

TO: THE STOCKHOLDERS OF

## THE GLEANER COMPANY LIMITED

(Unaudited)

### CONSOLIDATED GROUP INCOME STATEMENT FOR THREE MONTHS ENDED MARCH 31, 2010

	Notes	GROUP (Unaudited) Three Month Jan – Mar. 2010 \$000's	GROUP* (Unaudited) Three Months Jan – Mar. 2009 \$000's	GROUP (Audited) Twelve Months ended Dec 31, 2009 \$000's
<b>Revenue</b>	5(a), 7	790,204	773,278	3,274,179
Cost of sales		<u>(352,270)</u>	<u>(362,471)</u>	<u>(1,620,797)</u>
Gross profit		437,934	410,807	1,653,382
Other operating income	5(b)	<u>4,584</u>	<u>28,652</u>	<u>176,513</u>
		<u>442,518</u>	<u>439,459</u>	<u>1,829,895</u>
Distribution costs		(140,666)	(154,111)	( 538,757)
Administrative expenses		(178,333)	(193,865)	( 717,628)
Other operating expenses		( 76,083)	( 83,697)	( 538,646)
Pension costs		<u>( 68)</u>	<u>( 243)</u>	<u>( 93)</u>
Employee benefit asset	5(c)	<u>(395,150)</u>	<u>(431,916)</u>	<u>(1,795,124)</u>
		<u>( 9,750)</u>	<u>( 100)</u>	<u>( 39,000)</u>
<b>Profit/(loss) from continuing operations</b>		<u><b>37,618</b></u>	<u><b>7,443</b></u>	<u><b>( 4,229)</b></u>
Finance income		3,983	2,455	19,665
Finance cost		<u>( 3,039)</u>	<u>( 4,943)</u>	<u>( 13,614)</u>
Net finance income/(cost)		<u>944</u>	<u>( 2,488)</u>	<u>6,051</u>
<b>Profit from continuing operations before taxation</b>	3	<b>38,562</b>	<b>4,955</b>	<b>1,822</b>
Taxation (charge)/credit		<u>( 7,743)</u>	<u>( 1,800)</u>	<u>158,552</u>
<b>Profit after taxation from continuing operations</b>		<b>30,819</b>	<b>3,155</b>	<b>160,374</b>
<b>(Loss)/profit from discontinued operations</b>	2(b)	<u>-</u>	<u>( 17,820)</u>	<u>47,806</u>
Profit/(loss) for the period/year	4	<u><b>30,819</b></u>	<u><b>( 14,665)</b></u>	<u><b>208,180</b></u>
Attributable to:				
Parent company stockholders		31,751	( 13,699)	224,007
Minority interest		<u>( 932)</u>	<u>( 966)</u>	<u>( 15,827)</u>
		<u>30,819</u>	<u>( 14,665)</u>	<u>208,180</u>
Dealt with in the financial statements of:				
Parent company		34,943	( 19,743)	482,394
Subsidiary companies		<u>( 3,192)</u>	<u>6,044</u>	<u>( 258,342)</u>
		<u>31,751</u>	<u>( 13,699)</u>	<u>224,007</u>
Earnings/(loss) per stock unit:				
Based on stock units in issue		<u>2.62¢</u>	<u>( 1.13¢)</u>	<u>18.49¢</u>
Earnings/(loss) per stock unit from continuing operations:				
Based on stock units in issue		<u>2.62¢</u>	<u>0.26¢</u>	<u>14.55¢</u>
(Loss)/earnings per stock unit from discontinued operations		<u>-</u>	<u>( 1.47¢)</u>	<u>3.94¢</u>

\*Restated (see note 2)

The accompanying notes form an integral part of the financial statements

# THE GLEANER COMPANY LIMITED

(Unaudited)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended March 31, 2010

	Three Months March 2010 \$000's	Three Months March 2009 \$000's
Profit/(loss)/ for the period	<u>30,819</u>	<u>(14,665)</u>
Other comprehensive income/(expense):		
Currency translation differences on foreign subsidiaries	( 7,356)	(39,770)
Fair value gains/(losses) on available-for-sale investments	13,730	(11,978)
Taxation on other comprehensive income	<u>( 4,576)</u>	<u> 3,992</u>
Other comprehensive income/(expense) for the period, net of taxation	<u> 1,798</u>	<u>(47,756)</u>
<b>Total comprehensive income/(expense) for the period</b>	<b><u>32,617</u></b>	<b><u>(62,421)</u></b>
Total comprehensive income/(expense) attributable to:		
Owners of the parent	33,549	(61,455)
Minority interest	<u>( 932)</u>	<u>( 966)</u>
<b>Total comprehensive income/(expense) for the period</b>	<b><u>32,617</u></b>	<b><u>(62,421)</u></b>

**THE GLEANER COMPANY LIMITED**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT MARCH 31, 2010**

	Notes	GROUP (Unaudited) Three Months March 31, 2010 \$000's	GROUP (Unaudited) Three Months March 31, 2009 \$000's	GROUP (Audited) Twelve Months Dec 31, 2009 \$000's
<b>Assets</b>				
Property, plant and equipment		861,849	958,338	870,550
Intangible assets		8,100	-	8,616
Employee benefit asset	5(c)	773,150	843,968	782,900
Long-term receivables		70,156	1,098	70,947
Interest in associates		150	150	150
Investments		253,845	132,511	137,064
Deferred tax assets		<u>8,765</u>	<u>6,269</u>	<u>13,696</u>
<b>Total non-current assets</b>		<u>1,976,015</u>	<u>1,942,334</u>	<u>1,883,923</u>
Cash and cash equivalents		87,400	79,026	70,923
Securities purchased under agreement for resale		280,364	68,470	135,046
Trade and other receivables		423,199	492,908	819,450
Prepayments		32,478	27,719	34,339
Taxation recoverable		91,311	85,264	89,923
Inventories and goods in-transit		<u>145,926</u>	<u>441,616</u>	<u>132,028</u>
<b>Total current assets</b>		<u>1,060,678</u>	<u>1,195,003</u>	<u>1,281,709</u>
<b>Total assets</b>		<u>3,036,693</u>	<u>3,137,337</u>	<u>3,165,632</u>
<b>Stockholders' equity</b>				
Share capital		605,622	605,622	605,622
Reserves		<u>1,389,642</u>	<u>1,347,949</u>	<u>1,417,546</u>
<b>Total equity attributable to equity holders of the parent company</b>		<u>1,995,264</u>	<u>1,953,571</u>	<u>2,023,168</u>
<b>Minority interest</b>		<u>14,360</u>	<u>30,153</u>	<u>15,292</u>
<b>Total equity</b>		<u>2,009,624</u>	<u>1,983,724</u>	<u>2,038,460</u>
<b>Liabilities</b>				
Long-term liabilities		38,967	43,599	40,105
Employee benefit obligation		96,200	89,200	96,200
Deferred tax liabilities		<u>309,136</u>	<u>313,750</u>	<u>312,353</u>
<b>Total non-current liabilities</b>		<u>444,303</u>	<u>446,549</u>	<u>448,658</u>
Bank overdraft		7,451	35,674	15,744
Trade and other payables		529,586	644,834	606,998
Taxation		540	470	4,681
Current portion of long-term liabilities		5,456	6,096	7,213
Deferred income		<u>39,733</u>	<u>19,990</u>	<u>43,878</u>
<b>Total current liabilities</b>		<u>582,766</u>	<u>707,064</u>	<u>678,514</u>
<b>Total liabilities</b>		<u>1,027,069</u>	<u>1,153,613</u>	<u>1,127,172</u>
<b>Total equity and liabilities</b>		<u>3,036,693</u>	<u>3,137,337</u>	<u>3,165,632</u>
Stockholders' equity per ordinary stock unit		164.73¢	161.28¢	167.03¢

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, 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 expenses for the period	-	( 39,770)	( 7,986)	-	( 13,699)	( 61,455)	( 966)	( 62,421)
Own shares sold in the Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,028</u>	<u>-</u>	<u>2,028</u>	<u>-</u>	<u>2,028</u>
Balances at March 31, 2009	<u>605,622</u>	<u>801,110</u>	<u>50,015</u>	<u>(195,198)</u>	<u>692,022</u>	<u>1,953,571</u>	<u>30,153</u>	<u>1,983,724</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 income/(expenses) of the period	-	( 7,356)	9,154	-	31,751	33,549	( 932)	32,617
Dividends paid (gross)	-	-	-	-	( 60,562)	( 60,562)	-	( 60,562)
Own shares sold 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 March 31, 2010	<u>605,622</u>	<u>728,760</u>	<u>15,046</u>	<u>(192,313)</u>	<u>838,149</u>	<u>1,995,264</u>	<u>14,360</u>	<u>2,009,624</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, 2010 (Unaudited)

	GROUP (Unaudited) Three Months Mar. 31, 2010 \$000's	GROUP (Unaudited) Three Months Mar. 31, 2009 \$000's	GROUP (Audited) Twelve Months Dec 31, 2009 \$000's
<b>Cash Flow from operating activities</b>			
Profit/(loss) for the period/year	30,819	( 14,665)	208,180
Adjustment for non-cash items	<u>34,485</u>	<u>54,049</u>	<u>(156,679)</u>
	65,304	39,384	51,501
<b>Change in working capital</b>	<u>250,209</u>	<u>(19,611)</u>	<u>(284,490)</u>
Net cash provided/(used) by operating activities	315,513	19,773	(232,989)
Net cash (used)/provided/ by investing activities	( 231,529)	( 24,456)	264,243
Net cash used by financing activities	<u>( 59,214)</u>	<u>(12,193)</u>	<u>( 54,606)</u>
Net increase/(decrease) in cash and cash equivalents	24,770	( 16,876)	( 23,352)
Cash and cash equivalents at beginning of period	<u>55,179</u>	<u>60,228</u>	<u>78,531</u>
Cash and cash equivalents at end of period	<u><u>79,949</u></u>	<u><u>43,352</u></u>	<u><u>55,179</u></u>
<b>Comprised of:</b>			
Cash and cash equivalents	87,400	79,026	70,923
Bank overdraft	<u>( 7,451)</u>	<u>(35,674)</u>	<u>( 15,744)</u>
	<u><u>79,949</u></u>	<u><u>43,352</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 three months ended March 31, 2010.

### 1. Basis of Preparation

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, 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 (3 months)	2009 \$'000 (3 months)
External revenues	<u>777,423</u>	<u>772,340</u>	<u>12,781</u>	<u>938</u>	<u>790,204</u>	<u>773,278</u>	<u>-</u>	<u>149,300</u>
Segment profit/(loss) before taxation	<u>39,843</u>	<u>10,918</u>	<u>(2,225)</u>	<u>(3,475)</u>	<u>37,618</u>	<u>7,443</u>	<u>-</u>	<u>(17,016)</u>
Finance income	<u>3,679</u>	<u>2,455</u>	<u>304</u>	<u>-</u>	<u>3,983</u>	<u>2,455</u>	<u>-</u>	<u>-</u>
Finance costs	<u>(3,019)</u>	<u>(4,922)</u>	<u>(20)</u>	<u>(21)</u>	<u>(3,039)</u>	<u>(4,943)</u>	<u>-</u>	<u>(804)</u>
Depreciation and amortisation	<u>23,535</u>	<u>21,712</u>	<u>-</u>	<u>-</u>	<u>23,535</u>	<u>21,712</u>	<u>-</u>	<u>1,766</u>
Reportable segment assets	<u>2,868,639</u>	<u>2,434,570</u>	<u>168,054</u>	<u>148,188</u>	<u>3,036,693</u>	<u>2,582,758</u>	<u>-</u>	<u>554,579</u>
Reportable segment liabilities	<u>961,403</u>	<u>868,358</u>	<u>65,665</u>	<u>35,452</u>	<u>1,027,068</u>	<u>903,810</u>	<u>-</u>	<u>249,803</u>
Capital expenditure	<u>9,058</u>	<u>24,254</u>	<u>-</u>	<u>-</u>	<u>9,058</u>	<u>24,254</u>	<u>-</u>	<u>291</u>

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

3. Group Financial Accounts for the three months ended March, 2010 show a profit from continuing operations before taxation of approximately \$38.6M (2009: \$5M).
4. The Group profit after taxation for the three months of 2010 was approximately \$30.8M compared with a loss of approximately (\$14.7M) for the same period last year.
5. In comparing the financial statements for the three-month period ended March 31, 2010, with those of previous year, the following should be noted: -
  - (a) Revenue increased by approximately \$16.9M or 2.2% for the period.
  - (b) Other operating income of \$4.5M (2009: \$28.6M) includes interest income and gain on exchange.
  - (c) Employee benefit asset of (\$9.7M) [2009: (\$0.1M)], 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 \$773.1M (2008: \$844M)). The amount provided is calculated as a portion of the loss/gain on actuarial valuation done in prior year.
6. The Group Financial Statements for the three months ended March 31, 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 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. 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>2010</u>	<u>2009*</u>
	\$M	\$M
Profit from continuing operations before taxation	38.6	4.9
Employee benefit asset	<u>9.7</u>	<u>0.1</u>
Trading profit	<u>48.3</u>	<u>5.0</u>

After adjusting for changes in employee benefit asset, trading profit was \$48.3M to March 2010 versus profit of \$5M 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 March 31, 2010 was \$1.60; the opening price at January 1, 2010 was \$1.16.

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

12. Libel Cases

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

On behalf of the Board



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



C. Barnes  
**Deputy Managing Director**

May 13, 2010