

**THE GLEANER COMPANY LIMITED**

(Unaudited)

**CONSOLIDATED GROUP INCOME STATEMENT FOR SIX MONTHS ENDED JUNE 30, 2012**

	Notes	GROUP (Unaudited) Six Months June 2012 \$000's	GROUP (Unaudited) Six Months June 2011 \$000's	GROUP (Unaudited) Three Months June 2012 \$000's	GROUP (Unaudited) Three Months June 2011 \$000's	GROUP (Audited) Twelve Months ended Dec 31, 2011 \$000's
<b>Revenue</b>	5(a),6	1,615,525	1,632,393	841,078	836,578	3,178,900
Cost of sales		( 807,140)	( 772,519)	(431,261)	(401,609)	(1,698,862)
Gross profit		808,385	859,874	409,817	434,969	1,480,038
Other operating income	5(b)	<u>17,870</u>	<u>16,626</u>	<u>9,249</u>	<u>7,571</u>	<u>145,691</u>
		<u>826,255</u>	<u>876,500</u>	<u>419,066</u>	<u>442,540</u>	<u>1,625,729</u>
Distribution costs		( 273,534)	( 288,691)	(136,926)	(146,959)	( 502,805)
Administrative expenses		( 330,910)	( 322,307)	(152,072)	(143,685)	( 625,784)
Other operating expenses		( 186,617)	( 180,980)	(117,629)	(107,136)	( 504,592)
Pension costs		( 11,115)	( 8,183)	( 5,433)	( 7,001)	( 8,820)
		( 802,176)	( 800,161)	(412,060)	(404,781)	(1,642,001)
Employee benefit obligation	5(d)	( - )	( 5,850)	( - )	( 5,850)	( 11,500)
<b>Profit/(loss) from operations</b>		<u>24,079</u>	<u>70,489</u>	<u>7,006</u>	<u>31,909</u>	( 27,772)
Finance income	5(e)	38,310	124,754	15,230	102,160	175,056
Finance cost		( 9,629)	( 7,135)	( 4,540)	( 4,826)	( 15,111)
Net finance income		<u>28,681</u>	<u>117,619</u>	<u>10,690</u>	<u>97,334</u>	<u>159,945</u>
<b>Profit before taxation charge</b>	3, 10	<b>52,760</b>	<b>188,108</b>	<b>17,696</b>	<b>129,243</b>	<b>132,173</b>
Taxation charge		( 10,552)	( 45,565)	( 606)	( 30,094)	( 13,690)
<b>Profit for the period/year</b>		<u>42,208</u>	<u>142,543</u>	<u>17,090</u>	<u>99,149</u>	<u>118,483</u>
Dealt with in the financial statements of:						
Parent company		63,676	151,040	28,331	102,679	115,275
Subsidiary companies		( 21,468)	( 8,497)	( 11,241)	( 3,530)	3,208
		<u>42,208</u>	<u>142,543</u>	<u>17,090</u>	<u>99,149</u>	<u>118,483</u>
Earnings per stock unit:						
Based on stock units in issue	8	<u>3.49 ¢</u>	<u>11.77 ¢</u>	<u>1.46 ¢</u>	<u>8.12 ¢</u>	<u>9.78 ¢</u>

The accompanying notes form an integral part of the financial statements

# THE GLEANER COMPANY LIMITED

(Unaudited)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended June 30, 2012

	Six Months June 2012 \$000's	Six Months June 2011 \$000's	Three Months June 2012 \$000's	Three Months June 2011 \$000's
Profit for the period	<u>42,208</u>	<u>142,543</u>	<u>17,090</u>	<u>99,149</u>
Other comprehensive income/(expense):				
Change in fair value of available-for-sale investments	(7,331)	22,456	(7,322)	8,129
Currency translation differences on foreign subsidiaries	( 1,242)	3,564	12,027	3,103
Taxation on other comprehensive income	<u>      -</u>	<u>( 1,188)</u>	<u>      -</u>	<u>(1,034)</u>
<b>Other comprehensive income/(expense) for the period, net of taxation</b>	<b><u>(8,573)</u></b>	<b><u>24,832</u></b>	<b><u>4,705</u></b>	<b><u>10,198</u></b>
<b>Total comprehensive income for the period</b>	<b><u>33,635</u></b>	<b><u>167,375</u></b>	<b><u>21,795</u></b>	<b><u>109,347</u></b>
Dealt with in the financial statement of:				
Parent company	36,163	167,375	22,935	109,347
Subsidiary companies	<u>(2,528)</u>	<u>      -</u>	<u>(1,140)</u>	<u>      -</u>
<b>Total comprehensive income for the period</b>	<b><u>33,635</u></b>	<b><u>167,375</u></b>	<b><u>21,795</u></b>	<b><u>109,347</u></b>

**THE GLEANER COMPANY LIMITED**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT JUNE 30, 2012**

	Notes	GROUP (Unaudited) Six Months June 30, 2012 \$000's	GROUP (Unaudited) Six Months June 30, 2011 \$000's	GROUP (Audited) Twelve Months Dec 31, 2011 \$000's
<b>Assets</b>				
Property, plant and equipment		898,797	910,990	907,668
Intangible assets		4,935	6,423	5,190
Long-term receivables		14,550	42,910	18,788
Interest in associates		150	150	150
Investments		560,203	94,663	230,881
Pension receivable	5(c)	178,480	-	178,480
Deferred tax assets		<u>5,303</u>	<u>9,333</u>	<u>5,351</u>
<b>Total non-current assets</b>		<b><u>1,662,418</u></b>	<b><u>1,064,469</u></b>	<b><u>1,346,508</u></b>
Cash and cash equivalents		47,504	85,530	107,189
Securities purchased under agreement for resale		39,093	224,949	35,409
Trade and other receivables		536,902	425,047	569,055
Prepayments		73,320	75,261	34,513
Taxation recoverable		98,423	98,454	98,305
Inventories and goods in-transit		148,386	162,721	123,497
Pension receivable	5(c)	<u>897,405</u>	<u>1,398,484</u>	<u>1,250,399</u>
<b>Total current assets</b>		<b><u>1,841,033</u></b>	<b><u>2,470,446</u></b>	<b><u>2,218,367</u></b>
<b>Total assets</b>		<b><u>3,503,451</u></b>	<b><u>3,534,915</u></b>	<b><u>3,564,875</u></b>
<b>Equity</b>				
Share capital		605,622	605,622	605,622
Reserves		<u>1,671,245</u>	<u>1,737,499</u>	<u>1,671,947</u>
<b>Total equity</b>		<b><u>2,276,867</u></b>	<b><u>2,343,121</u></b>	<b><u>2,277,569</u></b>
<b>Liabilities</b>				
Long-term liabilities		13,568	7,469	26,529
Employee benefit obligation	5(d)	130,600	126,750	130,600
Deferred tax liabilities		<u>512,207</u>	<u>513,920</u>	<u>512,223</u>
<b>Total non-current liabilities</b>		<b><u>656,375</u></b>	<b><u>648,139</u></b>	<b><u>669,352</u></b>
Bank overdraft		22,677	29,868	2,524
Trade and other payables		526,746	482,888	550,934
Taxation		-	390	966
Current portion of long-term liabilities		2,432	4,978	7,184
Deferred income		<u>18,354</u>	<u>25,531</u>	<u>56,346</u>
<b>Total current liabilities</b>		<b><u>570,209</u></b>	<b><u>543,655</u></b>	<b><u>617,954</u></b>
Total liabilities		<b><u>1,226,584</u></b>	<b><u>1,191,794</u></b>	<b><u>1,287,306</u></b>
Total equity and liabilities		<b><u>3,503,451</u></b>	<b><u>3,534,915</u></b>	<b><u>3,564,875</u></b>
Stockholders' equity per ordinary stock unit	9	\$1.88	\$1.93	\$1.88

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, 2012

	Share capital	Capital reserves	Fair Value reserves	Reserve for own shares	Retained profits	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at January 1, 2011	605,622	804,663	21,635	(183,295)	1,208,330	2,456,955
Total comprehensive income/(expense) for the year	-	22,456	2,376	-	142,543	167,375
Dividends	-	-	-	-	(302,811)	(302,811)
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,602</u>	<u>-</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>
Balances at January 1, 2012	605,622	804,403	27,944	(160,108)	999,708	2,277,569
Total comprehensive income/(expense) for the year	-	(1,242)	(7,331)	-	42,208	33,635
Dividends paid (gross)	-	-	-	-	(60,562)	(60,562)
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,225</u>	<u>-</u>	<u>26,225</u>
Balances at June 30, 2012	<u>605,622</u>	<u>803,161</u>	<u>20,613</u>	<u>(133,883)</u>	<u>981,354</u>	<u>2,276,867</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, 2012 (Unaudited)

	GROUP (Unaudited) Six Months June 30, 2012 \$000's	GROUP (Unaudited) Six Months June 30, 2011 \$000's	GROUP (Audited) Twelve Months Dec 31, 2011 \$000's
<b>Cash Flow from operating activities</b>			
Profit for the period/year	42,208	142,543	118,483
Adjustment for non-cash items	<u>72,278</u>	<u>53,594</u>	<u>( 43,255)</u>
	114,486	196,137	75,228
<b>Change in working capital</b>	<u>( 106,880)</u>	<u>( 79,087)</u>	<u>274,342</u>
Net cash provided by operating activities	7,606	117,050	349,570
Net cash provided /(used)by investing activities	<u>( 20,882)</u>	128,447	<u>( 18,742)</u>
Net cash used by financing activities	<u>( 66,562)</u>	<u>(306,695)</u>	<u>( 343,023)</u>
Net decrease in cash and cash equivalents	<u>( 79,838)</u>	<u>( 61,198)</u>	<u>( 12,195)</u>
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><b>24,827</b></u>	<u><b>55,662</b></u>	<u><b>104,665</b></u>
<b>Comprised of:</b>			
Cash and cash equivalents	47,504	85,530	107,189
Bank overdraft	<u>( 22,677)</u>	<u>( 29,868)</u>	<u>( 2,524)</u>
	<u><b>24,827</b></u>	<u><b>55,662</b></u>	<u><b>104,665</b></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, 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. 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>1,591,422</u>	<u>1,601,822</u>	<u>24,103</u>	<u>30,571</u>	<u>1,615,525</u>	<u>1,632,393</u>
Segment profit/(loss) before taxation	<u>57,683</u>	<u>190,145</u>	<u>( 4,923)</u>	<u>( 2,037)</u>	<u>52,760</u>	<u>188,108</u>
Finance income	<u>38,310</u>	<u>124,754</u>	<u>_____</u>	<u>_____</u>	<u>38,310</u>	<u>124,754</u>
Finance costs	<u>( 9,626)</u>	<u>( 7,116)</u>	<u>( 3)</u>	<u>( 19)</u>	<u>( 9,629)</u>	<u>( 7,135)</u>
Depreciation and amortisation	<u>46,471</u>	<u>40,861</u>	<u>_____</u>	<u>_____</u>	<u>46,471</u>	<u>40,861</u>
Reportable segment assets	<u>3,352,818</u>	<u>3,348,710</u>	<u>150,633</u>	<u>186,205</u>	<u>3,503,451</u>	<u>3,354,915</u>
Reportable segment liabilities	<u>1,152,128</u>	<u>1,101,902</u>	<u>74,456</u>	<u>89,892</u>	<u>1,226,584</u>	<u>1,191,794</u>
Capital expenditure	<u>30,406</u>	<u>7,583</u>	<u>-</u>	<u>-</u>	<u>30,406</u>	<u>7,583</u>

3. Group Financial Accounts for the six months ended June 2012 show a profit before taxation charge of approximately \$52.8M (2011: \$188M).
4. The Group profit after taxation for the six months of 2012 was approximately \$42M compared with a profit of approximately \$143M for the same period last year. Prior year results included \$66M of interest income carried over from 2010, relating to the pension receivable.
5. In comparing the financial statements for the six-month period ended June 30, 2012, with those of the previous year, the following should be noted: -
  - (a) Revenue decreased by approximately \$17M or 1% for the period.
  - (b) Other operating income of \$18M (2011: \$17M) includes contract printing and gain on exchange.

- (c) 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</u>	
	<u>2012</u>	<u>2011</u>
	<u>\$'000</u>	<u>\$'000</u>
Surplus brought forward to January (non-current and current Pension Receivable)	1,429	1,277
Amount paid to company during period	( 376)	
Income earned during the period	<u>22</u>	<u>152</u>
<b>Balance owing to company</b>	<u><b>1,075</b></u>	<u><b>1,429</b></u>

- (d) Employee benefit obligation of \$131M (2011: \$127M) – relates to a provision for payment of future health and life insurance benefits to pensioners. The method of accounting and the frequency of valuations are similar to that used for a defined benefit scheme.
- (e) Finance income includes interest provision of \$30M on the Pension receivable amounts as at June 30, 2012
6. Revenue represents sales by the Group before commission payable but excluding returns.
7. The Group Financial Statements for the six months ended June 30, 2012, include the Company's ten (2011: ten) subsidiaries – Associated Enterprise Limited, Popular Printers Limited, The Book Shop Limited, The Gleaner Online Limited, Selectco Publications Limited, Independent Radio Company Limited, digjamaica.com Limited (formerly Creek Investments Limited) and overseas subsidiaries, The Gleaner Company (U.S.A.) Limited, The Gleaner Company (Canada) Incorporated, and GV Media Group Limited.
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. The calculation of stockholders' equity per ordinary stock unit is arrived at by dividing total equity by 1,211,243,827 stock units.
10. Reconciliation of YTD Trading profit: -

	<u>2012</u>	<u>2011</u>
	<u>\$M</u>	<u>\$M</u>
Profit from continuing operations before taxation	52.8	188.1
Interest on Pension Receivable	(30.0)	(121.0)
Employee benefit obligation	-	6.0
Restructuring expense	<u>10.0</u>	<u>-</u>
Trading profit	<u><b>32.8</b></u>	<u><b>73.1</b></u>

11. Dividend and Stock Prices

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

A 2<sup>nd</sup> Interim dividend of 3 cents per stock unit has been declared by your directors to be paid on September 28, 2012 to shareholders on record as at September 7, 2012.

	<u>2012</u> \$000's	<u>2011</u> \$000's
First interim paid in respect of 2012: 5.0¢ (2011: 25.0¢) per stock unit – gross	<u>60,562</u>	<u>302,812</u>

The Company's stock unit price on the Jamaica Stock Exchange at June 30, 2012 was \$1.49; 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.

On behalf of the Board



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



C. Barnes  
**Managing Director**

August 16, 2012