

The Gleaner Company Limited. 1998

CONSOLIDATED SIX MONTHS INTERIM FINANCIAL REPORT TO JUNE 30, 1998 (UNAUDITED)

	GROUP Six Months 30th June, 1998 \$000's	GROUP Six Months 30th June, 1997 \$000's
Profit & Loss Account		
Turnover	687,762	647,681
Other Revenue	<u>53,268</u>	<u>23,068</u>
Total Revenue	741,030	670,749
Expenditure	(720,506)	(651,740)
Trading Profit before Company Tax	20,524	19,009
Reserve for Company Taxation	<u>(6,774)</u>	<u>(6,131)</u>
Profit after Company Taxation	13,750	12,878
Dividend Paid (Gross)	<u>(13,102)</u>	<u>(9,827)</u>
	<u>648</u>	<u>3,051</u>
Balance Sheet		
Ordinary Stockholders' Funds		
Share Capital	131,024	98,268
Reserves	<u>542,672</u>	<u>497,373</u>
	673,696	595,641
Deferred taxation	14,826	16,959
Long-term liabilities	<u>15,202</u>	<u>17,546</u>
Total Funds employed	<u>703,724</u>	<u>630,146</u>
Represented by:		
Fixed assets and investments	381,020	390,952
Long-term receivables	3,045	1,840

Working Capital (see Note below)	<u>319,659</u>	<u>237,354</u>
	<u>703,724</u>	<u>630,146</u>
Earnings per stock unit on profit after taxation attributable to stockholders of parent company	5.2c	6.6c
Restated for 1997 Bonus Issue	5.2c	4.9c
Note		
Current Assets:		
Inventories & goods in transit	150,996	167,452
Accounts Receivable & Prepaid expenses	222,028	230,044
Cash at bank & short-term deposits	<u>307,440</u>	<u>182,995</u>
	<u>680,464</u>	<u>580,491</u>
Current Liabilities:		
Accounts Payable and accrued charges	342,005	323,388
Deferred income	17,234	18,395
Unclaimed dividends	<u>1,566</u>	<u>1,354</u>
	<u>360,805</u>	<u>343,137</u>
Working Capital	<u>319,659</u>	<u>237,354</u>

We hereby present the half-yearly Report of the Group as at June 30, 1998.

1. The Group Financial accounts for the six months ended June 30, 1998, include the Company's nine wholly-owned subsidiaries - Popular Printers Limited, Sangster's Book Stores Limited, The Book Shop Limited, The Gleaner On-Line Limited, Selectco Publications Limited, Associated Enterprise Limited, The Gleaner Company (NA) Limited, The Gleaner Company (NA) Incorporated and The Gleaner Company (UK) Limited.

Sangster's Book Stores Limited acquired The Book Shop Limited in February 1997. In this same month The Gleaner On-Line Limited commenced operations.

2. The Group Financial accounts for six months ended June 30, 1998, show, before tax, a trading profit of \$20.5M compared with a trading profit of \$19M for the same period of 1997.

3. The Group Profit, after tax, for the first six months of 1998 was \$13.8M compared with a profit of \$12.9M for 1997.

Dividends

An interim capital distribution of 5 cents per stock unit (less transfer tax of 7 1/2%) was paid on March 31, 1998, to stockholders on record at the close of business on March 6, 1998.

A second interim capital distribution of 2.5 cents per stock unit (less transfer tax of 7 1/2%) will be paid on August 24, 1998, to stockholders on record at the close on August 7, 1998.

The Board also agreed to consider the payment of a third interim dividend during the fourth quarter of the year.

Libel Cases

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

Capital Expenditure

The Company has committed to major capital expenditure amounting to approximately \$85M in respect of Business, Pre-Press and Editorial Computer Systems as well as a Standby Generator. All of the above will be year 2000 compliant.
