

TO: THE STOCKHOLDERS OF

THE GLEANER COMPANY LIMITED

(Unaudited)

CONSOLIDATED GROUP INCOME STATEMENT FOR THREE MONTHS ENDED MARCH 31, 2012

	Notes	GROUP (Unaudited) Three Month Jan – Mar. 2012 \$000's	GROUP (Unaudited) Three Months Jan – Mar. 2011 \$000's	GROUP (Audited) Twelve Months ended Dec 31, 2011 \$000's
Revenue	5 (a), 7	774,447	795,815	3,178,900
Cost of sales		<u>(375,879)</u>	<u>(370,910)</u>	<u>(1,698,862)</u>
Gross profit		398,568	424,905	1,480,038
Other operating income	5 (b)	<u>8,621</u>	<u>9,055</u>	<u>145,691</u>
		<u>407,189</u>	<u>433,960</u>	<u>1,625,729</u>
Distribution costs		(136,608)	(141,732)	(502,805)
Administrative expenses		(178,838)	(178,622)	(625,784)
Other operating expenses		(68,988)	(73,845)	(504,592)
Pension costs		<u>(5,682)</u>	<u>(1,182)</u>	<u>(8,820)</u>
		<u>(390,116)</u>	<u>(395,381)</u>	<u>(1,642,001)</u>
Employee benefit obligation		-	-	(11,500)
Profit from operations		<u>17,073</u>	<u>38,579</u>	<u>(27,772)</u>
Finance income		23,080	22,594	175,056
Finance cost		<u>(5,089)</u>	<u>(2,309)</u>	<u>(15,111)</u>
Net finance income		<u>17,991</u>	<u>20,285</u>	<u>159,945</u>
Profit before taxation charge	3, 9	35,064	58,864	132,173
Taxation charge		<u>(9,946)</u>	<u>(15,471)</u>	<u>(13,690)</u>
Profit for the period/year		<u>25,118</u>	<u>43,393</u>	<u>118,483</u>
Attributable to:				
Parent company stockholders		<u>25,118</u>	<u>43,393</u>	<u>118,483</u>
Dealt with in the financial statements of:				
Parent company		34,374	48,361	115,275
Subsidiary companies		<u>(9,256)</u>	<u>(4,968)</u>	<u>3,208</u>
		<u>25,118</u>	<u>43,393</u>	<u>118,483</u>
Earnings per stock unit:				
Based on stock units in issue	8	<u>2.07¢</u>	<u>3.58¢</u>	<u>9.78¢</u>

The accompanying notes form an integral part of the financial statements

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THE GLEANER COMPANY LIMITED

(Unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended March 31, 2012

	Three Months March 2012 \$000's	Three Months March 2011 \$000's
Profit for the period	25,118	43,393
Other comprehensive income:		
Change in fair value of available-for-sale investments	9	461
Currency translation differences on foreign subsidiaries	(13,299)	14,327
Taxation on other comprehensive income	(3)	(154)
Other comprehensive income for the period, net of taxation	(13,293)	14,634
Total comprehensive income for the period	<u>11,825</u>	<u>58,028</u>
Dealt with in the financial statements of:		
Parent company	13,213	58,773
Subsidiary companies	(1,388)	(745)
Total comprehensive income for the period	<u>11,825</u>	<u>58,028</u>

THE GLEANER COMPANY LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT MARCH 31, 2012

	Notes	GROUP (Unaudited) Three Months March 31, 2012 \$000's	GROUP (Unaudited) Three Months March 31, 2011 \$000's	GROUP (Audited) Twelve Months Dec 31, 2011 \$000's
Assets				
Property, plant and equipment		899,239	896,788	907,668
Intangible assets		4,587	7,265	5,190
Long-term receivables		14,550	42,910	18,788
Interest in associates		150	150	150
Investments		193,960	87,093	230,881
Pension receivable	5 (c),(f)	178,480	-	178,480
Deferred tax assets		<u>5,303</u>	<u>9,335</u>	<u>5,351</u>
Total non-current assets		<u>1,296,269</u>	<u>1,043,541</u>	<u>1,346,508</u>
Cash and cash equivalents		47,611	86,224	107,189
Securities purchased under agreement for resale		23,177	239,849	35,409
Trade and other receivables		511,862	511,649	569,055
Prepayments		28,672	27,982	34,513
Taxation recoverable		98,421	98,853	98,305
Inventories and goods in-transit		128,219	112,589	123,497
Pension receivable	5 (c),(f)	<u>1,272,750</u>	<u>1,277,300</u>	<u>1,250,399</u>
Total current assets		<u>2,110,712</u>	<u>2,354,446</u>	<u>2,218,367</u>
Total assets		<u>3,406,981</u>	<u>3,397,987</u>	<u>3,564,875</u>
Equity				
Share capital		605,622	605,622	605,622
Reserves		<u>1,633,410</u>	<u>1,627,946</u>	<u>1,671,947</u>
Total equity		<u>2,239,032</u>	<u>2,233,568</u>	<u>2,277,569</u>
Liabilities				
Long-term liabilities		26,347	10,293	26,529
Employee benefit obligation	5(c)	130,600	120,900	130,600
Deferred tax liabilities		<u>512,207</u>	<u>513,920</u>	<u>512,223</u>
Total non-current liabilities		<u>669,154</u>	<u>645,113</u>	<u>669,352</u>
Bank overdraft		4,237	7,592	2,524
Trade and other payables		473,779	480,297	550,934
Taxation			564	966
Current portion of long-term liabilities		2,432	5,230	7,184
Deferred income		<u>18,347</u>	<u>25,623</u>	<u>56,346</u>
Total current liabilities		<u>498,795</u>	<u>519,306</u>	<u>617,954</u>
Total liabilities		<u>1,167,949</u>	<u>1,164,419</u>	<u>1,287,306</u>
Total equity and liabilities		<u>3,406,981</u>	<u>3,397,987</u>	<u>3,564,875</u>

The accompanying notes form an integral part of the financial statements.

THE GLEANER COMPANY LIMITED

(Unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended March 31, 2012

	Share capital \$000's	Capital reserves \$000's	Fair value reserves \$000's	Reserve for own shares \$000's	Retained profits \$000's	Total equity \$000's
Balances at January 1, 2011	605,622	804,663	21,635	(183,295)	1,208,330	2,038,460
Total comprehensive income for the period	-	14,327	307	-	43,394	58,028
Dividends paid (gross)	-	-	-	-	(302,811)	(302,811)
Own shares sold in the Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,396</u>	<u>-</u>	<u>21,396</u>
Balances at March 31, 2011	<u>605,622</u>	<u>818,990</u>	<u>21,942</u>	<u>(192,313)</u>	<u>948,913</u>	<u>2,233,568</u>
Balances at January 1, 2012	605,622	804,403	27,944	(160,108)	999,708	2,277,569
Total comprehensive income for the period	-	(13,299)	6	-	25,118	11,825
Dividends paid (gross)	-	-	-	-	(60,562)	(60,562)
Own shares sold in the Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,200</u>	<u>-</u>	<u>10,200</u>
Balances at March 31, 2012	<u>605,622</u>	<u>791,104</u>	<u>27,950</u>	<u>(149,908)</u>	<u>964,264</u>	<u>2,239,032</u>

The accompanying notes form an integral part of the financial statements.

THE GLEANER COMPANY LIMITED

STATEMENT OF CASH FLOWS Three Months ended March 31, 2012 (Unaudited)

	GROUP (Unaudited) Three Months Mar. 31, 2012 \$000's	GROUP (Unaudited) Three Months Mar. 31, 2011 \$000's	GROUP (Audited) Twelve Months Dec 31, 2011 \$000's
Cash Flow from operating activities			
Profit for the period/year	25,118	43,394	118,483
Adjustment for non-cash items	<u>28,642</u>	<u>25,369</u>	<u>(43,255)</u>
	53,760	68,763	75,228
Change in working capital	<u>(122,868)</u>	<u>380,016</u>	<u>274,342</u>
Net cash (used)/provided by operating activities	(69,108)	448,779	349,570
Net cash provided/(used) by investing activities	70,752	(198,599)	(18,742)
Net cash used by financing activities	<u>(62,935)</u>	<u>(288,408)</u>	<u>(343,023)</u>
Net (decrease)/ increase in cash and cash equivalents	(61,291)	(38,228)	(12,195)
Cash and cash equivalents at beginning of period	<u>104,665</u>	<u>116,860</u>	<u>116,860</u>
Cash and cash equivalents at end of period	<u>43,374</u>	<u>78,632</u>	<u>104,665</u>
Comprised of:			
Cash and cash equivalents	47,611	86,224	107,189
Bank overdraft	<u>(4,237)</u>	<u>(7,592)</u>	<u>(2,524)</u>
	<u>43,374</u>	<u>78,632</u>	<u>104,665</u>

The accompanying notes form an integral part of the financial statements.

Notes to the Interim Financial Report

We hereby present the unaudited financial report of the Group for the three months ended March 31, 2012.

1. Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, as issued by the International Accounting Standards Board (IASB), and comply with the provisions of the Jamaican Companies Act.

The accounting policies followed in these interim financial statements are consistent with those in the audited financial statement for the year ended December 31, 2011.

2. Segment Reporting

The group has one reportable segment, which is media services. This includes the print and electronic media businesses. The identification of business segments is based on the group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue. Other includes management services, publication of books and those that do not meet any of the quantitative thresholds for determining reportable segments in 2012 or 2011.

Performance is measured on segment profit before taxation as included in the internal management reports that are reviewed by the Board of Directors. Segment profit before taxation is used to measure performance, as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Business segments:

	<u>Media service</u>		<u>Other</u>		<u>Total</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
External revenues	<u>765,375</u>	<u>776,800</u>	<u>9,072</u>	<u>19,015</u>	<u>774,447</u>	<u>795,815</u>
Segment profit/(loss) before taxation	<u>23,791</u>	<u>38,213</u>	<u>(6,718)</u>	<u>36</u>	<u>17,073</u>	<u>38,579</u>
Finance income	<u>23,080</u>	<u>22,594</u>	<u>_____</u>	<u>_____</u>	<u>23,080</u>	<u>22,594</u>
Finance costs	<u>(5,086)</u>	<u>(2,297)</u>	<u>(_____)</u>	<u>(_____)</u>	<u>(5,089)</u>	<u>(2,309)</u>
Depreciation and amortisation	<u>25,369</u>	<u>21,563</u>	<u>_____</u>	<u>_____</u>	<u>25,369</u>	<u>21,563</u>
Reportable segment assets	<u>3,256,348</u>	<u>3,239,968</u>	<u>150,633</u>	<u>158,019</u>	<u>3,406,981</u>	<u>3,397,987</u>
Reportable segment liabilities	<u>1,093,493</u>	<u>1,107,782</u>	<u>74,456</u>	<u>56,637</u>	<u>1,167,949</u>	<u>1,164,419</u>
Capital expenditure	<u>5,569</u>	<u>6,711</u>	<u>-</u>	<u>-</u>	<u>5,569</u>	<u>6,711</u>

- Group Financial Accounts for the three months ended March, 2012 show a profit before taxation charge of approximately \$35M (2011: \$59M).
- The Group profit after taxation for the three months of 2012 was approximately \$25M compared with a profit of approximately \$43M for the same period last year.
- In comparing the financial statements for the three-month period ended March 31, 2012, with those of previous year, the following should be noted: -
 - Revenue decreased by approximately \$21M or 3% for the period.
 - Other operating income of \$9M (2011: \$9M) includes contract printing and gain on exchange.

- (c) Contributions to the company's Defined Benefits Pension Fund were discontinued on July 15, 2010. The surplus in the fund was used to enhance member benefits and the balance thereafter divided equally between the company and the members of the fund. The effect of this is that the members have benefited from 54% of the surplus and the company 46%. The company's portion of the surplus is \$1.4B (2010: \$1.3B); and is shown on the statement of financial position as pension receivable. Final payments were made on October 31, 2011 to members of the fund except for 17 members who have not yet collected their benefit entitlement.

Employee benefit obligation of \$131M (2011: \$121M) relates to a post-retirement benefit provided by the Parent Company, which covers health and life insurance. The method of accounting and the frequency of valuations are similar to that used for a defined benefit scheme.

- (d) The company's Defined Contribution Pension Fund commenced on May 1, 2010.
- (e) Finance income includes interest provision of \$22M on the Pension receivable amounts as at March 31, 2012
- (f) Pension receivable represents surplus due to the company arising from the discontinuation of the defined-benefit pension fund. Of the total outstanding amount, \$178M is expected to be received in more than one year from the reporting date.

	<u>Group and Company</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Surplus brought forward to January	1,429	1,277
Income earned during the period	<u>22</u>	<u>152</u>
	<u>1,451</u>	<u>1,429</u>

6. (a) The Group Financial Statements for the three months ended March 31, 2011, include the Company's ten (2010: ten) subsidiaries – Associated Enterprise Limited, Popular Printers Limited, The Book Shop Limited, The Gleaner Online Limited, Selectco Publications Limited, Independent Radio Company Limited, Creek Investments Limited and overseas subsidiaries, The Gleaner Company (U.S.A.) Limited, The Gleaner Company (Canada) Incorporated, and GV Media Group Limited.
7. Revenue represents sales by the Group before commission payable but excluding returns.
8. The calculations of earnings/loss per stock unit are arrived at by dividing profit/loss after taxation attributable to the parent company's stockholders by 1,211,243,827 stock units, that is, the number of stock units in issue at the end of the period/year.
9. Reconciliation of Trading profit: -

	<u>2012</u>	<u>2011</u>
	\$M	\$M
Profit from continuing operations before taxation	35.1	58.9
Restructuring expense	<u>5.0</u>	<u>-</u>
Trading profit	<u>40.1</u>	<u>58.9</u>

11. Dividend and Stock Prices

Your Directors declared a 1st Interim Ordinary Dividend of 5 cents per stock unit which was paid on March 30, 2012 to stockholders on record at March 23, 2012.

The Company's stock unit price on the Jamaica Stock Exchange at March 31, 2012 was \$1.83; the opening price at January 1, 2012 was \$2.05.

12. Libel Cases

The group's lawyers have advised that they are of the opinion that the provision made in the accounts is a reasonable provision for the purpose of covering all probable judgements and costs for existing libel actions.

13. Subsequent Events

During the months of April and May 2012 the company received \$358M of the pension surplus receivable at March 31, 2012.

On behalf of the Board



Hon. O. F. Clarke, O.J, JP, LL.D. (Hon)
Chairman



C. Barnes
Managing Director

May 11, 2012