The Gleaner Company Ltd

CONSOLIDATED SIX MONTHS INTERIM FINANCIAL REPORT

JUNE 30,2004 (UNAUDITED)

Group Profit & Loss Accounts

	GROUP Unaudited Three months Apr to June 30, 2004 $'000s	GROUP Unaudited* Three months Apr to June 30, 2004 $'000s	GROUP Unaudited Six months Jan to June 30, 2004 $'000s	GROUP Unaudited* Six months Jan to June 30, 2004 $'000s	GROUP Audited Twelve months December 31, 2003 $'000s
Revenue	656,957	614,337	1,226,864	1,126,810	2,546,707
Cost of sales	(350,204)	(330,493)	(663,653)	(603,554)	(1,423,432)
Gross profit	**306,753**	**283,844**	**563,211**	**523,256**	**1,123,275**
Other operating income	18,666	10,314	57,145	66,084	219,009
	325,419	294,158	620,356	589,340	1,342,284
Distribution costs	(109,476)	(93,141)	(202,971)	(181,637)	(355,863)
Administration expenses	(101,407)	(74,941)	(162,555)	(128,885)	(391,482)
Other operating expenses	(91,255)	(77,620)	(195,100)	(172,025)	(276,306)
Pension cost	(618)	(974)	(1,552)	(1,819)	(3,637)

	302,756	(246,676)	(562,178)	(484,366)	(1,027,288)
Profit from operations	**22,663**	**47,482**	**58,178**	**104,974**	**314,996**
Finance costs	(10,467)	(9,640)	(14,506)	(16,234)	(40,846)
Exceptional items	58,526	8,810	74,646	35,625	40,140
Profit before taxation	**70,722**	**46,652**	**118,318**	**124,365**	**314,290**
Taxation	(12,358)	(11,081)	(24,742)	(30,975)	(80,736)
Profit after taxation	**58,364**	**35,571**	**93,576**	**93,390**	**233,554**
Minority interest	29	(1,269)	(1,058)	(1,903)	(2,535)
Profit attributable to stock-holders of parent company	**58,393**	**34,302**	**92,518**	**91,487**	**231,019**
Earnings per stock unit on profit after taxation attributable to stockholders of parent company	**4.8**	**2.8**	**7.6**	**7.6**	**19.10**

*Restated

The accompanying notes form an integral part of the financial statements.

Consolidated Balance Sheets

	Unaudited as at June 30, 2004 $'000	Unaudited* as at June 30, 2003 $'000	Audited as at Dec. 31, 2003 $'000
Non-current assets			
Property, plant and equipment	583,064	369,130	524,197
Intangible assets	403,707	10,728	10,728
Employee benefits assets	196,607	126,450	159,000

Long-term receivables	3,964	1,283	3,964
Investment in associates	150	150	150
Other investments	165,162	149,655	141,559
Deferred tax assets	1,360	1,040	1,255
	1,354,014	**658,436**	**840,853**
Current assets			
Cash	74,282	282,496	36,501
Trade and other receivables	556,092	479,827	518,822
Prepayments	61,843	56,835	25,092
Taxation recoverable	3,475	973	9,048
Inventories and goods-in-transit	254,909	309,658	241,932
Securities purchased under agreements for resale	407,561	325,157	559,103
	1,358,162	**1,454,946**	**1,390,498**
Current liabilities			
Bank overdraft	3,047	-	4,376
Trade and other payables	377,538	410,338	311,336
Taxation	25,659	15,244	-
Current portion of long-term liabilities	14,139	11,811	9,297
Deferred income	12,047	8,322	4,972
	432,430	**445,715**	**329,981**
Working capital	**925,732**	**1,009,231**	**1,060,517**
Net assets	**2,279,746**	**1,667,667**	**1,901,370**
Financed by:			
Stockholders' equity			
Share capital	605,622	605,622	605,622
Capital and other reserves	344,491	272,516	338,560
Fair value reserve	69,239	54,449	46,393
Retained earnings	721,196	527,144	655,015
	1,740,548	**1,459,731**	**1,655,590**
Minority interest	**10,886**	**19,396**	**19,015**
Non-current liabilities			
Long-term liabilities	316,539	18,939	14,871
Employees benefit obligation	32,600	27,600	30,100

Deferred taxation	179,173	142,001	181,794
	528,312	**188,540**	**226,765**
	2,279,746	**1,667,667**	**1,901,370**
	=========	=========	=========
Stockholders' funds per stock unit	**143.7c**	**120.5c**	**136.7c**

*Restated

The accompanying notes form an integral part of the financial statements.

Group Statements of Changes in Shareholders' Equity

as at June 30, 2004

	Share Capital $'000	Capital Reserves $'000	Fair value Reserve $'000	Retained Profits $'000	Total $'000
Balances at December 31, 2002 (Restated):	512,449	212,207	61,535	627,249	1,413,440
Currency translation difference on foreign subsidiaries	-	(2,239)	-	-	(2,239)
Net profit for the period	-	-	-	91,487	91,487
Issue of bonus shares	93,173	-	-	(93,173)	-
Change in fair value of investments	-	-	(7,086)	-	(7,086)
Profit on sale of property, plant and equipment	-	38,125	-	(38,125)	-
Dividends paid (gross)	-	-	-	(35,871)	(35,871)
Appropriation in respect of bonus shares issued in subsidiaries	-	24,423	-	(24,423)	-
Balances at June 30, 2003	605,622	272,516	54,449	527,144	1,459,731
	=======	=======	======	=======	=========
Balances at December 31, 2003:	605,622	338,560	46,393	665,015	1,655,590

Net profit for the period	-	-	-	92,518	92,518
Change in fair value of investments	-	-	22,846	-	22,846
Dividends paid (gross)	-	-	-	(36,337)	(36,337)
Currency translation differences on foreign subsidiaries	-	5,931	-	-	5,931
Balances at June 30, 2004	605,622	344,491	69,239	721,196	1,740,548

Consolidated Cash Flow Statements

	GROUP Unaudited Six Months June 30, 2004 $'000	GROUP Unaudited* Six Months June 30, 2003 $'000	GROUP Audited Twelve Months Dec. 30, 2003 $'000
Cash Flow from operating activities			
Profit attributable to Stockholders	92,518	91,487	231,019
Adjustment for non-cash items	20,324	(8,186)	(24,860)
	112,842	83,301	206,159
Change in working capital	(134,785)	23,293	(284,874)
Net cash generated/(used) by operating activities	(21,943)	106,594	(78,715)
Net cash used in investing activities	**(241,823)**	**(54,983)**	**(32,927)**
Net cash provided/(used) in financing activities	301,547	9,402	(73,340)
Net increase/(decrease) in cash resources	37,781	61,013	(184,982)
Cash and short term funds - beginning of period	36,501	221,483	221,483
Cash and short-term funds - end of period	74,282	282,496	36,501

*Restated

The main business segments of the group comprises:

	Media		Books and Stationery		Other		Total	
	2004	2003	2004	2003	2004	2003	2004	2003
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue	1,080,696	1,005,330	138,366	114,241	7,802	7,239	1,226,864	1,126,810
Profit from operations	82,190	122,970	(26,662)	(18,315)	2,650	319	58,178	104,974
Finance cost	-	-	-	-	-	-	(14,506)	(16,234)
Exceptional Items	-	-	-	-	-	-	74,646	35,625
Profit before taxation	-	-	-	-	-	-	118,318	124,365
Taxation	-	-	-	-	-	-	(24,742)	(30,975)
Profit after taxation	-	-	-	-	-	-	93,576	93,390
Minority interest	-	-	-	-	-	-	(1,058)	(1,903)
Profit attributable to Stockholders of parent Company	-	-	-	-	-	-	92,518	91,487
Segment net assets	1,503,350	1,286,328	174,266	114,079	62,932	59,324	1,740,548	1,459,731
Segment liabilities	806,521	533,230	155,883	114,079	9,224	6,342	971,628	653,651
Capital expenditure	45,835	7,959	2,096	3,288	-	-	47,931	11,247
Depreciation and amortisation	22,500	24,529	3,750	3,862	5	5	26,255	28,396

Segment reporting

Segment information is presented in respect of the Group's business s egments. The primary format for business segments is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Notes to the Interim Financial Report

We hereby present the Report on the Group for the six months ended June 30, 2004:

1. The Group Financial statements for the six months ended June 30, 2004 are prepared in accordance with International Financial Reporting Standards (IFRS) and show, before taxation a profit of approximately $118M compared to an adjusted profit (for IFRS) of approximately $124M for the same period for 2003.

2. In comparing the Group Profit & Loss Account and Balance Sheet for the six-month period ended June 30, 2004 with those of the previous year, the following should be considered:-

   a. In May 4, our wholly owned subsidiary, The Gleaner Company (UK) Limited, purchased full ownership of the Voice Group of Conipanies which publish Britain's best known and largest ethnic newspapers. The results of the Voice for May and June 2004 are included in the Group's Profit & Loss Accounts. The consolidated Balance Sheet for

2004 also includes the Voice's assets and liabilities and the intangible asset arising from the purchase of the Voice shares.

b. The revenue for the six months of 2004 has increased by 9% over 2003 as a result of increased advertising and circulation.

c. Exceptional gains for 2004 amounted to $75M while for 2003 the comparable amount was $36M. These exceptional gains arose mainly from the sale of investments.

d. The estimated taxation charge to June 2004 is less than the taxable rate, due to the fact that a substantial part of the profits arise from the sale of investments which do not attract taxation and also to the purchase of property, plant and equipment which attract taxation allowances.

e. The overseas companies (in the USA, Canada, and UK) incurred losses due mainly to the free (no cover price) publication "Extra" which targets the "younger" Caribbean readers and was intended to increase our advertising market share.

   With the purchase of the Voice newspapers in the UK, it has been decided to discontinue Extra in the UK with effect from September 2004. A decision will shortly be made as to whether we continue publishing Extra in the USA and Canada.

f. Sangster's Book Stores Limited also incurred losses during the first six months of this year but is expected to finish the year in a profitable position.

   There were no other significant changes to the Group's operations for the period under review.

3. The Group Financial Statements for the six months ended June 30, 2004, include the Company's twelve (2003 - 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, Overseas subsidiaries; The Gleaner Company (NA) Limited, The Gleaner Company (NA) Incorporated, The Gleaner Company (UK) Limited, the Voice Group and its subsidiary Vee Tee AY (Media Resources) Company Limited

4. The revenue represents sales by the Group before commission payable but excluding returns.

5. The calculation of earnings for 2004 and 2003 per stock unit is arrived at by dividing profit after taxation by 1,211,243,827 stock units being the number of stock units in issue at June 30, 2004.

6. The calculation of stockholders' funds per ordinary stock unit for 2004 and 2003 are arrived at by dividing capital and reserves by 1, 211,243,827 stock units.

7. The same accounting policies and methods of computation are followed as those used for the December 31, 2003 audited financial statements.

Dividend

An interim Ordinary Dividend of 3.0 cents per stock unit was paid on March 12, 2004 to share-holders on record at the close of business on February 27, 2004.

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
Deputy Managing Director