

The Gleaner Company Ltd

CONSOLIDATED NINE MONTHS INTERIM FINANCIAL REPORT

SEPTEMBER 30, 2002 (UNAUDITED)

	Unaudited Three months to 30,9,2002 \$000's	Unaudited Three months to 30,9,2000 \$000's	Unaudited Nine months to 30,9,2000 \$000's	Unaudited Nine months to 30,9,2001 \$000's	(Audited) Twelve Months to 31,12,2001 \$000's
Revenue (see note 5)	711,954	647,036	1,695,216	1,483,644	2,010,456
Cost of sales	<u>(414,267)</u>	<u>(369,095)</u>	<u>(935,158)</u>	<u>(841,887)</u>	<u>(1,117,672)</u>
Gross Profit	297,687	277,941	760,059	641,757	892,784
Other operating income	<u>21,341</u>	<u>19,165</u>	<u>69,048</u>	<u>77,369</u>	<u>152,796</u>
	<u>319,028</u>	<u>297,106</u>	<u>829,106</u>	<u>719,125</u>	<u>1,045,580</u>
Distribution costs	<u>(86,764)</u>	<u>(95,478)</u>	<u>(244,924)</u>	<u>(242,973)</u>	<u>(292,926)</u>
Administrative expenses	<u>(88,690)</u>	<u>(90,403)</u>	<u>(214,472)</u>	<u>(207,180)</u>	<u>(318,219)</u>
Other operating expenses	<u>(54,725)</u>	<u>(51,406)</u>	<u>(189,056)</u>	<u>(134,917)</u>	<u>(180,785)</u>
	<u>(230,178)</u>	<u>(237,287)</u>	<u>648,452</u>	<u>(585,070)</u>	<u>(791,930)</u>
Profit from operations	88,849	59,819	180,654	134,055	253,650
Finance cost	<u>(7,950)</u>	<u>(6,226)</u>	<u>(25,918)</u>	<u>(18,103)</u>	<u>(33,239)</u>
Share of (loss) in associated companies	-	-	-	-	(1,009)
Exceptional items	<u>8,765</u>	<u>380</u>	<u>10,247</u>	<u>10,993</u>	<u>12,435</u>
Profit before taxation	89,664	53,973	164,983	126,945	231,838
Taxation	<u>(25,263)</u>	<u>(9,728)</u>	<u>(47,554)</u>	<u>(30,160)</u>	<u>(62,314)</u>
	64,401	44,245	117,429	96,785	169,524

Minority interest in results of subsidiaries	<u>(1,391)</u>	<u>1,396</u>	<u>(1,563)</u>	<u>1,396</u>	<u>1,163</u>
Profit after taxation attributable to stockholders of parent company	<u>63,010</u>	<u>45,641</u>	<u>115,866</u>	<u>98,181</u>	<u>170,687</u>
Earnings per stock unit (see note 6)	7c	5c	14c	11c	20c

Unaudited Unaudited Audited
as at as at as at

Consolidated Balance Sheets

	<u>Sept. 30, 2002</u>	<u>Sept. 30, 2001</u>	<u>Dec. 31, 2001</u>
	\$000's	\$000's	\$000's
Non-Current assets			
Property, plant and equipment	344,780	339,214	349,997
Long-term receivables	11,152	6,993	7,689
Investments	<u>92,166</u>	<u>103,531</u>	<u>92,443</u>
	<u>448,098</u>	<u>449,738</u>	<u>450,129</u>
Current assets			
Inventories	220,420	187,273	203,830
Trade and other receivables	406,792	362,265	395,537
Prepayments	40,422	37,996	12,441
Cash and cash equivalents	<u>595,750</u>	<u>536,376</u>	<u>544,635</u>
	<u>1,263,384</u>	<u>1,123,910</u>	<u>1,156,443</u>
Current liabilities			
Bank overdraft	-	-	1,972
Trade and other payables	348,998	319,260	287,048
Current portion of long-term liabilities	11,946	9,820	7,640
Taxation	<u>-</u>	<u>21,352</u>	<u>11,712</u>
	<u>360,944</u>	<u>350,432</u>	<u>308,372</u>
Working Capital	<u>902,440</u>	<u>773,478</u>	<u>848,071</u>
Net Assets	<u><u>1,350,538</u></u>	<u><u>1,223,216</u></u>	<u><u>1,298,200</u></u>

EQUITY AND LIABILITIES**Capital and reserves**

Share capital	427,041	349,397	427,041
Capital reserves	251,417	263,262	241,133
Unappropriated profits	<u>628,979</u>	<u>567,850</u>	<u>583,146</u>
	<u>1,307,437</u>	<u>1,180,509</u>	<u>1,251,320</u>

Non-current liabilities

Long-term liabilities	12,861	13,214	18,203
Deferred taxation	13,360	13,205	13,360
Minority Interest	<u>16,880</u>	<u>16,288</u>	<u>15,317</u>
	<u>43,101</u>	<u>42,707</u>	<u>46,880</u>

	1,350,538	1,223,216	1,298,200
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Stockholders' funds per stock unit (see note 6)	\$1.53	\$1.38	\$1.47
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GROUP STATEMENT OF CHANGES IN EQUITY

	Share Capital	Capital Reserves	Unappro- priated Profits	Total
	\$000's	\$000's	\$000's	\$000's
Balances at December 1, 2000	349,397	251,464	528,138	1,128,999
Net profit for the period	-	-	98,181	98,181
Dividend	-	-	(48,916)	(48,916)
Prior year adjustment by subsidiary company	-	-	1,440	1,440
Currency translation difference on foreign subsidiaries	-	805	-	805
Profit on sale of fixed assets	-	10,993	(10,993)	-
Balances at September 30, 2001	<u>349,397</u>	<u>263,262</u>	<u>567,850</u>	<u>1,180,509</u>
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Balances at December 31, 2001	427,041	241,133	583,146	1,251,320
Net profit for the period	-	-	115,866	115,866
Dividend	-	-	(59,786)	(59,786)
Currency translation difference on foreign subsidiaries	-	37	-	37
Profit on sale of fixed assets	-	10,247	(10,247)	-
Balances at September 30, 2002	<u>427,041</u>	<u>251,417</u>	<u>628,979</u>	<u>1,307,437</u>
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GROUP STATEMENT OF CASH FLOWS

	(Unaudited) Nine Months Sept. 30, 2002	(Unaudited) Nine Months Sept. 30, 2001	(Audited) Twelve Months Dec. 31, 2001
	\$000's	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit attributable to stockholders	115,866	98,181	170,687
Adjustments to reconcile profit to net cash provided by operating activities:			
Depreciation	41,620	43,192	58,923
Deferred taxation	155	655	155
Share of profit in associated companies	-	-	990
Gain on disposal of fixed assets	(10,247)	(10,993)	(12,435)
Minority interest share of (profit)/loss	<u>2,726</u>	<u>(1,396)</u>	<u>1,163</u>
	150,120	(131,639)	219,483
(Increase)/decrease in current assets.			
Trade and other receivables	(11,255)	(66,194)	(99,466)
Prepayments	(27,981)	(31,251)	(5,696)
Inventories	(16,590)	(39,237)	(55,794)
Increase/(decrease) in current liabilities			
Trade and other payables	66,532	39,512	2,570
Taxation	<u>(11,712)</u>	<u>(13,932)</u>	<u>(23,572)</u>

Net cash provided by operating activities	149,114	20,537	37,525
CASH FLOWS FROM INVESTING ACTIVITIES			
Exchange gain/(loss) on investments and fixed assets	160	142	(277)
Additions to fixed assets	(39,915)	(35,637)	(46,650)
Adjustment to fixed assets relating to the acquisition of Independent Radio Company Limited	-	-	(15,077)
Proceeds from disposal of fixed assets	13,882	10,993	15,271
Investments	-	(36,792)	(26,144)
Minority interest	(1,563)	16,289	14,154
Net cash used by investing activities	<u>(27,436)</u>	<u>(45,006)</u>	<u>(58,723)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term receivables	(3,463)	1,108	412
Bank overdraft	(1,972)	(1,081)	891
Long-term liabilities	(5,342)	(179)	3,533
Dividends paid	<u>(59,786)</u>	<u>(48,916)</u>	<u>(48,916)</u>
Net cash used by financing activities	<u>(70,563)</u>	<u>(49,068)</u>	<u>(44,080)</u>
Net increase/(decrease) in cash and cash equivalents	51,115	(73,537)	(65,278)
Cash and cash equivalents at beginning of the period/year	<u>544,635</u>	<u>609,913</u>	<u>609,913</u>
Cash and cash equivalents at end of the period/year	<u>595,750</u>	<u>536,376</u>	<u>554,635</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, 2002.

- 1 The Group Financial Accounts for the nine months ended September 30, 2002, show, before taxation but after exceptional items, a profit of approximately \$165M compared with a profit of approximately \$127M for the same period for 2001.
- 2 The Group Profit, after taxation and minority interests, for the first nine months of 2002 was approximately \$116M compared with a profit of approximately \$98M for the same period for 2001

- 3 There were no significant changes to the Group's operations for the period under review.
- 4 The Group Financial Accounts for the nine months ended September 30, 2002, include the Company's nine (2001: 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, which is a 55.52% subsidiary.
- 5 The revenue represents sales by the Group before commission payable but excluding returns.
- 6 The calculation of earnings per stock unit and stockholders' funds per stock unit is arrived at by dividing profit after taxation and stockholders' funds, respectively, by 854,082,186 stock units which is the number of stock units in issue at September 30, 2002.
- 7 The same accounting policies and methods of computation are followed as those used for the December 31, 2001 audited financial statements.
- 8 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.
- 9 Independent Radio Company Limited changed from a 47.32% associated company to a 55.52% subsidiary on March 16, 2001. The company's accounts have been appropriately included in the Group's consolidated Profit and Loss Accounts and Balance Sheets.

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.

A second interim distribution of 3 1/2 cents per stock unit was paid on September 2, 2002, to stockholders on record at the close of business on Friday, August 16, 2002.

Bonus Issue

An Extraordinary General Meeting will be held on December 12, 2002, to consider and if

thought fit to pass a resolution authorizing the Directors to issue 1 bonus share for every 5 stock units held by stockholders at the close of business on December 30, 2002.

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