

Audited Consolidated Financial Statements

**MediaHouse Limited and Subsidiaries
(formerly Island Press (Holdings) Limited
and Subsidiaries)**

September 30, 2005

DIRECTOR'S REPORT
MEDIAHOUSE LIMITED

The year was one of much activity and involved significant challenges as the directors and company members continued in their efforts to position the Group for future growth and build shareholder value.

Although the Group made a small loss after taxation but prior to minority interest, much excellent work has been done and many things achieved which will improve on future performance. I am therefore confident that better results lie ahead and look forward to presenting them to the shareholders in future years.

Caribbean Publishing Company Ltd. (CPC) continues to go from strength to strength and has now fully recovered from the effects of Hurricane Ivan, which as previously reported destroyed the Grand Cayman Head Office in September 2004. CPC has once again made a substantial contribution to the Group in the year under review, although deferral of the publication of certain directories has resulted in the full impact of progress made, not being fully reflected in the financial statements to September, 2005.

As previously announced, effective December 1, 2005 the Group entered into an agreement with Cable and Wireless (Jamaica) Limited to take over publication of the Jamaica telephone directories. Previously the Group had provided management and marketing services to the Company.

Effective November 1, 2005 the Group transferred its interest in a publishing contract in Maine, U.S.A., to a third party and closed its operations in that area. The directors believe that action to be in the Group's best interests as the operation had made losses since its opening in 2002, due to a number of factors, and the directors felt that it was in the Group's best interest to bring the drain on the rest of the Group to an end.

Bermuda.com continues to improve and substantial work was completed to enable the re-launch of a much improved web-site encompassing a re-design and an on-line reservation engine for tourists in April 2005. These improvements will contribute to the continued success of the site and increased contribution to Group results.

Cont'd....

The consolidation of the Group's Bermuda based activities into its Elliott Street premises which took place in May 2004 continues to have a beneficial impact on our results, and additional efficiencies resulting from synergies between the Groups operating units are still being developed.

As stated in last years financial statements and further explained in Note 10 to the financial statements, an agreement was made to sell 15% of the share capital of Global Directories Limited to a related party. The net impact of this transaction on these financial statements was expected to be fairly insignificant. However due to the seasonal nature of the directory business and the fact that the transaction was completed in January 2005 this has not been the case. As few directories were published prior to January 2005 there was a large loss to that date which resulted in gain on sale of \$440,486. This profit has been included directly in contributed surplus in the shareholders' equity section of the balance sheet. Similarly as the revenues from most of the directories published during the year were recognized after January 2005 the consequent minority share of profit is larger than expected. I believe that the impact of this transaction is something of an anomaly and both aspects should be considered together.

Your board continues to actively search for new opportunities for the Group with a view to stimulating growth and building shareholder value. Although these activities consume significant resources of both manpower and funding I feel that they are essential for the continued development and profitability of the Group.

I would like to thank our board for their continued support and commitment. The experience they bring and the advice they provide to both myself and management is invaluable.

The board would like to thank all our company members for their continued efforts on behalf of the Group and commitment in a period of constant change. 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 of the 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.



Randy French, President and Chief Executive Officer
MediaHouse Limited

AUDITORS' REPORT

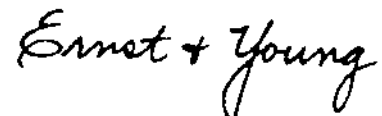
TO THE SHAREHOLDERS

MEDIAHOUSE LIMITED AND SUBSIDIARIES (formerly Island Press (Holdings) Limited and Subsidiaries)

We have audited the consolidated balance sheet of MediaHouse Limited (formerly Island Press (Holdings) Limited and Subsidiaries) (the "Company") as at September 30, 2005 and the consolidated statements of operations and retained earnings 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, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

January 31, 2006

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)
(Incorporated in Bermuda)

CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

	<u>2005</u>	<u>2004</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,187,858	\$ 1,495,061
Accounts receivable, net of allowance for doubtful amounts of \$3,291,115 (2004 - \$3,093,898)	11,938,724	11,809,296
Inventories (Note 3)	508,743	590,101
Prepaid expenses and deferred expenses	<u>2,942,226</u>	<u>1,764,456</u>
	16,577,551	15,658,914
Capital assets (Notes 4 and 7)	3,140,497	2,706,432
Intangible assets (Note 5)	2,097,696	2,028,158
Goodwill (Note 6)	<u>74,800</u>	<u>74,800</u>
	<u>\$ 21,890,544</u>	<u>\$ 20,468,304</u>
LIABILITIES		
Current liabilities		
Bank overdraft (Note 7)	\$ -	\$ 3,287,993
Accounts payable and accrued liabilities	6,677,630	5,991,453
Deferred revenue	2,224,299	3,073,153
Current portion of bank loans (Note 7)	307,520	430,676
Dividends payable	<u>44,614</u>	<u>44,614</u>
	9,254,063	12,827,889
Long term portion of bank loans (Note 7)	<u>6,539,844</u>	<u>1,637,884</u>
	15,793,907	14,465,773
Minority interest (Note 10)	<u>184,020</u>	<u>-</u>
	<u>15,977,927</u>	<u>14,465,773</u>

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)
(Incorporated in Bermuda)

CONSOLIDATED BALANCE SHEET, Cont'd.

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

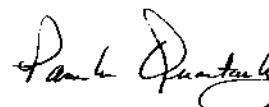
	<u>2005</u>	<u>2004</u>
SHAREHOLDERS' EQUITY		
Preference shares (Note 9)	\$ 557,670	\$ 557,670
Common shares (Note 9)	1,185,362	1,185,362
Contributed surplus (Note 10)	543,642	103,156
Retained earnings	<u>3,625,943</u>	<u>4,156,343</u>
	<u>5,912,617</u>	<u>6,002,531</u>
	\$ <u>21,890,544</u>	\$ <u>20,468,304</u>
Net book value per common share	\$ <u>10.84</u>	\$ <u>11.02</u>

See accompanying notes

On behalf of the Board:



Director



Director

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)

CONSOLIDATED STATEMENT OF OPERATIONS AND RETAINED EARNINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

	<u>2005</u>	<u>2004</u>
Sales (Note 12)		
Printing	\$ 20,440,872	\$ 18,723,542
Publishing	4,089,942	3,751,827
Other	<u>412,780</u>	<u>340,430</u>
	24,943,594	22,815,799
Cost of sales	<u>13,361,328</u>	<u>11,837,250</u>
Gross profit	11,582,266	10,978,549
General and administrative expenses (Note 11)	10,746,575	10,282,746
Amortization	<u>496,782</u>	<u>471,165</u>
Profit from operations	338,909	224,638
Interest expense	(534,354)	(244,455)
Rental and other income	<u>344,261</u>	<u>333,354</u>
Net profit before taxation	148,816	313,537
Taxation (Note 8)	<u>(300,934)</u>	<u>(156,216)</u>
Net (loss) profit after taxation	(152,118)	157,321
Minority interest (Note 10)	<u>(333,668)</u>	<u>-</u>
Net (loss) profit for the year	(485,786)	157,321
Retained earnings, beginning of year	4,156,343	4,043,636
Preference dividends (Note 9)	<u>(44,614)</u>	<u>(44,614)</u>
Retained earnings, end of year	\$ <u>3,625,943</u>	\$ <u>4,156,343</u>
Net (loss) profit per common share	\$ <u>(1.07)</u>	\$ <u>0.23</u>

See accompanying notes

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2005

(expressed in Bermuda dollars)

	<u>2005</u>	<u>2004</u>
Operating activities:		
Net (loss) profit for the year	\$ (485,786)	\$ 157,321
Add items not involving cash movement:		
Amortization	496,782	471,165
Loss on fixed asset disposal	-	4,500
Minority interest	333,668	-
Add (deduct) net changes in assets and liabilities:		
Accounts receivable	(129,428)	(4,795,569)
Inventories	81,358	(37,799)
Prepaid expenses and deferred expenses	(1,177,770)	(796,367)
Accounts payable and accrued liabilities	927,015	1,690,289
Deferred revenue	<u>(848,854)</u>	<u>2,512,202</u>
Net cash flows applied to operating activities	<u>(803,015)</u>	<u>(794,258)</u>
Financing activities:		
Preference dividends paid	(44,614)	(45,553)
Proceeds of sale of minority interest	50,000	175,000
Increase in bank financing	7,100,000	1,900,000
Repayment of bank loans	<u>(2,321,196)</u>	<u>(278,864)</u>
Net cash flows from financing activities	<u>4,784,190</u>	<u>1,750,583</u>
Investing activities:		
Purchase of capital assets	(901,497)	(802,800)
Purchase of intangible assets	(98,888)	(2,028,158)
Disposal of fixed assets	<u>-</u>	<u>184,657</u>
Net cash flows applied to investing activities	<u>(1,000,385)</u>	<u>(2,646,301)</u>
Net increase (decrease) in cash and cash equivalents	2,980,790	(1,689,976)
Cash and cash equivalents, beginning of year	<u>(1,792,932)</u>	<u>(102,956)</u>
Cash and cash equivalents, end of year	\$ <u>1,187,858</u>	\$ <u>(1,792,932)</u>
Consisting of:		
Cash and cash equivalents	\$ 1,187,858	\$ 1,495,061
Bank overdraft (Note 7)	<u>-</u>	<u>(3,287,993)</u>
	\$ <u>1,187,858</u>	\$ <u>(1,792,932)</u>

See accompanying notes

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

1. Operations

MediaHouse Limited (the "Company", formerly Island Press (Holdings) Limited) 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 and maintains the Bermuda.com web site.

Global Directories (Bermuda) Ltd. was incorporated as a local company on February 7, 2002 with a view to pursuing directory-publishing opportunities in Bermuda. The share capital is 100% owned by Global Directories Limited, which is 85% owned by the Company (Note 10).

Global Directories (USA) Inc. was incorporated on January 25, 2002 with a view to pursuing directory-publishing opportunities in the United States. The share capital is 100% owned by Global Directories Limited.

Global Directories (Caribbean) Ltd. was incorporated on February 7, 2002 with a view to pursuing directory-publishing opportunities in the Caribbean. The share capital is 100% owned by Global Directories Limited. In May of 2002, Global Directories (Caribbean) Ltd., purchased Caribbean Publishing Company Ltd. ("CPC"). CPC publishes and distributes local telephone and other directories throughout the Caribbean and North America, pursuant to license agreements granted by local telecommunications providers in each country.

Industrial Electrics and Controls Limited ("IECL") was incorporated on October 16, 2002. IECL performs the repair and maintenance, as well as replacement of electrical control systems and supporting infrastructure. The share capital is 100% owned by the Company.

Crow House Limited ("CHL") was incorporated on March 31, 2004. CHL owns the rights to an internet portal. Vanilla Limited ("Vanilla") was incorporated on June 2, 2004. Vanilla's name was subsequently changed to Bermuda.com Limited ("Bda.com") on July 16, 2004. Bda.com owns the rights to internet portals which provide tourist related information and generate advertising revenues (Notes 5 and 6). The share capital of CHL and Bda.com is 100% owned by the Company.

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Cont'd.

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

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 Bermuda Limited, Global Directories Limited, Industrial Electrics and Controls Limited, Crow House Limited, and Bermuda.com Limited. All significant inter-company transactions have been eliminated. The accounts of Bermuda Cruise Limited have been consolidated in accordance with Section 3055 of the CICA handbook.

As more fully explained in Note 10, 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.

(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 was previously amortized over a period of 20 years. Effective October 1, 2001, the Company adopted Section 3062 of the CICA handbook. The Company has determined that there is no impairment in the unamortized portion of goodwill. 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, as the Company has adopted Section 3062 of the CICA Handbook. 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. The Company has determined that there is no impairment in the intangible assets. Management, on an annual basis, tests for asset impairment, consistent with Section 3062.19 of the CICA handbook.

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Cont'd.

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

2. Significant accounting policies, cont'd.

(c) Revenue recognition

Revenue is recognized when contracts are completed and the product 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 that the directories are sent for publication. This date is considered to be the date that final typeset pages are sent to the printer. Costs of publication of the directories, commissions, royalties and overhead on unpublished directory advertising orders are expensed when the related revenue is recognized. Royalties for each publication are paid to the telecommunications companies involved in each publication. Deferred publication costs include all directory printing, selling costs and distribution costs associated with the publication of directories not yet sent for publication.

(f) Amortization

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%

During the year \$Nil (2004 - \$61,810) of charges relating to company acquisitions and incorporations have been capitalized.

(g) Deferred revenue

Collections of sales revenue from advertisers for future publications and services are recorded as deferred revenue until the contracts are completed and the product and services are delivered.

(h) Cash and cash equivalents

Cash and cash equivalents consist of current, money market, call accounts and bank overdraft. Currencies in various Caribbean countries are subject to foreign exchange controls, which may restrict the transfer of cash outside the country. As at September 30, 2005 \$Nil (2004 - \$Nil) is restricted.

(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.

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Cont'd.

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

2. Significant accounting policies, cont'd.

(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) Fair value

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 as recorded in Note 8.

3. Inventories

Inventories at September 30, consist of:

	<u>2005</u>	<u>2004</u>
Raw materials	\$ 433,715	\$ 526,960
Work in process	64,136	55,828
Finished products	<u>10,892</u>	<u>7,313</u>
	\$ <u>508,743</u>	\$ <u>590,101</u>

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Cont'd.

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

4. Capital assets

Capital assets at September 30, consist of:

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 400,950	\$ -	\$ 400,950	\$ 400,950
Buildings and building improvements	3,119,674	1,448,306	1,671,368	1,509,622
Machinery and equipment	4,412,233	4,291,491	120,742	332,673
Computers and typesetting equipment	2,826,659	2,186,692	639,967	284,485
Furniture and fixtures	746,370	507,880	238,490	144,668
Vehicles and warehouse equipment	<u>199,667</u>	<u>130,687</u>	<u>68,980</u>	<u>34,034</u>
	<u>\$ 11,705,553</u>	<u>\$ 8,565,056</u>	<u>\$ 3,140,497</u>	<u>\$ 2,706,432</u>

5. Intangible assets

In June 2004, the Company purchased, at a cost of \$1,847,405 multiple internet portals and domains. In addition, the Company purchased, at a cost of \$103,253, customer contracts. The acquisitions were accounted for using the purchase method.

In September 2004, through the acquisition of CHL, the Company obtained the rights to an internet portal and domain valued at \$77,500.

Additions to intangible assets during the year to September 30, 2005 amounted to \$98,888 of which \$73,672 related to redesign costs on a previously purchased web-site. Amortization during the year amounted to \$29,350 (2004 - \$Nil).

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Cont'd.

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

6. 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(c)).

7. Bank loans, overdraft and letter of credit

	<u>2005</u>	<u>2004</u>
Current portion	\$ 307,520	\$ 430,676
Long term portion	<u>6,539,844</u>	<u>1,637,884</u>
	\$ <u>6,847,364</u>	\$ <u>2,068,560</u>

Scheduled long term debt repayments are as follows:

2006	\$ 307,520
2007	325,694
2008	347,506
2009	395,611
Thereafter	<u>5,696,033</u>
	\$ <u>7,072,364</u>

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. All existing loans and its overdraft facility were repaid in full from the proceeds received. The balance of the funds was used to supplement the Company's operating cash flow. In May 2005, the mortgage facility was increased by an additional \$600,000, 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 beginning May 30, 2005.

The balance outstanding on one of the Company's loans at September 30, 2005 was \$Nil (2004 - \$160,455). It was repayable in equal monthly principal installments of \$12,500 plus interest over 10 years beginning September 1995. Interest was calculated at the bank's base rate plus 2%. The loan was secured by a \$3,130,000 floating charge over assets belonging to Island Press Limited and a \$1,000,000 guarantee from the Company.

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Cont'd.

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

7. Bank loans, overdraft and letter of credit, cont'd.

At September 30, 2005, the balance outstanding on an additional loan was \$Nil (2004 - \$45,639). It was repayable in equal monthly installments, including principal and interest, of \$8,000 over three years beginning May 2002. Interest was calculated at the US Dollar prime rate plus 1%. The loan was secured by a registered charge over MediaHouse Limited's US dollar money market fund and its Treasury Department call account, a \$3,130,000 floating charge over assets belonging to Island Press Limited, and a \$3,425,000 fixed registered equitable mortgage over the Company's Building located at 19 Elliot Street, Hamilton, Bermuda.

In December of 2003, the Company secured a \$3,000,000 overdraft facility from a bank based in Bermuda. A portion of these funds was used to pay-out a pre-existing overdraft facility held by a subsidiary with a bank based in the Cayman Islands. Interest was calculated at the US Dollar prime rate plus 1%. The loan was secured by a \$3,425,000 fixed registered equitable mortgage over the Company's Building located at 19 Elliot Street, Hamilton, Bermuda and a \$3,130,000 guarantee from Island Press Limited. The overdraft facility was available until December 12, 2004, or any automatically extended expiry date. The overdraft facility was repaid in full in December 2004.

In June 2004, the Company secured a \$1,900,000 non-revolving loan facility to assist in the acquisition of Bda.com and its assets. As at September 30, 2005, the balance outstanding on this loan was \$Nil (2004 - \$1,862,466). It was repayable in equal monthly installments, including principal and interest, of \$28,000 over a term that was not to exceed seven years beginning July 2004. Interest was calculated at the bank's base rate plus 1.5%. The loan was secured by a \$3,425,000 fixed registered equitable mortgage over the Company's building located at 41 Victoria Street, Hamilton, Bermuda.

8. 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, 2005 is \$300,934 (2004 - \$156,216) and income taxes payable at September 30, 2005 amounted to \$161,170 (2004 - income taxes receivable of \$4,950). These amounts were included in accounts payable and accrued liabilities.

Management of the Company monitors the amount of any loss carry forwards in each country and their respective expiration dates. Due to the uncertainty of these loss carry-forwards being realized, management has elected to provide fully against these amounts. Taxes paid for 2005 amounted to \$134,814 (2004 - \$211,089).

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited and Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Cont'd.

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

9. Preference and common shares

Share capital at September 30 consists of the following:

	<u>2005</u>	<u>2004</u>
Preference shares		
Authorized - 120,000 (2004 - 120,000) 8% cumulative, redeemable, preference shares of par value of \$5.00 each		
Issued and fully paid - 111,534 (2004 - 111,534) shares	\$ <u>557,670</u>	\$ <u>557,670</u>
Common shares		
Authorized - 1,000,000 (2004 - 1,000,000) shares of par value of \$2.40 each		
Issued and fully paid - 493,901 (2004 - 493,901) shares	\$ <u>1,185,362</u>	\$ <u>1,185,362</u>

Preference shares are redeemable at par value.

10. 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. Of this consideration \$175,000 was received in cash prior to September 30, 2004, \$50,000 in October 2004 and the balance of \$65,838 was settled by netting off against amounts owed to the purchaser, who is a related party of the Company.

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. In accordance with Section 3840 of the CICA handbook, 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. Subsequent to January 21, 2005, Global Directories Limited and its wholly-owned subsidiaries made a combined profit of \$2,224,452, resulting in the minority's share of the profit for the year of \$333,668.

11. 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 2005 amounted to \$260,012 (2004 - \$294,171).

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited And Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Cont'd.

SEPTEMBER 30, 2005
(expressed in Bermuda dollars)

12. 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.

	2005				
	<u>Printing</u>	<u>Publishing</u>	<u>Other</u>	<u>Inter-Segment Elimination</u>	<u>Total</u>
Third party sales revenue	\$ 20,440,872	\$ 3,695,416	\$ 807,306	\$ -	\$ 24,943,594
Third party rental income	3,928	-	693,973	(353,640)	344,261
Inter company revenue	<u>1,095,819</u>	<u>40,970</u>	<u>1,344,485</u>	<u>(2,481,274)</u>	<u>-</u>
	<u>21,540,619</u>	<u>3,736,386</u>	<u>2,845,764</u>	<u>(2,834,914)</u>	<u>25,287,855</u>
Expenses	20,216,541	3,832,028	2,894,248	(2,834,914)	24,107,903
Amortization	<u>301,765</u>	<u>32,515</u>	<u>162,502</u>	<u>-</u>	<u>496,782</u>
	<u>20,518,306</u>	<u>3,864,543</u>	<u>3,056,750</u>	<u>(2,834,914)</u>	<u>24,604,685</u>
Interest expense	(300,442)	(366)	(729,940)	496,394	(534,354)
Interest income	<u>111,405</u>	<u>-</u>	<u>384,989</u>	<u>(496,394)</u>	<u>-</u>
Net profit (loss) before tax	833,276	(128,523)	(555,937)	-	148,816
Taxation	<u>(300,934)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,934)</u>
Net profit (loss) after tax	\$ <u>532,342</u>	\$ <u>(128,523)</u>	\$ <u>(555,937)</u>	\$ <u>-</u>	\$ <u>(152,118)</u>
Assets	\$ 23,423,235	\$ 1,622,241	\$ 20,896,809	\$ -	\$ 45,942,285
Elimination of inter- company accounts receivable	-	-	-	(20,705,478)	(20,705,478)
Elimination of Investment in subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,346,263)</u>	<u>(3,346,263)</u>
Total	\$ <u>23,423,235</u>	\$ <u>1,622,241</u>	\$ <u>20,896,809</u>	\$ <u>(24,051,741)</u>	\$ <u>21,890,544</u>
Goodwill			\$ <u>74,800</u>		\$ <u>74,800</u>

MEDIAHOUSE LIMITED AND SUBSIDIARIES
(formerly Island Press (Holdings) Limited And Subsidiaries)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Cont'd.

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12. Segmented information, cont'd.

	2004				
	<u>Printing</u>	<u>Publishing</u>	<u>Other</u>	<u>Inter-Segment Elimination</u>	<u>Total</u>
Third party sales revenue	\$ 18,723,542	\$ 3,751,827	\$ 340,430	\$ -	\$ 22,815,799
Third party rental income	75,326	37,882	634,730	(414,584)	333,354
Inter company revenue	<u>1,099,713</u>	<u>7,286</u>	<u>1,496,823</u>	<u>(2,603,822)</u>	<u>-</u>
	<u>19,898,581</u>	<u>3,796,995</u>	<u>2,471,193</u>	<u>(3,018,406)</u>	<u>23,149,153</u>
Expenses	19,054,157	3,799,393	2,284,852	(3,018,406)	22,119,996
Amortization	<u>341,626</u>	<u>20,200</u>	<u>109,339</u>	<u>-</u>	<u>471,165</u>
	<u>19,395,783</u>	<u>3,819,593</u>	<u>2,394,191</u>	<u>(3,018,406)</u>	<u>22,591,161</u>
Interest expense	<u>(57,214)</u>	<u>(8,295)</u>	<u>(178,946)</u>	<u>-</u>	<u>(244,455)</u>
Net profit (loss) before tax	445,584	(30,893)	(101,154)	-	313,537
Taxation	<u>(156,216)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(156,216)</u>
Net profit (loss) after tax	\$ <u>289,368</u>	\$ <u>(30,893)</u>	\$ <u>(101,154)</u>	\$ <u>-</u>	\$ <u>157,321</u>
Assets	\$ 21,204,802	\$ 1,479,903	\$ 18,035,368	\$ -	\$ 40,720,073
Elimination of inter- company accounts receivable	-	-	-	(16,917,284)	(16,917,284)
Elimination of Investment in subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,334,485)</u>	<u>(3,334,485)</u>
Total	\$ <u>21,204,802</u>	\$ <u>1,479,903</u>	\$ <u>18,035,368</u>	\$ <u>(20,251,769)</u>	\$ <u>20,468,304</u>
Goodwill			\$ <u>74,800</u>		\$ <u>74,800</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, Cont'd.

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13. Commitments

The Company is committed under operating leases to the payment of the aggregate sum of \$1,114,750 (2004 - \$1,510,023) comprising the following minimum amounts payable annually:

2006	\$ 361,947
2007	\$ 265,960
2008	\$ 242,925
2009	\$ 243,918

14. Guarantee

On June 24, 2004, the Company entered into a Facility Agreement with The Bank of N.T. Butterfield (the "Bank"). As part of the financing arrangements, CPC provided a guarantee up to \$6,000,000 collateralized by a pledge over CPC's assets. As of September 30, 2005, the Company has borrowed \$Nil (2004 - \$2,083,105) from the Bank. This facility is no longer in place.

15. Comparative figures

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

16. Subsequent events

In November 2005, a subsidiary entered into a new licensing agreement. Under the terms of the agreement, the subsidiary will publish and distribute the local telephone directory in Jamaica.