1. Identification

The Gleaner Company Limited ("company" or "parent company") is incorporated under the laws of Jamaica. The principal activities of the company and its subsidiaries are the publication and printing of newspapers and the sale of books.

The company, established in 1897, is the holding company of the following companies:

(a) Sangster's Book Stores Limited and its wholly-owned subsidiary, The Book Shop Limited	-	100% subsidiary
(b) Popular Printers Limited and its wholly-owned subsidiaries, Selectco Publications Limited and Associated Enterprise Limited	-	100% subsidiary
Selectco Publications Limited owns 33 1/3% of the shares in Jamaica Joint Venture Investment Company Limited, a property company.		
(c) Independent Radio Company Limited	-	56% subsidiary
(d) The Gleaner Company (UK) Limited	-	100% subsidiary
(e) The Gleaner Company (NA) Inc.	-	100% subsidiary
and its wholly-owned subsidiary,		

The Gleaner Company (NA) Limited - 100% subsidiary

All these companies are incorporated under the laws of Jamaica with the exception of The Gleaner Company (UK) Limited, The Gleaner Company (NA) Inc. and The Gleaner Company (NA) Limited, which are incorporated in the United Kingdom, Canada and the United States of America, respectively. The parent company's shares are quoted on the Jamaica Stock Exchange. The company's shareholding in the subsidiaries are the same for 2003 and 2002.

2. Basis of preparation, compliance and significant accounting policies

(a) Basis of preparation:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), as well as interpretations issued by the International Financial Reporting Interpretations Committee of the IASB, and comply with the provisions of the Companies Act.

These are the company's first financial statements prepared in accordance with IFRS. Consequently, there have been significant changes in the accounting policies followed in the financial statements compared with the policies followed in previous years. Accordingly, comparative figures have been restated to conform to the provisions of IFRS and the significant accounting policies given below.

IFRS 1, First-time Adoption of International Financial Reporting Standards, effective for accounting periods beginning on or after January 1, 2004, has been adopted early. An explanation of the effects of the transition to IFRS on the equity, results of operations, financial position and cash flows is provided in note (4).

The financial statements are presented in Jamaica dollars and are prepared on the historical cost basis, except for buildings [note 5(c)] and available-for-sale investments (note 11) which are stated at fair value.

The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the

reported amount of assets, liabilities, contingent assets and contingent liabilities at the balance sheet date and the income and expenses for the year then ended. Actual amounts could differ from those estimates.

(b) Basis of consolidation

(i) The consolidated financial statements comprise the financial results of the company and its subsidiaries prepared to December 31, 2003. The principal operating subsidiaries are listed in note (1) and are referred to as "subsidiaries" or "subsidiary'. The company and its subsidiaries are collectively referred to as the "Group". The results of associated companies are also included to the extent explained in note 2 (h).

(ii) For the foreign subsidiaries, the balance sheet is translated into Jamaica dollars using the rate of exchange ruling at the balance sheet date. The resultant translation losses are written off to retained profits as the cost of the investment in the subsidiary has been written off previously.

(iii) Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Ordinary shares held by third parties in the company's subsidiaries are included in minority interests reported in the financial statements.

(c) Related parties:

Two parties are considered to be related when:

(i) one party is able to exercise control or significant influence over the other party; or

(ii) both parties are subject to common control or significant influence from the same source.

(d) Financial instruments:

(i) Classification of investments:

Management determines the classification of investments at the time of purchase and takes account of the purpose for which the investments are made. Investments are classified as originated loans and receivables, and available-for-sale ("AFS").

Originated loans and receivables are created by the company by providing money to a debtor other than those created with the intention of short-term profit taking. Originated loans and receivables are recognised on the day they are transferred to the company.

AFS investments are classified as current assets and are those that are not held for trading purposes, or originated by the company. AFS investments are recognised on the date the company commits to purchase the investments. From this date, any unrealised gains and losses arising from changes in fair value of the assets are recognised in equity.

(ii) Measurement:

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition, all AFS investments are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose fair value cannot be reliably determined, is stated at cost, including transaction costs, impairment losses [see note 2 (e)].

All non-trading financial liabilities and originated loans and receivables are measured at amortised cost, less impairment losses [see note 2 (e)]. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

Based on the above guidelines, the company's financial instruments are measured as follows:

[i] Government of Jamaica securities purchased on the primary market, securities purchased under resale agreements and

interest-bearing deposits are stated at historical or amortised cost, less impairment losses [see note 2(e)].

[ii] Government of Jamaica securities purchased on the secondary market are classified as available-for-sale and measured at fair value. Appreciation and diminution are carried to fair value

[iii] Securities purchased under resale agreements:
Reverse repurchase agreements ("Reverse repo") are short-term transactions whereby securities are bought with simultaneous agreements for reselling the securities on a specified date and at a specified price. Reverse repos are accounted for as short-term collateralised lending, and are carried at cost.

The difference between the purchase and resale considerations is recognised on an accrual basis over the period of the agreements, using the effective yield method, and is included in interest income.

[iv] Investment in subsidiaries:
Investment in subsidiaries is stated at cost.

(iii) Fair value measurement principles:
The fair value of financial instruments is based on their quoted market price at the balance sheet date without any deduction for transaction costs. Where a quoted ,market price is not available, the fair value of the instrument is estimated using pricing models or discounted cash flows or a generally accepted alternative method.

Where discounted cash flows are used, estimated future cash flows are based on management's best estimates and the discount rate is

a market related rate at the balance sheet date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market related measures at the balance sheet date.

(iv) Gains and losses on subsequent measurement:

Unrealised gains and losses arising from a change in the fair value of available-for-sale investments are recognised directly in equity. When the financial assets are sold, collected or otherwise disposed of, the cumulative gain or loss recognised in equity is transferred to the Group profit and loss account.

(v) Trade and other payables:

Trade and other payables, including provisions, are stated at their cost. A provision is recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. If the effect is material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(vi) Cash resources, comprise cash and bank balances and include short-term deposits, with maturities ranging between one and twelve months from balance sheet date, are shown at cost.

(vii) Trade and other receivable:

These are stated at their cost, less impairment losses [see note 2 (e)].

(viii) Derecognition:

A financial asset is derecognised when the company loses control

over the contractual rights that comprise that asset. This occurs when the rights are realised, expire or are surrendered. A financial liability is derecognised when it is extinguished.

Available-for-sale assets that are sold are derecognised and corresponding receivables from the buyer for the payment are recognised as of the date the company commits to sell the assets.

Originated loans and receivables are derecognised on the day they are transferred by the company.

(e) Impairment:

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Group profit and loss account.

(i) Calculation of recoverable amount:

The recoverable amount of the Group's investments in held-to-maturity securities and receivables is calculated as the present value of expected future cash flows, discounted at the original effective interest rate inherent in the asset. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment:

An impairment loss in respect of held-to-maturity security or receivable is reversed, if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed, if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss has been recognised.

(f) Property, plant and equipment:

(i) Owned assets:

Items of property, plant and equipment are stated at cost, or valuation, less accumulated depreciation and impairment losses [see note 2 (e)].

(ii) Leased assets:

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired under finance leasing arrangements are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation [see (iii) below] and impairment losses [see note 2 (e)].

Lease payments are allocated between liability and finance charge so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charge, are included in finance lease obligations. The interest portion of the

finance charge is charged to the Group profit and loss account over the lease period.

(iii) Depreciation:

Property, plant and equipment, with the exception of freehold land on which no depreciation is provided, are depreciated on both the straight-line and reducing-balance methods at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Buildings [see note 5(c)]	-	2.5% and 5%
Machinery & equipment	-	10%, 12 1/2%, 20% and 25%
Fixtures and fittings	-	10% and 20%
Motor vehicles & computer equipment	-	20% and 25%
Press	-	5%
Typesetting equipment	-	33%
Leased assets	-	over the period of the leases

(g) Intangible assets:

(i) Goodwill:

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the fair value of the net identifiable assets acquired. Goodwill is stated at cost, less accumulated amortisation (note 16) and impairment losses [note 2(e)].

(ii) Amortisation:

Amortisation is charged to the Group profit and loss account on the straight-line basis over the estimated useful lives of intangible assets. The estimated useful life for goodwill is 10 and 20 years.

(h) Associated companies:

Jamaica Joint Venture Investment Company Limited and its subsidiaries

are associated companies. Jamaica Popular Investments Company Limited is 50% owned by Popular Printers Limited. With the exception of Jamaica Popular Investment Company Limited, the company has not adopted the equity method of accounting for investments as the Directors of the company do not consider that they exercise significant influence over the financial or operating policies of Jamaica Joint Venture Investment Company Limited and its subsidiaries (see note 10).

The appropriate share of the results in the associated company of Popular Printers Limited, namely, Jamaica