

# The Gleaner Company Ltd

## CONSOLIDATED NINE MONTHS INTERIM FINANCIAL REPORT

SEPTEMBER 30, 2001 (UNAUDITED)

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	Unaudited Three months Sept. 30, 01 \$000 's	Unaudited Three months Sept. 30, 00 \$000 's	Unaudited Nine months Sept. 30, 01 \$000 's	Unaudited Nine months Sept. 30, 00 \$000 's
<b>Revenue</b> (see note 6)	647,036	581,186	1,483,644	1,371,761
Cost of sales	<u>(369,095)</u>	<u>(305,179)</u>	<u>(841,887)</u>	<u>(936,181)</u>
Gross Profit	277,941	276,007	641,757	635,580
Other operating income	<u>19,165</u>	<u>19,449</u>	<u>77,368</u>	<u>69,389</u>
	<u>297,106</u>	<u>295,456</u>	<u>719,125</u>	<u>704,969</u>
Distribution costs	(95,478)	(90,932)	(242,973)	(219,910)
Administrative expenses	(90,403)	(78,512)	(207,180)	(198,452)
Other operating expenses	<u>(51,406)</u>	<u>(44,983)</u>	<u>(134,917)</u>	<u>(136,981)</u>
	<u>(237,287)</u>	<u>(214,427)</u>	<u>(585,070)</u>	<u>(555,343)</u>
Profit from operations	59,819	81,029	134,055	149,626
Finance cost	(6,226)	(5,499)	(18,103)	(7,536)
Exceptional items (see note 3b)	<u>380</u>	<u>43,934</u>	<u>10,993</u>	<u>45,167</u>
<b>Profit before taxation</b>	53,973	119,464	126,945	187,257

Taxation	<u>(9,728)</u>	<u>(16,265)</u>	<u>(30,160)</u>	<u>(36,603)</u>
<b>Profit after taxation attributable to stockholders of parent company</b>	44,245	103,199	96,785	150,654
Minority interest in results of subsidiaries	<u>1,396</u> 45,641	<u>-</u> 103,199	<u>1,396</u> 98,181	<u>-</u> 150,654
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Earnings per stock unit (see note 7)	7c	15c	14c	22c

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### Consolidated Balance Sheets

	Unaudited as at Sept. 30, 01 \$000's	Unaudited as at Sept. 30, 00 \$000's	Audited as at Dec. 31, 00 \$000's
Non-Current assets			
Property, plant and equipment	402,873	375,574	349,752
Long-term receivables	6,993	940	1,209
Investments	<u>103,531</u>	<u>25,660</u>	<u>66,739</u>
	<u>513,397</u>	<u>402,174</u>	<u>417,700</u>
Current assets			
Inventories	187,273	128,534	148,036
Trade and other receivables	320,210	283,057	302,963
Prepayments	37,996	23,450	6,745
Cash and cash equivalents	<u>472,717</u>	<u>616,477</u>	<u>609,913</u>
	<u>1,018,196</u>	<u>1,051,518</u>	<u>1,067,657</u>

Current liabilities			
Bank overdraft	-	-	1,081
Trade and other payables	319,260	330,678	284,478
Current portion of long-term liabilities	9,820	10,014	8,917
Taxation	21,352	31,667	35,284
	<u>(350,432)</u>	<u>(372,359)</u>	<u>(329,760)</u>
Working Capital	<u>667,764</u>	<u>679,159</u>	<u>737,897</u>
Net Assets	<u>1,181,161</u>	<u>1,081,333</u>	<u>1,155,597</u>
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EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	349,397	262,048	349,397
Capital reserves	249,281	259,466	251,464
Unappropriated profits	539,776	533,024	528,138
	<u>1,138,454</u>	<u>1,054,538</u>	<u>1,128,999</u>
Non-current liabilities			
Long-term liabilities	13,214	14,245	13,393
Deferred taxation	13,205	12,550	13,205
Minority Interest	16,288	-	-
	<u>42,707</u>	<u>26,795</u>	<u>26,598</u>
	<u>1,181,161</u>	<u>1,081,333</u>	<u>1,155,597</u>
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Stockholders' funds per ordinary stock unit (see note 7)	\$1.63	\$1.51	\$1.62

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## GROUP STATEMENT OF CHANGES IN EQUITY

Period ended September 30, 2001

	Share Capital \$000's	Capital Reserves \$000's	Unappro- priated Profit \$000's	Total \$000's
Balances at September 30, 1999	174,699	210,275	505,132	890,106
Net profit for the year	-		204,320	204,320
Issue of bonus shares	87,349		(87,349)	-
Appropriation in respect of bonus shares issued in subsidiaries	-	21,100	(21,100)	-
Appropriation in respect of capital distribution		(20,964)	20,964	-
Dividends paid (gross)	-		(39,307)	(39,307)
Profit on sale of fixed assets transferred	-	45,167	(45,167)	-
Currency translation difference on Foreign subsidiaries	-	419	-	419
Adjustment arising on consolidation	-	1,727	(1,727)	-
Bonus shares issued by An Associated Company		1,742	(1,727)	-
Balances at September 30, 2000	262,048	259,466	534,024	1,055,538
Net profit for the year	-		139,240	139,240
Issue of bonus shares	87,349	-	(87,349)	-
Appropriation in respect				

of bonus shares issued in subsidiaries	-	17,940	(17,940)	-
Appropriation in respect of capital distribution		(38,434)	38,434	
Dividends paid (gross)	-	-	(48,916)	(48,916)
Profit on sale of fixed assets transferred	-	8,962	(8,962)	-
Appropriation in respect of bonus shares issued by an associated company	-	1,200	(1,200)	-
Negative goodwill arising on acquisition of subsidiary	-	-	(4,619)	(4,619)
Adjustment arising on consolidation	-	-	(2,281)	(2,281)
Currency translation difference on foreign subsidiaries	-	147	(655)	(508)
Balances at September 2001	<u>-</u>	<u>249,281</u>	<u>539,776</u>	<u>1,138,454</u>
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**GROUP STATEMENT OF CASH FLOWS**

**Period ended September 30, 2001**

	Unaudited	Unaudited
	Sept 30, 01	Sept 30, 00
	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES		

Profit after taxation	139,240	204,320
Adjustments to reconcile profit after taxation to net cash (used)/provided by operating activities:		
Depreciation	53,288	54,837
Deferred taxation	655	1,191
Share of profit in associated companies	-	3,422
(Profit)/loss on sale of fixed assets	<u>(10,993)</u>	<u>(45,167)</u>
	182,190	211,759
(Increase)/decrease in current assets:		
Trade and other receivables	(37,153)	(3,049)
Prepayments	(14,546)	(1,686)
Inventories	(58,739)	(27,149)
(Increase)/decrease in current liabilities:		
Trade and other payables	(11,418)	16,622
Taxation	<u>(10,315)</u>	<u>(5,575)</u>
Net cash (used)/provided by operating activities	50,019	190,922
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CASH FLOWS FROM INVESTMENT ACTIVITIES		
Exchange gain on investments and fixed assets	2,079	1,903
Investments	(80,152)	(632)
Addition to fixed assets	(71,318)	(35,466)
Proceeds from sale of fixed assets	<u>11,612</u>	<u>43,291</u>
Net cash used by investment activities	<u>(137,779)</u>	<u>9,096</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term receivable	(6,053)	216
Long-term liabilities	(1,031)	7,706
Dividends paid	<u>(48,916)</u>	<u>(39,307)</u>

Net cash used by financing activities	<u>(56,000)</u>	<u>(31,385)</u>
Net increase/(decrease) in cash and cash equivalents	(143,760)	168,633
Cash and cash equivalents at beginning of period	<u>616,477</u>	<u>447,844</u>
Cash and cash equivalents at end of period	<u>472,717</u>	<u>616,477</u>
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### Notes to the Interim Financial Report

We hereby present the Report of the Group for the nine months ended September 30, 2001.

- 1 The Group Financial Accounts for the nine months ended September 30, 2001, show, before taxation but after exceptional items, a profit of approximately \$127M compared with a profit of approximately \$I 87M for the same period for 2000.
- 2 The Group Profit, after taxation, for the first nine months of 2001 was approximately \$97M compared with a profit of approximately \$151M for the same period for 2000.
- 3 In comparing the profits for the nine-month period ending September 30, 2001, with those of the previous year, the following facts should be considered:
  - (a) The profit from operations in 2001 was adversely affected by a substantial increase in cost of newsprint over the previous year. The price has, however, in recent months dropped quite significantly. The full effects of this price reduction will be reflected in the last quarter.
  - (b) The first nine months for the year 2000 included exceptional items of S45.2M arising from sale of fixed assets. For the comparable period for 2001, the exceptional items amounted to \$11M.
  - (c) In 2000 a subsidiary obtained two material contracts in the first nine months of

the year. It tendered this year for similar contracts and obtained them but only half of one of the contracts was completed during this year's nine-month period.

- 4 There were no significant changes to the Group's operations for the period under review (see, however, Note 10).
- 5 The Group Financial Accounts for the nine months ended September 30, 2001, include the Company's ten (2000: nine) wholly-owned subsidiaries - Associated Enterprise Limited, Popular Printers Limited, Sangster's Book Stores Limited, The Book Shop Limited, The Gleaner Online Limited, Selectco Publications Limited, and overseas subsidiaries, The Gleaner Company (NA) Limited, The Gleaner Company (NA) Incorporated, The Gleaner Company (UK) Limited and Independent Radio Company Limited.
- 6 The revenue represents sales by the Group before commission payable but excluding returns.
- 7 The calculation of earnings (after taxation) per stock unit and stockholders' funds per stock unit is arrived at by dividing profit after taxation and stockholders' funds by 698,794,516 stock units which is the number of stock units in issue at September 30, 2001.
- 8 The same accounting policies and methods of computation are followed as those used for the December 31, 2000 audited financial statements.
- 9 The interim financial report is in compliance with the Institute of Chartered Accountants of Jamaica's Proposed Statement of Standard Accounting Practice, Interim Financial Reporting and the Jamaica Stock Exchange Regulations, wherever applicable.
- 10 Independent Radio Company Limited changed from a 47.32% (associated company) to a 55.52% subsidiary on March 16, 2001. The company's account-  
Group's consolidated Profit and Loss and Balance Sheets for the quarter.

#### Dividends

An interim capital distribution of 3.5 cents per stock unit (less transfer tax of 7 1/2%) was paid on March 13, 2001, to stockholders on the record at the close of business on February 23, 2001.

A second interim capital distribution of 2 cents per stock unit (less transfer tax of 7 1/2%) plus a revenue distribution of 1 1/2 cents (less income tax) was paid on August 14, 2001, to stockholders on record at the close of business on July 27, 2001.

Bonus Issue

An Extraordinary General Meeting will be held on December 13, 2001, for the issue of 2 bonus shares for every 9 stock units held by stockholders at the close of business on the 28 th day of December 2001.

Libel Cases

The Company's lawyers have 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.

On behalf of the Board

Hon. O. F. Clarke, O.J.  
Chairman and Managing Director

C. S. Roberts  
Financial Director

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