

TO: THE STOCKHOLDERS OF

**THE GLEANER COMPANY LIMITED**  
**CONSOLIDATED SIX MONTHS INTERIM FINANCIAL REPORT AT JUNE 30, 2010**

<u>Group Income Statements</u>	Notes	Unaudited Six Months June 30, 2010 \$000's	Unaudited Six Months June 30, 2009* \$000's	Unaudited Three Months June 30, 2010 \$000's	Unaudited Three Months June 30, 2009* \$000's	Audited Twelve Months ended December 31, 2009 \$000's
Revenue	5(a), 7	1,608,342	1,629,428	818,138	856,150	3,274,179
Cost of sales		( 753,759)	( 787,098)	(401,489)	(424,627)	(1,620,797)
Gross profit		854,583	842,330	416,649	431,523	1,653,382
Other operating income	5(b)	<u>14,786</u>	<u>32,113</u>	<u>10,202</u>	<u>3,461</u>	<u>176,513</u>
		<u>869,369</u>	<u>874,443</u>	<u>426,851</u>	<u>434,984</u>	<u>1,829,895</u>
Distribution costs		( 287,481)	( 298,974)	(146,815)	(144,863)	( 538,757)
Administrative expenses		( 311,708)	( 312,493)	(133,375)	(118,628)	( 717,628)
Other operating expenses		( 181,839)	( 195,406)	(105,756)	(111,709)	( 538,646)
Pension costs		( 136)	( 320)	( 68)	( 77)	( 93)
		<u>( 781,164)</u>	<u>( 807,193)</u>	<u>(386,014)</u>	<u>(375,277)</u>	<u>(1,795,124)</u>
Employee benefit asset	5(c)	( 19,500)	( 200)	( 9,750)	( 100)	( 39,000)
<b>Profit/(loss) from continuing operations</b>		<b><u>68,705</u></b>	<b><u>67,050</u></b>	<b><u>31,087</u></b>	<b><u>59,607</u></b>	<b><u>( 4,229)</u></b>
Finance income		12,862	3,955	8,879	1,500	19,665
Finance cost		( 5,275)	( 12,216)	( 2,236)	( 7,273)	( 13,614)
Net finance income/(cost)		<u>7,587</u>	<u>( 8,261)</u>	<u>6,643</u>	<u>( 5,773)</u>	<u>6,051</u>
<b>Profit from continuing operations before taxation</b>	3	<b><u>76,292</u></b>	<b><u>58,789</u></b>	<b><u>37,730</u></b>	<b><u>53,834</u></b>	<b><u>1,822</u></b>
Taxation (charge)/credit		( 10,729)	( 2,872)	( 2,986)	( 1,072)	158,552
<b>Profit from continuing operations after taxation</b>		<b><u>65,563</u></b>	<b><u>55,917</u></b>	<b><u>34,744</u></b>	<b><u>52,762</u></b>	<b><u>160,374</u></b>
<b>(Loss)/profit from discontinued operations</b>	2(b)	<b><u>-</u></b>	<b><u>( 43,613)</u></b>	<b><u>-</u></b>	<b><u>( 25,792)</u></b>	<b><u>47,806</u></b>
<b>Profit for the period</b>	4	<b><u>65,563</u></b>	<b><u>12,304</u></b>	<b><u>34,744</u></b>	<b><u>26,970</u></b>	<b><u>208,180</u></b>
Attributable to:						
Parent company stockholders		66,214	11,457	34,463	25,157	224,007
Minority interest		( 651)	847	281	1,813	( 15,827)
		<u>65,563</u>	<u>12,304</u>	<u>34,744</u>	<u>26,970</u>	<u>208,180</u>
Dealt with in the financial statements of:						
Parent company		47,431	6,848	12,488	26,592	482,349
Subsidiary companies		<u>18,783</u>	<u>4,609</u>	<u>21,975</u>	<u>( 1,435)</u>	<u>( 258,342)</u>
		<u>66,214</u>	<u>11,457</u>	<u>34,463</u>	<u>25,157</u>	<u>224,007</u>
Earnings per stock unit:						
Based on stock units in issue	8	<u>5.41¢</u>	<u>0.95¢</u>	<u>2.85¢</u>	<u>2.08¢</u>	<u>18.49¢</u>
Earnings per stock unit from continuing operation						
Based on stock units in issue		<u>5.41¢</u>	<u>4.62¢</u>	<u>2.85¢</u>	<u>4.35¢</u>	<u>14.55¢</u>
(Losses)/earnings per stock unit from discontinued operation:		<u>-</u>	<u>( 3.60¢)</u>	<u>-</u>	<u>( 2.13¢)</u>	<u>3.94¢</u>

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

\* Restated to exclude discontinued operations

# THE GLEANER COMPANY LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

Six months ended June 30, 2010

	Six Months June 30, 2010 \$000's	Six Months June 30, 2009 \$000's	Three Months June 30, 2010 \$000's	Three Months June 30, 2009 \$000's
Profit for the period	65,563	12,304	34,744	26,970
<b>Other comprehensive income/(expenses):</b>				
Currency translation differences on foreign subsidiaries	(21,647)	( 72,771)	( 7,356)	( 33,001)
Fair value gain on available-for-sale investments	20,594	65	6,864	12,043
Income tax on other comprehensive income	( 6,864)	( 22)	( 2,288)	( 4,014)
<b>Other comprehensive expense for the period, net of taxes</b>	<u>( 7,917)</u>	<u>( 72,728)</u>	<u>( 2,780)</u>	<u>( 24,972)</u>
<b>Total comprehensive income/(expense) for the period</b>	<u><b>57,646</b></u>	<u><b>( 60,424)</b></u>	<u><b>31,964</b></u>	<u><b>1,998</b></u>
Dealt with in the financial statement of:				
Parent company	56,274	( 61,271)	22,725	184
Minority interest	<u>1,372</u>	<u>847</u>	<u>9,239</u>	<u>1,814</u>
<b>Total comprehensive income/(expense) for the period</b>	<u><b>57,646</b></u>	<u><b>( 60,424)</b></u>	<u><b>31,964</b></u>	<u><b>1,998</b></u>

# THE GLEANER COMPANY LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2010

	Notes	Unaudited Six Months June 30, 2010 \$000's	Unaudited Six Months June 30, 2009 \$000's	Audited Twelve Months December 31, 2009 \$000's
<b>Assets</b>				
Property, plant and equipment		854,783	962,845	870,550
Intangible assets		8,100	-	8,616
Employee benefit asset	5(c)	763,400	843,668	782,900
Long-term receivables		70,123	150	70,947
Investment in associates		150	150	150
Investments		356,986	84,622	137,064
Deferred tax assets		<u>8,766</u>	<u>6,550</u>	<u>13,696</u>
Total non-current assets		<u>2,062,308</u>	<u>1,897,985</u>	<u>1,883,923</u>
Cash and cash equivalents		64,674	67,057	70,923
Securities purchased under agreement for resale		227,733	93,986	135,046
Trade and other receivables		500,425	570,897	819,450
Prepayments		73,988	76,263	34,339
Taxation recoverable		90,683	87,185	89,923
Inventories and goods in-transit		<u>140,249</u>	<u>482,858</u>	<u>132,028</u>
Total current assets		<u>1,097,752</u>	<u>1,378,246</u>	<u>1,281,709</u>
<b>Total assets</b>		<b><u>3,160,060</u></b>	<b><u>3,276,231</u></b>	<b><u>3,165,632</u></b>
<b>Stockholders' equity</b>				
Share capital		605,622	605,622	605,622
Reserves		<u>1,414,390</u>	<u>1,307,070</u>	<u>1,417,546</u>
Total equity attributable to equity holders of the parent company		2,020,012	1,912,692	2,023,168
Minority interest		<u>14,641</u>	<u>31,966</u>	<u>15,292</u>
Total equity		<u>2,034,653</u>	<u>1,944,658</u>	<u>2,038,460</u>
<b>Liabilities</b>				
Long-term liabilities		38,137	31,053	40,105
Employee benefit obligation		97,700	89,100	96,200
Deferred tax liabilities		<u>304,540</u>	<u>313,750</u>	<u>312,353</u>
<b>Total non-current liabilities</b>		<u>440,377</u>	<u>433,903</u>	<u>448,658</u>
Bank overdraft		18,054	100,532	15,744
Trade and other payables		628,030	771,566	606,998
Taxation		11,267	470	4,681
Current portion of long-term liabilities		4,580	7,078	7,213
Deferred income		<u>23,099</u>	<u>18,024</u>	<u>43,878</u>
Total current liabilities		<u>685,030</u>	<u>897,670</u>	<u>678,514</u>
Total liabilities		<u>1,125,407</u>	<u>1,331,573</u>	<u>1,127,172</u>
<b>Total equity and liabilities</b>		<b><u>3,160,060</u></b>	<b><u>3,276,231</u></b>	<b><u>3,165,632</u></b>
Stockholders' equity per ordinary stock unit	9	166.77¢	157.91¢	167.03¢

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

# THE GLEANER COMPANY LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

Six months ended June 30, 2010

	Share capital \$000's	Capital reserves \$000's	Fair value reserves \$000's	Reserve for own shares \$000's	Retained profits \$000's	Total \$000's	Minority interest \$000's	Total equity \$000's
Balances at January 1, 2009	605,622	840,880	58,001	(197,226)	705,721	2,012,998	31,119	2,044,117
Total comprehensive (expense)/income for the period	-	( 72,771)	43	-	11,457	( 61,271)	847	( 60,424)
Dividend (gross)	-	-	-	-	( 42,394)	( 42,394)	-	( 42,394)
Own shares sold in the Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,359</u>	<u>-</u>	<u>3,359</u>	<u>-</u>	<u>3,359</u>
Balances at June 30, 2009	<u>605,622</u>	<u>768,109</u>	<u>58,044</u>	<u>(193,867)</u>	<u>674,784</u>	<u>1,912,692</u>	<u>31,966</u>	<u>1,944,658</u>
Balances at January 1, 2010	605,622	736,116	5,892	(191,422)	866,960	2,023,168	15,292	2,038,460
Total comprehensive (expense)/income for the period	-	( 21,647)	13,730	-	66,214	58,297	( 651)	57,646
Dividends paid (gross)	-	-	-	-	( 60,562)	( 60,562)	-	( 60,562)
Own shares acquired in the Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 891)</u>	<u>-</u>	<u>( 891)</u>	<u>-</u>	<u>( 891)</u>
Balances at June 30, 2010	<u>605,622</u>	<u>714,469</u>	<u>19,622</u>	<u>(192,313)</u>	<u>872,612</u>	<u>2,020,012</u>	<u>14,641</u>	<u>2,034,653</u>

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

**THE GLEANER COMPANY LIMITED**  
STATEMENT OF CASH FLOWS

	Unaudited Six Months June 30, 2010 \$000's	Unaudited Six Months June 30, 2009 \$000's	Audited Twelve Months December 31, 2009 \$000's
<b>Cash flow from operating activities</b>			
Profit for the period/year	65,563	11,457	208,180
Adjustment for non-cash items	<u>42,601</u>	<u>56,054</u>	<u>(156,679)</u>
	108,164	67,511	51,501
<b>Change in working capital</b>	<u>( 61,582)</u>	<u>( 96,494)</u>	<u>(284,490)</u>
Net cash provided/(used) by operating activities	46,582	( 28,983)	(232,989)
Net cash (used)/provided by investing activities	(119,619)	( 21,012)	264,243
Net cash provided/(used) in financing activities	<u>64,478</u>	<u>( 43,708)</u>	<u>( 54,606)</u>
Net decrease in cash and cash equivalents	( 8,559)	( 93,703)	( 23,352)
Cash and cash equivalents at beginning of period/year	<u>55,179</u>	<u>60,228</u>	<u>78,531</u>
Cash and cash equivalents at end of period/year	<u><u>46,620</u></u>	<u><u>( 33,475)</u></u>	<u><u>55,179</u></u>
<b>Comprised of:</b>			
Cash and cash equivalents	64,674	67,057	70,923
Bank overdraft	<u>( 18,054)</u>	<u>(100,532)</u>	<u>( 15,744)</u>
	<u><u>46,620</u></u>	<u><u>( 33,475)</u></u>	<u><u>55,179</u></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 six months ended June 30, 2010.

### 1. Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board 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, 2009.

### 2. Segment reporting

The Group had two reportable segments, one of which was discontinued in 2009.

Comparative figures have been reclassified to conform with those of the current year. These are: -

- (a) Media services which include the print and electronic media businesses
- (b) Books and stationery which comprises book and stationery supplies. This segment has been classified as discontinued as the Group sold its shares in Sangster's Book Stores Limited on December 22, 2009.
- (c) Other which includes management services, publication of books and those that do not meet any of the quantitative thresholds for determining reportable segments in 2009 and 2010

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and the assessing of performances. Finance cost, finance income and income taxes are managed on an individual basis.

	Continuing operations						Discontinued operations	
	Media service		Other		Total		Books and stationery	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000	2010 \$'000 (6 months)	2009 \$'000 (6 months)
External revenues	<u>1,584,558</u>	<u>1,628,664</u>	<u>23,784</u>	<u>765</u>	<u>1,608,342</u>	<u>1,629,429</u>	<u>-</u>	<u>258,134</u>
Segment profit/(loss) before taxation	<u>81,445</u>	<u>65,680</u>	<u>( 5,153)</u>	<u>( 6,891)</u>	<u>76,292</u>	<u>58,789</u>	<u>-</u>	<u>( 43,963)</u>
Finance income	<u>12,284</u>	<u>13,135</u>	<u>578</u>	<u>-</u>	<u>12,862</u>	<u>13,135</u>	<u>-</u>	<u>-</u>
Finance costs	<u>( 5,244)</u>	<u>( 8,283)</u>	<u>( 31)</u>	<u>( 13,115)</u>	<u>( 5,275)</u>	<u>( 21,398)</u>	<u>-</u>	<u>( 2,539)</u>
Depreciation and amortisation	<u>38,255</u>	<u>36,117</u>	<u>-</u>	<u>-</u>	<u>38,255</u>	<u>36,117</u>	<u>-</u>	<u>3,534</u>
Reportable segment assets	<u>2,975,780</u>	<u>2,500,514</u>	<u>175,945</u>	<u>152,144</u>	<u>3,151,725</u>	<u>2,652,658</u>	<u>-</u>	<u>623,773</u>
Reportable segment liabilities	<u>1,048,658</u>	<u>943,599</u>	<u>76,749</u>	<u>32,566</u>	<u>1,125,407</u>	<u>976,165</u>	<u>-</u>	<u>355,408</u>
Capital expenditure	<u>23,353</u>	<u>25,979</u>	<u>-</u>	<u>-</u>	<u>23,353</u>	<u>25,979</u>	<u>-</u>	<u>843</u>

## Notes to the Interim Financial Report (Cont'd)

3. Group Financial Accounts for the six months ended June, 2010 show a profit before taxation from continuing operations of approximately \$76M (2009: \$59M\*).
4. The Group profit for the six months of 2010 was approximately \$66M compared with a profit of approximately \$12M for the same period last year.
5. In comparing the financial statements for the six-month period ended June 30, 2010, with those of comparative period, the following should be noted: -
  - (a) Revenue decreased by approximately \$21M or 1% for the period.
  - (b) Other operating income of \$15M (2009: \$32M\*) includes interest income and loss on exchange.
  - (c) Employee benefit asset of (\$19.5M) [2009: (\$0.2M)], usually represents a portion of the surplus in the parent company's pension scheme, which, in accordance with IAS 19, has been credited to the Group income statements. The surplus is, however, not realised profit as it represents future economic benefits to be derived from the reduction in the company's contribution to the pension scheme [See also Balance Sheet item of approximately \$763M (2009: \$844M)]. The amount provided is calculated as a portion of the loss/gain on actuarial valuation done in prior year (see note 13).
6. The Group Financial Statements for the six months ended June 30, 2010, include the Company's eleven (2009: twelve) subsidiaries – Associated Enterprise Limited, Popular Printers Limited, The Book Shop Limited, The Gleaner Online Limited, Selectco Publications Limited, Independent Radio Company Limited, Creek Investment 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 (losses)/earnings per stock unit are arrived at by dividing profit 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. The calculations of stockholders' equity per ordinary stock unit for 2010 and 2009 are arrived at by dividing capital and reserves by 1,211,243,827 stock units.
10. Reconciliation of Trading profit: -

	<u>June</u> <u>2010</u> \$M	<u>June</u> <u>2009</u> \$M
Profit before tax	76.3	59.0
Employee benefit asset	<u>19.5</u>	<u>0.2</u>
<b>Trading profit</b>	<b><u>95.8</u></b>	<b><u>59.2</u></b>

After adjusting for changes in employee benefit asset, trading profit was \$95.8M to June 2010 versus \$59.2M\* for 2009.

### 11. Dividend and stock prices

For 2010, your directors approved the payment of a 1st Interim Ordinary Dividend of 5 cents per stock unit payable to stockholders on record at January 29, 2010. Payment was made on February 8, 2010.

The Company's stock unit price on the Jamaica Stock Exchange at June 30, 2010 was \$1.40; the opening price at January 1, 2010 was \$1.16.

### 12. Libel cases

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

**Notes to the Interim Financial Report (Cont'd)**

13. Subsequent events

The Financial Services Commission has granted approval for the winding up of the defined benefit pension scheme with a termination date of July 15, 2010.

The surplus arising from the scheme will be distributed proportionately between the participants of the scheme and the company as soon as the amount is actuarially determined.

On behalf of the Board



Hon. O. F. Clarke, O.J., JP, LL.D. (Hon)  
**Chairman and Managing Director**



C. N. Barnes  
**Deputy Managing Director**

August 12, 2010