

The Gleaner Company Ltd

CONSOLEDATED SIX MONTHS INTERIM FINANCIAL REPORT

JUNE 30, 2002 (UNAUDITED)

Group Profit & Loss

	GROUP (Unaudited) Three Months Apr to Jun 02 \$000's	GROUP (Unaudited) Three Months Apr to Jun 01 \$000's	GROUP (Unaudited) Six Months Jun 30, 2002 \$000's	GROUP (Unaudited) Six Months Jun 30, 2001 \$000's	GROUP (Audited) Twelve Months Dec 31, 2001 \$000's
Revenue	513,255	445,166	983,262	836,608	2,010,456
Cost of sales	(270,122)	(260,373)	(520,891)	(472,792)	(1,117,672)
Gross Profit	243,133	184,793	462,371	363,816	892,784
Other operating income	18,845	30,593	47,707	58,203	152,796
	<u>261,978</u>	<u>215,386</u>	<u>510,078</u>	<u>422,019</u>	<u>1,045,580</u>
Distribution costs	(81,278)	(73,220)	(158,160)	(147,495)	(292,926)
Administrative expenses	(67,240)	(59,912)	(125,782)	(116,777)	(318,219)
Other operating expenses	(63,439)	(39,566)	(134,331)	(83,511)	(180,785)
	<u>(211,957)</u>	<u>(172,698)</u>	<u>(418,273)</u>	<u>(347,783)</u>	<u>(791,930)</u>
Profit from operations	50,021	42,688	91,805	74,236	253,650
Finance cost	(10,051)	(4,869)	(17,968)	(11,877)	(33,238)
Share of (loss)/profit in associated companies	-	-	-	-	(1,009)
Exceptional item	1,482	10,613	1,482	10,613	12,435
Profit before taxation	<u>41,452</u>	<u>48,432</u>	<u>75,319</u>	<u>72,972</u>	<u>231,838</u>
Taxation	(13,181)	(14,052)	(22,291)	(20,432)	(62,314)

	28,271	34,380	53,028	52,540	169,524
Minority Interest	<u>(255)</u>	<u>-</u>	<u>(172)</u>	<u>-</u>	<u>1,163</u>
Profit after tax attributable to stockholders of parent company	28,016	34,380	52,856	52,540	170,697
	=====	=====	=====	=====	=====
Earning per stock unit restated to 2001 stock units in issue	3.3 c	4.0 c	6.2 c	6.2 c	20 c

Consolidated Balance Sheet as at June 30, 2002

	GROUP (Unaudited) Six Months June 30, 2002 \$000's	GROUP (Unaudited) Six Months June 30, 2001 \$000's	GROUP (Audited) Twelve Months Dec 31, 2001 \$000's
Non-Current assets			
Property, plant and equipment	356,972	376,057	349,997
Long-term receivables	11,552	1,197	7,689
Investments	<u>92,443</u>	<u>90,670</u>	<u>92,443</u>
	<u>460,967</u>	<u>467,924</u>	<u>450,129</u>
Current assets			
Cash resources	326,446	269,512	359,485
Trade and other receivables	403,328	246,681	395,537
Prepayments	37,108	17,533	12,441
Inventories and goods in-transit	271,070	218,336	203,830
Securities purchased under agreements for resale	<u>197,546</u>	<u>224,634</u>	<u>185,150</u>
	<u>1,235,498</u>	<u>976,696</u>	<u>1,156,443</u>
Current liabilities			
Bank overdraft	-	-	1,972
Trade and other payables	364,394	217,616	282,258
Taxation	3,577	22,437	11,712
Current portion of long-term liabilities	11,364	10,640	7,640

Deferred income	2,981	3,706	4,790
	<u>382,316</u>	<u>254,399</u>	<u>308,372</u>
Working Capital	853,182	722,297	848,071
Net Assets	<u>1,314,149</u>	<u>1,190,221</u>	<u>1,298,200</u>
	=====	=====	=====
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	427,041	349,397	427,041
Capital reserves	242,652	262,865	241,133
Retained profits	606,109	557,660	583,146
	<u>1,275,802</u>	<u>1,169,922</u>	<u>1,251,320</u>
Non-current liabilities			
Minority interest	15,690	-	15,317
Long-term liabilities	9,297	7,094	18,203
Deferred taxation	13,360	13,205	13,360
	<u>38,347</u>	<u>20,299</u>	<u>46,880</u>
	<u>1,314,149</u>	<u>1,190,221</u>	<u>1,298,200</u>
	=====	=====	=====
Stockholders' funds per ordinary stock unit	153.9c	139.4c	146.5c

GROUP STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Period ended June 30, 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	-	-	52,540	52,540
Dividend	-	-	(24,458)	(24,458)
Prior year adjustment by subsidiary company	-	-	1,440	1,440
Currency translation difference on foreign subsidiaries	-	788	-	788
Profit on sale of fixed assets	-	10,613	-	10,613
Balances at June 30, 2001	<u>349,397</u>	<u>262,865</u>	<u>557,660</u>	<u>1,169,922</u>
Balances at December 31, 2001	427,041	241,133	583,146	1,251,320
Net profit for the period	-	-	52,856	52,856
Dividend	-	-	(29,893)	(29,893)
Currency translation difference on foreign subsidiaries	-	37	-	37
Profit on sale of fixed assets	-	1,482	-	1,482
Balances at June 30, 2002	<u>427,041</u>	<u>242,652</u>	<u>606,109</u>	<u>1,275,802</u>

GROUP STATEMENT OF CASH FLOWS

Period ended June 30, 2002

	GROUP (Unaudited) Six Months June 30, 2002 \$000's	GROUP (Unaudited) Six Months June 30, 2001 \$000's	GROUP (Audited) Twelve Months Dec 31, 2001 \$000's
CASH-FLOWS FROM OPERATING ACTIVITIES			
Profit attributable to stockholders	52,856	52,540	170,687
Adjustments to reconcile profit to net cash provided by operating activities:			

Depreciation	27,747	24,534	58,923
Deferred taxation	-	-	155
Share of (loss)/profit in associated companies	-	-	990
Gain on disposal of fixed assets	(1,482)	(10,613)	(12,435)
Minority interest share of (profit)/loss	<u>(172)</u>	<u>-</u>	<u>1,163</u>
	78,949	66,461	219,483
(Increase)/decrease in current assets:			
Trade and other receivables	(7,791)	49,390	(99,466)
Prepayments	(24,667)	(10,788)	(5,696)
Inventories	(67,240)	(70,300)	(55,794)
Securities purchased under agreements for resale	(12,396)	14,132	53,616
Increase/(decrease) in current liabilities			
Trade and other payables	82,136	(63,035)	1,607
Taxation	(8,135)	(24,644)	(23,572)
Deferred income	<u>(1,809)</u>	<u>(121)</u>	<u>963</u>
Net cash provided by operating activities	<u>39,047</u>	<u>(38,905)</u>	<u>91,141</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Exchange gain on investments and fixed assets	37	2,228	(277)
Addition to fixed assets	(32,322)	(31,244)	(46,650)
Adjustment to fixed assets relating to the acquisition of Independent Radio Company Limited	-	-	(15,077)
Proceeds from disposal of fixed assets	1,482	13,449	15,271
Investments	-	(23,931)	(26,144)
Minority interest	<u>(373)</u>	<u>-</u>	<u>14,154</u>
Net cash used by investing activities	<u>(31,176)</u>	<u>(39,498)</u>	<u>(58,723)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank Overdraft	(1,972)	(1,087)	891
Long-term receivable	(3,863)	6,907	412
Long-term liabilities	(9,254)	(4,576)	3,533
Dividends paid	<u>(29,893)</u>	<u>(24,458)</u>	<u>(48,916)</u>
Net cash used by financing activities	<u>(40,910)</u>	<u>(23,214)</u>	<u>(44,080)</u>
Net (decrease)/increase in cash resources	(33,039)	(101,635)	(11,662)
Cash resources at beginning of the period/year	<u>359,485</u>	<u>371,147</u>	<u>371,147</u>
Cash resources at end of the period/year	326,446	269,512	359,485

=====

Notes to the Interim Financial Report

We hereby present the Report of the Group for the six months ended June 30, 2002.

- 1 The Group Financial statements for the six months ended June 30, 2002, show, before taxation and exceptional items, a profit of approximately \$92M. compared to profit of approximately \$74M for the same period for 2001, an increase of approximately 24%.
- 2 The Group Profit, after taxation and exceptional items, for the six months of 2002 was approximately \$53M compared with a profit of approximately \$53M for the same period for 2001. It should be noted that exceptional gains for 2001 amounted to \$10.6M while for 2002 the comparable amount was \$1.5M.
- 3 In comparing the profits for the six-month period ended June 30, 2002, with those of the previous year, the following should be considered:
 - (a) Independent Radio Company Limited changed from a 47% (associated company) to a 56% subsidiary on February 28, 2001. This company's operations have been appropriately included in the Group's Consolidated Financial Statements. The effect of this change from an associated company treated on the equity basis to a subsidiary is immaterial.
 - (b) Cost savings that arose from a fall in newsprint prices during the first half of 2002 were offset by a fall in interest earnings as a result of a reduction in interest rates. There were no other significant changes to the Group's operations for the period under review.
- 4 The Group Financial Statements for the six months ended June 30, 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(b)} and overseas

subsidiaries, The Gleaner Company (NA) Limited, The Gleaner Company (NA) Incorporated, The Gleaner Company (UK) Limited.

- 5 The revenue represents sales by the Group before commission payable but excluding returns.
- 6 The calculation of earnings for 2002 and 2001 per stock unit is arrived at by dividing profit after taxation by 854,082,186 stock units being the number of stock units in issue at June 30, 2002.
- 7 The calculation of stockholders' funds per ordinary stock unit for 2002 and 2001 are arrived at by dividing capital and reserves by 854,082,186 stock units.
- 8 The same accounting policies and methods of computation are followed as those used for the December 31, 2001 audited financial statements.
- 9 The interim financial report is in compliance with the Institute of Chartered Accountants of Jamaica's Statement of Standard Accounting Practice, Interim Financial Reporting and the Jamaica Stock Exchange Regulations, wherever applicable.

Dividends

An interim Ordinary Dividend of 3.5 cents per stock unit was paid on April 8, 2002, to shareholders on record at the close of business on March 22, 2002.

Your Directors have approved a second interim Ordinary Dividend of 3.5 cents per stock unit to stockholders on record as at Friday, August 16, 2002. Payment will be made on Monday, September 2, 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
