shares	$ 1,185,362	$ 1,185,362

On September 30, 2008 the Company redeemed its 8% cumulative redeemable preference shares at their par value of $5.00 per share. In addition to the par value, all preference shareholders received nine months (January 1, 2008 - September 30, 2008) of interest accrued on the value of their shareholding.

11. Financial instruments - risk management

The Company's activities may expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk, and liquidity risk as follows:

i. Fair values: Fair value is the amount for which a financial asset could be exchanged, or a financial liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of cash and cash equivalents, accounts receivable, due from employees and agents, accounts payable and accrued liabilities, income taxes payable, bank loan and dividends payable are reasonable estimates of their fair values due to the short-term maturity of these instruments.

ii. Credit risk: Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company has two customers whose share of total Company revenues are approximately 45% (2007 - 41%). Cash and cash equivalents are placed with reputable financial institutions. The primary concentration of the Company's credit risk is with its receivables, which is mitigated by ongoing reviews of these balances. The Company believes that its allowance for doubtful accounts is sufficient to reflect the related credit risk.

iii. Interest rate risk: Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. At the balance sheet date, the Company had no significant interest rate risk exposure as the interest on the long term bank loan is fixed at 6.5% and 7% as noted in Note 8.

iv. Liquidity risk: Liquidity risk is the risk that sufficient funds will not be available to meet financial requirements as they become due. The Company manages liquidity risk by continually monitoring actual and projected cash flows. At the balance sheet date, the Company had no significant liquidity risk exposure.

v. Price risk: Price risk arises from changes in market risks, other than interest rate risk and credit risk, causing fluctuations in the fair value or future cash flows of the financial instruments. At the balance sheet date, the Company had no significant price risk exposure.

vi. Currency risk: Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's largest exposure to potential currency risk is found in its assets denominated in Jamaica dollars. At the balance sheet date, the Company had no significant currency risk exposure.

12. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to its shareholders.

In the management of capital, the Company includes share capital and retained earnings in the definition of capital.

In order to maintain or adjust the capital structure the Company may declare dividends to shareholders, purchase shares for cancellation, issue new shares, or sell assets. There were no changes in the Company's approach to capital management during the year. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

13. 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, 2008, Global Directories Limited and its wholly-owned subsidiaries made a combined profit of $3,950,635 (2007 - $2,730,220), resulting in the minority's share of the profit for the year of $592,595 (2007 - $409,533). The minority interest at year end is $1,286,537 (2007 - $688,168).

Effective October 1, 2006 the Company transferred 40% of the issued share capital in MediaHouse ASP Limited to a related party for Nil proceeds. There was no amount attributed to contributed surplus as a result of this transfer.

For the year ended September 30, 2008, MediaHouse ASP Limited made a loss of $676,363, resulting in the minority's share of the loss for the year of $270,545. The minority interest at year end is $(331,537) (2007 - $(55,218)).

(expressed in Bermuda dollars)

14. 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 2008 amounted to $434,381 (2007 - $324,871).

15. Commitments

The Company is committed under operating leases to the payment of the aggregate sum of $1,205,946 (2007 - $1,654,090) comprising the following minimum amounts payable annually:

2009	$ 712,085
2010	$ 440,712
2011	$ 53,149

MediaHouse ASP is committed under a software development agreement to pay royalties to a third party software developer (the "developer") on sales of one of its products (the "Product").

The royalty payment on sales of the Product are as follows:

i. For sales between October 1, 2007 and September 30, 2008 - 5% of the value of the client's first year contract or US$ 50.00 whichever is greater, 4% of the value of the same client's second year contract if renewed, 3% of the value of the same client's third year contract if renewed, 2% of the same client's fourth year contract if renewed and 1% of the value for the same client's fifth year contract if renewed. No royalty will be paid for any contract renewed for a 6^{th} year or beyond, or for clients originally signed to a contract between October 1, 2007 and September 30, 2008.

ii. For sales between October 1, 2008 and September 30, 2009 - 5% of the value of the client's first year contract or US$ 50.00 whichever is greater, 4% of the value of the same client's second year contract if renewed, 3% of the value of the same client's third year contract if renewed, 2% of the same client's fourth year contract if renewed. No royalty will be paid for any contract renewed for a 5^{th} year or beyond, or for clients originally signed to a contract between October 1, 2008 and September 30, 2009.

15. Commitments, cont'd.

iii. For sales between October 1, 2009 and September 30, 2010 - 5% of the value of the client's first year contract or US$ 50.00 whichever is greater, 4% of the value of the same client's second year contract if renewed, 3% of the value of the same client's third year contract if renewed. No royalty will be paid for any contract renewed for a 4th year or beyond, or for clients originally signed to a contract between October 1, 2009 and September 30, 2010.

iv. For sales between October 1, 2010 and September 30, 2011 - 5% of the value of the client's first year contract or US$ 50.00 whichever is greater, 4% of the value of the same client's second year contract if renewed. No royalty will be paid for any contract renewed for a 3rd year or beyond, or for clients originally signed to a contract between October 1, 2010 and September 30, 2011.

v. For sales between October 1, 2011 and September 30, 2012 - 5% of the value of the client's first year contract or US$ 50.00 whichever is greater. No royalty will be paid for any contract renewed for a 2nd year or beyond, or for clients originally signed to a contract between October 1, 2011 and September 30, 2012.

vi. For sales after October 1, 2012 - 3% of the value of the client's first year contract or US$ 50.00 whichever is greater. No royalty will be paid for any contract renewed for subsequent years or for clients originally signed to a contract after October 1, 2012.

16. 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.

(expressed in Bermuda dollars)

16. Segmented information, cont'd.

	2008				
	Printing	Publishing	Other	Inter-Segment Elimination	Total
Third party sales revenue	$ 35,668,684	$ 4,179,576	$ 840,860	$ -	$ 40,689,120
Third party rental income	-	-	789,746	(351,600)	438,146
Inter company revenue	1,122,869	1,188	1,848,613	(2,972,670)	-
	36,791,553	4,180,764	3,479,219	(3,324,270)	41,127,266
Expenses	29,820,887	4,490,284	3,852,073	(3,324,270)	34,838,974
Amortization	455,063	198,329	265,607	-	918,999
	30,275,950	4,688,613	4,117,680	(3,324,270)	35,757,973
Interest expense	(163,822)	39,610	(668,174)	361,438	(430,948)
Interest income	107,000	-	254,438	(361,438)	-
Net profit (loss) before tax	6,458,781	(468,239)	(1,052,197)		4,938,345
Taxation	(1,874,896)	-	-	-	(1,874,896)
Net profit (loss) after tax	4,583,885	(468,239)	(1,052,197)	-	3,063,449
Minority interest	-	-	(322,050)	-	(322,050)
Net profit (loss) for the year	4,583,885	(468,239)	(1,374,247)	-	2,741,399
Foreign currency translation			(43,037)	-	(43,037)
Comprehensive income (loss)	$ 4,583,885	$ (468,239)	$ (1,417,284)	$ -	$ 2,698,362
Assets	$ 30,283,171	$ 1,273,714	$ 14,102,657	$ -	$ 45,659,542
Elimination of inter-company accounts receivable	-	-	-	(9,975,662)	(9,975,662)
Elimination of Investment in subsidiaries	-	-	-	(3,335,060)	(3,335,060)
Total	$ 30,283,171	$ 1,273,714	$ 14,102,657	$ (13,310,722)	$ 32,348,820
Goodwill			$ 74,800		$ 74,800

(expressed in Bermuda dollars)

16. Segmented information, cont'd.

	2007				
	Printing	Publishing	Other	Inter-Segment Elimination	Total
Third party sales revenue	$ 29,897,828	$ 4,003,664	$ 1,120,272	$ -	$ 35,021,764
Third party rental income	-	-	761,944	(354,400)	407,544
Inter company revenue	1,141,304	4,563	1,782,792	(2,928,659)	-
	31,039,132	4,008,227	3,665,008	(3,283,059)	35,429,308
Expenses	25,399,227	3,975,315	3,939,041	(3,283,059)	30,030,524
Amortization	433,419	103,798	288,523	-	825,740
	25,832,646	4,079,113	4,227,564	(3,283,059)	30,856,264
Interest expense	(230,755)	-	(675,538)	412,597	(493,696)
Interest income	89,800	38,191	322,797	(412,597)	38,191
Net profit (loss) before tax	5,065,531	(32,695)	(915,297)	-	4,117,539
Taxation	(1,435,617)	-	-	-	(1,435,617)
Net profit (loss) after tax	3,629,914	(32,695)	(915,297)	-	2,681,922
Minority interest	-	-	(348,541)	-	(348,541)
Net profit (loss) for the year	3,629,914	(32,695)	(1,263,838)	-	2,333,381
Foreign currency translation	-	-	124,129	-	124,129
Comprehensive income (loss)	$ 3,629,914	$ (32,695)	$ (1,139,709)	$ -	$ 2,457,510
Assets	$ 26,337,448	$ 1,856,435	$ 17,077,451	$ -	$ 45,271,334
Elimination of inter-company accounts receivable	-	-	-	(10,932,782)	(10,932,782)
Elimination of Investment in subsidiaries	-	-	-	(3,335,060)	(3,335,060)
Total	$ 26,337,448	$ 1,856,435	$ 17,077,451	$ (14,267,842)	$ 31,003,492
Goodwill			$ 74,800		$ 74,800

It is impracticable to disclose segmented information based on geographical information as it would disclose private information to the Company's competitors.

(expressed in Bermuda dollars)

17. Retrospective restatement of errors

In prior periods, the Company incorrectly filed certain value added and corporate tax returns by failing to include certain taxable revenues. This error affects the financial statement disclosure and has an impact on the 2007 earnings and the opening 2007 retained earnings. The financial statements of 2007 have been restated to correct this error. The effect of the restatement on the financial statements is summarized below:

Effect on 2007 Financial Statements:

Statement of Operations

Increase in interest expense	$ 51,008
Increase in income tax expense	$ 33,205
Decrease in minority interest	$ (12,632)
Decrease in net profit per share	$ (.14)

Balance Sheet

Increase in other tax payable	$ 379,670
Increase in income tax payable	$ 61,585
Decrease in minority interest	$ (66,188)
Decrease in opening retained earnings	$ (303,486)

18. Comparative figures

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

19. Legal contingency

The Company has filed a declaration with the courts regarding the interpretation of certain agency contract terms that are material to the Company. The Company is unable to predict the ultimate outcome of the declaration or the impact this may have on its business.