

# THE GLEANER COMPANY LIMITED

## CONSOLIDATED THREE MONTHS INTERIM FINANCIAL REPORT

TO MARCH 31, 2002

(UNAUDITED)

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### Group Profit & Loss

	GROUP (Unaudited) Three Months Mar 31, 02 \$000's	GROUP (Unaudited) Three Months Mar 31, 01 \$000's	GROUP (Audited) Twelve Months Dec 31, 2001 \$000's
Revenue	470,007	391,442	2,010,456
Cost of sales	(250,769)	(212,419)	(1,117,672)
Gross Profit	219,238	179,023	892,784
Other operating income	28,862	27,610	152,796
	248,100	206,633	1,045,580
Distribution costs	(76,882)	(74,275)	(292,926)
Administrative expenses	(58,542)	(56,865)	(318,219)
Other operating expenses	(70,892)	(43,945)	(180,785)
	(206,316)	(175,085)	(791,930)
Profit from operations	41,784	31,548	253,650
Finance cost	(7,917)	(7,008)	(33,238)
Share of (loss)/profit in associated companies	-	-	(1,009)
Exceptional item	-	-	12,435

<b>Profit before taxation</b>	33,867	24,540	231,838
Taxation	<u>(9,110)</u>	<u>(6,380)</u>	<u>(62,314)</u>
	24,757	18,160	169,524
<b>Minority Interest</b>	<u>83</u>	<u>-</u>	<u>1,163</u>
<b>Profit after tax attributable to stockholders of parent company</b>	24,840	18,160	170,687
	=====	=====	=====
Earnings per stock unit restated to 2001 stock units in issue	2.9c	2.1c	20c

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**Consolidated Balance Sheet as at March 2002**

<b>Non-Current assets</b>			
Property, plant and equipment	356,449	365,903	349,997
Long-term receivables	9,568	1,197	7,689
Investments	<u>92,443</u>	<u>82,105</u>	<u>92,443</u>
	458,460	449,205	450,129
<b>Current assets</b>			
Cash resources	386,501	344,597	359,485
Trade and other receivables	397,343	296,178	395,537
Prepayments	14,535	10,020	12,441
Inventories and goods in-transit	196,638	114,223	203,830
Securities purchased under agreements for resale	<u>210,681</u>	<u>207,224</u>	<u>185,150</u>
	1,205,698	972,242	1,156,443
<b>Current liabilities</b>			
Bank overdraft	-	-	1,972
Trade and other payables	328,893	216,663	282,258
Taxation	5,057	41,664	7,640
Current portion of long-term liabilities	11,574	11,933	11,712
Deferred income	<u>4,074</u>	<u>3,706</u>	<u>4,790</u>
	349,598	273,966	308,372
<b>Working Capital</b>	<u>856,100</u>	<u>698,276</u>	<u>848,071</u>
<b>Net Assets</b>	<u>1,314,560</u>	<u>1,147,481</u>	<u>1,298,200</u>
	=====	=====	=====
<b>EQUITY AND LIABILITIES</b>			

<b>Capital and reserves</b>			
Share capital	427,041	349,397	427,041
Capital reserves	241,174	251,464	241,133
Retained profits	607,986	523,280	583,146
	<u>1,276,201</u>	<u>1,124,141</u>	<u>1,251,320</u>
<b>Non-current liabilities</b>			
Minority interest	15,517	-	15,317
Long-term liabilities	9,482	10,135	18,203
Deferred taxation	13,360	13,205	13,360
	<u>38,359</u>	<u>23,340</u>	<u>46,880</u>
	<u>1,314,560</u>	<u>1,147,481</u>	<u>1,298,200</u>
	=====	=====	=====
Stockholders' funds per ordinary stock unit	149.4c	131.6c	146.5c

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**THE GLEANER COMPANY LIMITED**

**GROUP STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**

Period ended March 31, 2002

	Share Capital \$(000)	Capital Reserves \$(000)	Retained Profits \$(000)	Total \$(000)
Balances at December 31, 2000	349,397	251,464	528,138	1,128,999
Net profit for the period			18,160	18,160
Dividends	-	-	(24,458)	(24,458)
Prior year adjustment by subsidiary company	-	-	1,440	1,440
	<u>-</u>	<u>-</u>	<u>1,440</u>	<u>1,440</u>

Balances at March 31, 2001	349,397	251,464	523,280	1,124,141
Balances at December 31, 2001	427,041	241,133	583,146	1,251,320
Net profit for the period			24,840	24,840
Currency translation difference on foreign subsidiaries		41		41
Balances at March 31, 2002	427,041	241,174	607,986	1,276,201

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**GROUP STATEMENT OF CASH FLOWS**  
**Period ending March 31, 2002**

	<b>March 2002 \$ (000)</b>	<b>March 2001 \$ (000)</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit attributable to stockholders	24,840	18,160
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation	13,762	13,430
Share of profit in associated companies	-	(407)
Minority interest share of loss	83	-
	<u>38,685</u>	<u>31,183</u>
(Increase)/decrease in current assets:		
Trade and other receivables	(1,806)	(107)
Prepayments	(2,094)	(3,275)
Inventories	7,192	33,813
Securities purchased under agreements for resale	(25,531)	31,542
Increase/(decrease) in current liabilities		
Trade and other payables	46,635	(63,988)
Taxation	(2,583)	6,380
Deferred income	(716)	(121)
Net cash provided by operating activities	<u>59,782</u>	<u>35,427</u>

**CASE FLOWS FROM INVESTING ACTIVITIES**

Exchange gain on investments and fixed assets	41	68
Addition to fixed assets	(20,214)	27,802
Investments	-	15,366
Minority interest	117	-
Net cash used by investing activities	<u>(20,056)</u>	<u>(43,100)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Bank Overdraft	(1,972)	(1,081)
Long-term receivable	(1,879)	6,904
Long-term liabilities	(8,859)	(242)
Dividends paid	-	(24,458)
Net cash used by financing activities	<u>(12,710)</u>	<u>(18,877)</u>

Net increase/(decrease) in cash resources	27,016	(26,550)
Cash resources at beginning of the period	<u>359,485</u>	<u>371,147</u>
Cash resources at end of the period	<u>386,501</u>	<u>344,597</u>

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**Notes to the Interim Financial Report**

We hereby present the Report of the Group for the three months ended March 31, 2002.

- 1 The Group Financial Accounts for the three months ended March 31, 2002, show, before taxation but after exceptional items, a profit of approximately S34M, compared to profit of approximately \$25M for the same period for 2001.
- 2 The Group Profit, after taxation, for the three months of 2002 was approximately \$25M compared with a profit of approximately \$18M for the same period for 2001.
- 3 In comparing the profits for the three-month period ending March 31, 2002, with those of

the previous year, the following facts should be considered:

- (a) Independent Radio Company Limited changed from a 47% (associated company) to a 56% subsidiary on February 28, 2001. The company's accounts have been appropriately included in the Group's Consolidated Profit and Loss Accounts and Balance Sheet. The effect of this change from an associated company treated on the equity basis to a subsidiary is immaterial.
- (b) The price of newsprint continued to fall during the first quarter of this year and this has assisted in the improved results for the first quarter.

- 4 There were no significant changes to the Group's operations for the period under review (see, however, note 3(a)).
- 5 The Group Financial Accounts for the three months ended March 31, 2002, include the Company's ten (2001: ten) subsidiaries - Associated Enterprise Limited, Popular Printers Limited, Sangster's Book Stores Limited, The Book Shop Limited, The Gleaner Online Limited, Selectco Publications Limited, Independent Radio Company Limited (see note 3(a)) and overseas subsidiaries, The Gleaner Company (NA) Limited, The Gleaner Company (NA) Incorporated, The Gleaner Company (UK) Limited.
- 6 The revenue represents sales by the Group before commission payable but excluding returns.
- 7 The calculations of earnings for 2001 and 2000 (after taxation) per stock unit are arrived at by dividing profit after taxation by 854,082,186 stock units which is the number of stock units in issue at March 31, 2002.
- 8 The calculation of stockholders' funds per ordinary stock unit for 2001 and 2000 are arrived at by dividing capital and reserves by 854,082,186 stock units which is the number of stock units in issue at March 31, 2002.
- 9 The same accounting policies and methods of computation are followed as those used for the December 31, 2001 audited financial statements.
- 10 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.

Dividends

For 2002, your directors have approved the payment of an Interim Ordinary Dividend of 3.5 cents per stock unit free of taxation, payable to stockholders on record at March 22, 2002. Payment was made on April 8, 2002

Libel Cases

The Company's lawyers 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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