

THE GLEANER COMPANY LIMITED

(Unaudited)

CONSOLIDATED GROUP INCOME STATEMENT FOR SIX MONTHS ENDED JUNE 30, 2011

	Notes	GROUP (Unaudited) Six Month June 2011 \$000's	GROUP (Unaudited) Six Months June 2010 \$000's	GROUP (Unaudited) Three Months June 2011 \$000's	GROUP (Unaudited) Three Months June 2010 \$000's	GROUP (Audited) Twelve Months ended Dec 31, 2010 \$000's
Revenue	5(a), 7	1,632,393	1,608,342	836,578	818,138	3,187,725
Cost of sales		(772,519)	(753,759)	(401,609)	(401,489)	(1,704,122)
Gross profit		859,874	854,583	434,969	416,649	1,483,603
Other operating income	5(b)	<u>16,626</u>	<u>14,786</u>	<u>7,571</u>	<u>10,202</u>	<u>210,029</u>
		<u>876,500</u>	<u>869,369</u>	<u>442,540</u>	<u>426,851</u>	<u>1,693,632</u>
Distribution costs		(288,691)	(287,481)	(146,959)	(146,815)	(473,595)
Administrative expenses		(322,307)	(311,708)	(143,685)	(133,375)	(583,054)
Other operating expenses		(180,980)	(181,839)	(107,136)	(105,756)	(511,616)
Pension costs		(8,183)	(136)	(7,001)	(68)	(4,188)
		<u>(800,161)</u>	<u>(781,164)</u>	<u>(404,781)</u>	<u>(386,014)</u>	<u>(1,572,453)</u>
Employee benefit asset	5(c)	-	(19,500)	-	(9,750)	494,400
Employee benefit obligation	5(c)	<u>(5,850)</u>	<u>-</u>	<u>(5,850)</u>	<u>-</u>	<u>(26,200)</u>
		<u>(5,850)</u>	<u>(19,500)</u>	<u>(5,850)</u>	<u>(9,750)</u>	<u>468,200</u>
Profit from operations		<u>70,489</u>	<u>68,705</u>	<u>31,909</u>	<u>31,087</u>	<u>589,379</u>
Finance income	5(d)	124,754	12,862	102,160	8,879	39,785
Finance cost		(7,135)	(5,275)	(4,826)	(2,236)	(8,629)
Net finance income		<u>117,619</u>	<u>7,587</u>	<u>97,334</u>	<u>6,643</u>	<u>31,156</u>
Profit before taxation charge	3, 9	188,108	76,292	129,243	37,730	620,535
Taxation charge		(45,565)	(10,729)	(30,094)	(2,986)	(189,836)
Profit for the period/year		<u>142,543</u>	<u>65,563</u>	<u>99,149</u>	<u>34,744</u>	<u>430,699</u>
Attributable to:						
Parent company stockholders		142,543	66,214	99,149	34,463	431,845
Non-controlling interest		<u>-</u>	<u>(651)</u>	<u>-</u>	<u>281</u>	<u>(1,146)</u>
		<u>142,543</u>	<u>65,563</u>	<u>99,149</u>	<u>34,744</u>	<u>430,699</u>
Dealt with in the financial statements of:						
Parent company		151,040	47,431	102,679	12,488	416,374
Subsidiary companies		(8,497)	18,783	(3,530)	21,975	15,471
Earnings per stock unit:		<u>142,543</u>	<u>66,214</u>	<u>99,149</u>	<u>34,463</u>	<u>431,845</u>
Based on stock units in issue	8	<u>11.77¢</u>	<u>5.47¢</u>	<u>8.12¢</u>	<u>2.85¢</u>	<u>35.65¢</u>

THE GLEANER COMPANY LIMITED

(Unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended June 30, 2011

	Six Months June 2011 \$000's	Six Months June 2010 \$000's	Three Months June 2011 \$000's	Three Months June 2010 \$000's
Profit for the period	<u>142,543</u>	<u>65,563</u>	<u>99,149</u>	<u>34,744</u>
Other comprehensive income/(expense):				
Change in fair value of available-for-sale investments	22,456	(21,647)	8,129	(7,356)
Currency translation differences on foreign subsidiaries	3,564	20,594	3,103	6,864
Taxation on other comprehensive income	<u>(1,188)</u>	<u>(6,864)</u>	<u>(1,034)</u>	<u>(2,288)</u>
Other comprehensive income/(expense) for the period, net of taxation	<u>24,832</u>	<u>(7,917)</u>	<u>10,198</u>	<u>(2,780)</u>
Total comprehensive income for the period	<u>167,375</u>	<u>57,646</u>	<u>109,347</u>	<u>31,964</u>
Total comprehensive income attributable to:				
Owners of the parent	167,375	56,274	109,347	22,725
Non-controlling interest	<u>-</u>	<u>1,372</u>	<u>-</u>	<u>9,239</u>
Total comprehensive income for the period	<u>167,375</u>	<u>57,646</u>	<u>109,347</u>	<u>31,964</u>

THE GLEANER COMPANY LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT JUNE 30, 2011

	Notes	GROUP (Unaudited) Six Months June 30, 2011 \$000's	GROUP (Unaudited) Six Months June 30, 2010 \$000's	GROUP (Audited) Twelve Months Dec 31, 2010 \$000's
Assets				
Property, plant and equipment		910,990	854,783	903,407
Intangible assets		6,423	8,100	7,638
Employee benefit asset	5(c)	-	763,400	-
Long-term receivables		42,910	70,123	42,910
Interest in associates		150	150	150
Investments		94,663	356,986	228,171
Deferred tax assets		<u>9,333</u>	<u>8,766</u>	<u>9,335</u>
Total non-current assets		<u>1,064,469</u>	<u>2,062,308</u>	<u>1,191,611</u>
Cash and cash equivalents		85,530	64,674	125,936
Securities purchased under agreement for resale		224,949	227,733	252,896
Trade and other receivables		425,047	500,425	556,147
Prepayments		75,261	73,988	32,050
Taxation recoverable		98,454	90,683	98,568
Inventories and goods in-transit		162,721	140,249	88,063
Pension receivable	5(c)	<u>1,398,484</u>	<u>-</u>	<u>1,277,300</u>
Total current assets		<u>2,470,446</u>	<u>1,097,752</u>	<u>2,430,960</u>
Total assets		<u>3,534,915</u>	<u>3,160,060</u>	<u>3,622,571</u>
Equity				
Share capital		605,622	605,622	605,622
Reserves		<u>1,737,499</u>	<u>1,414,390</u>	<u>1,851,333</u>
Total equity attributable to equity holders of the parent company		<u>2,343,121</u>	<u>2,020,012</u>	<u>2,456,955</u>
Non-controlling interest		<u>-</u>	<u>14,641</u>	<u>-</u>
Total equity		<u>2,343,121</u>	<u>2,034,653</u>	<u>2,456,955</u>
Liabilities				
Long-term liabilities		7,469	38,137	40,534
Employee benefit obligation		126,750	97,700	120,900
Deferred tax liabilities	5(c)	<u>513,920</u>	<u>304,540</u>	<u>506,501</u>
Total non-current liabilities		<u>648,139</u>	<u>440,377</u>	<u>667,935</u>
Bank overdraft		29,868	18,054	9,076
Trade and other payables		482,888	628,030	436,421
Taxation		390	11,267	197
Current portion of long-term liabilities		4,978	4,580	6,626
Deferred income		<u>25,531</u>	<u>23,099</u>	<u>45,361</u>
Total current liabilities		<u>543,655</u>	<u>685,030</u>	<u>497,681</u>
Total liabilities		<u>1,191,794</u>	<u>1,125,407</u>	<u>1,165,616</u>
Total equity and liabilities		<u>3,534,915</u>	<u>3,160,060</u>	<u>3,622,571</u>

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

THE GLEANER COMPANY LIMITED

(Unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended June 30, 2011

	Share capital	Capital reserves	Fair Value reserves	Reserve for own shares	Retained profits	Total	Non-controlling interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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 income/(expense) for the year	-	(21,647)	13,730	-	66,214	58,297	(651)	57,646
Dividends	-	-	-	-	(60,562)	(60,562)	-	(60,562)
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	(891)	-	(891)	-	(891)
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>
Balances at January 1, 2011	605,622	804,663	21,635	(183,295)	1,208,330	2,456,955	-	2,456,955
Total comprehensive income/(expense) for the year	-	22,456	2,376	-	142,543	167,375	-	167,375
Dividends paid (gross)	-	-	-	-	302,811	(302,811)	-	(302,811)
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	<u>21,602</u>	-	<u>21,602</u>	-	<u>21,602</u>
Balances at June 30, 2011	<u>605,622</u>	<u>827,119</u>	<u>24,011</u>	<u>(161,693)</u>	<u>1,048,062</u>	<u>2,343,121</u>	<u>-</u>	<u>2,343,121</u>

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

THE GLEANER COMPANY LIMITED

STATEMENT OF CASH FLOWS Six Months ended June 30, 2011 (Unaudited)

	GROUP (Unaudited) Six Months June 30, 2011 \$000's	GROUP (Unaudited) Six Months June 30, 2010 \$000's	GROUP (Audited) Twelve Months Dec 31, 2010 \$000's
Cash Flow from operating activities			
Profit for the period/year	142,543	65,563	430,699
Adjustment for non-cash items	<u>53,594</u>	<u>42,601</u>	<u>(179,587)</u>
	196,137	108,164	251,112
Change in working capital	<u>(79,087)</u>	<u>(61,582)</u>	<u>(30,848)</u>
Net cash provided by operating activities	117,050	46,582	220,264
Net cash provided /(used)by investing activities	128,447	(119,619)	(92,513)
Net cash (used)/provided by financing activities	<u>(306,695)</u>	<u>64,478</u>	<u>(66,070)</u>
Net (decrease)/ increase in cash and cash equivalents	(61,198)	(8,559)	61,681
Cash and cash equivalents at beginning of period	<u>116,860</u>	<u>55,179</u>	<u>55,179</u>
Cash and cash equivalents at end of period	<u>55,662</u>	<u>46,620</u>	<u>116,860</u>
Comprised of:			
Cash and cash equivalents	85,530	64,674	125,936
Bank overdraft	<u>(29,868)</u>	<u>(18,054)</u>	<u>(9,076)</u>
	<u>55,662</u>	<u>46,620</u>	<u>116,860</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, 2011.

1. Statement of compliance

The 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, 2010.

2. Segment Reporting

The Group now has two reportable segments, they are: -

- (a) Media service which includes the print and electronic media businesses
- (b) Other which includes management services, publication of books and those activities that do not meet any of the quantitative thresholds for determining reportable segments in 2010 and 2011.

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.

	<u>Media service</u>		<u>Other</u>		<u>Total</u>	
	<u>(Unaudited)</u>		<u>(Unaudited)</u>		<u>(Unaudited)</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
External revenues	<u>1,601,822</u>	<u>1,584,558</u>	<u>30,571</u>	<u>23,784</u>	<u>1,632,393</u>	<u>1,608,342</u>
Segment profit/(loss) before taxation	<u>190,145</u>	<u>81,445</u>	<u>(2,037)</u>	<u>(5,153)</u>	<u>188,108</u>	<u>76,292</u>
Finance income	<u>124,754</u>	<u>12,284</u>	<u>-</u>	<u>578</u>	<u>124,754</u>	<u>12,862</u>
Finance costs	<u>(7,116)</u>	<u>(5,244)</u>	<u>(19)</u>	<u>(31)</u>	<u>(7,135)</u>	<u>(5,275)</u>
Depreciation and amortisation	<u>40,861</u>	<u>38,255</u>	<u>-</u>	<u>-</u>	<u>40,861</u>	<u>38,255</u>
Reportable segment assets	<u>3,348,710</u>	<u>2,984,115</u>	<u>186,205</u>	<u>175,945</u>	<u>3,534,915</u>	<u>3,160,060</u>
Reportable segment liabilities	<u>1,107,751</u>	<u>1,048,658</u>	<u>89,892</u>	<u>76,749</u>	<u>1,197,643</u>	<u>1,125,407</u>
Capital expenditure	<u>7,583</u>	<u>23,353</u>	<u>-</u>	<u>-</u>	<u>7,583</u>	<u>23,353</u>

3. Group Financial Accounts for the six months ended June 2011 show a profit from operations before taxation charge of approximately \$188M (2010: \$76M).
4. The Group profit after taxation for the six months of 2011 was approximately \$143M compared with a profit of approximately \$66M for the same period last year.
5. In comparing the financial statements for the six-month period ended June 30, 2011, with those of previous year, the following should be noted: -
 - (a) Revenue increased by approximately \$24M or 2% for the period.
 - (b) Other operating income of \$17M (2010: \$15M) includes printing charges and gain on exchange.
 - (c) The company's defined benefits pension fund was discontinued on July 15, 2010. The surplus in the Fund has been used to enhance member benefits and the balance thereafter divided equally between the company and members of the fund. The effect of this is that members have benefited from 54% of the surplus and the company 46%. The company's portion of the surplus is \$1.3B; and is shown on the statement of financial position as pension receivable.

Notes to the Interim Financial Report (Cont'd)

In the prior period a decrease in employee benefit asset of \$20M, represented a portion of the surplus in the parent company's pension scheme, which, in accordance with IAS 19, was debited to the Group income statements.

Employee benefit obligation of \$127M in the balance sheet (2010: \$120M) relates to a post-retirement benefit scheme operated 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 the Defined Benefit scheme.

(d) Finance income includes interest of approximately \$121M earned by Pension Receivable since July 15, 2010.

6. (a) The Group Financial Statements for the six months ended June 30, 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.

(b) The Gleaner Company Limited acquired all non-controlling interest in Independent Radio Limited during 2010.

7. Revenue represents sales by the Group before commission payable but excluding returns.

8. The calculations of 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. Reconciliation of trading profit: -

	<u>2011</u>	<u>2010</u>
	\$M	\$M
Profit from continuing operations before taxation	188.0	76.3
Employee benefit obligation	<u>6.0</u>	<u>19.5</u>
Trading profit	<u>194.0</u>	<u>95.8</u>

After adjusting for changes in employee benefit asset, trading profit was \$194M to June 2011 versus profit of \$96M for 2010.

11. Dividend and Stock Prices

Your Directors declared a 1st Interim Ordinary Dividend of 25 cents per stock unit which was paid on March 1, 2011 to stockholders on record at February 16, 2011.

The Company's stock unit price on the Jamaica Stock Exchange at June 30, 2011 was \$1.93; the opening price at January 1, 2011 was \$1.65.

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 reasonable and probable judgements and costs for existing libel actions.

On behalf of the Board



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



C. Barnes
Managing Director

August 22, 2011