

TO : THE STOCKHOLDERS OF  
THE GLEANER COMPANY LIMITED

**THE GLEANER COMPANY LIMITED**  
**CONSOLIDATED NINE MONTHS INTERIM FINANCIAL REPORT**  
**TO SEPTEMBER 30, 2005**

**Group Profit & Loss Accounts**

		<b>GROUP Unaudited Three months July to Sept 30, 2005</b>	<b>GROUP* Unaudited Three months July to Sept 30, 2004</b>	<b>GROUP Unaudited Nine months Jan to Sept 30, 2005</b>	<b>GROUP* Unaudited Nine months Jan to Sept 30, 2004</b>	<b>GROUP Audited Twelve months December 31, 2004</b>
	Notes	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
<b>Revenue</b>	5	<b>1,046,690</b>	<b>839,774</b>	<b>2,465,224</b>	<b>2,066,638</b>	<b>2,936,137</b>
Cost of sales		( 718,902)	(513,979)	(1,452,067)	( 1,177,632)	(1,605,910)
<b>Gross profit</b>		<b>327,788</b>	<b>325,795</b>	<b>1,013,157</b>	<b>889,006</b>	1,330,227
Other operating income		40,146	51,666	146,113	108,811	168,027
Employee benefit asset		<u>8,750</u>	<u>18,282</u>	<u>26,250</u>	<u>49,682</u>	<u>224,146</u>
		<u>376,684</u>	<u>395,743</u>	<u>1,185,520</u>	<u>1,047,499</u>	<u>1,722,400</u>
Distribution costs		(119,847)	( 99,941)	( 343,053)	( 302,912)	( 388,192)
Administration expenses		(106,214)	(110,629)	( 372,279)	( 304,584)	( 513,535)
Other operating expenses		( 66,314)	( 54,572)	( 275,159)	( 249,672)	( 384,405)
Pension cost		( <u>124</u> )	( <u>773</u> )	( <u>1,280</u> )	( <u>2,325</u> )	( <u>2,313</u> )
		<u>292,499</u>	<u>(265,915)</u>	<u>( 991,771)</u>	<u>( 859,493)</u>	<u>(1,288,445)</u>
<b>Profit from operations</b>		<b>84,185</b>	<b>129,828</b>	<b>193,749</b>	<b>188,006</b>	<b>433,955</b>
Finance costs		( 14,860)	( 8,713)	( 23,789)	( 23,219)	( 25,899)
Exceptional items	3(a)	( <u>5,507</u> )	( <u>2,024</u> )	( <u>6,633</u> )	<u>72,622</u>	<u>130,116</u>
<b>Profit before taxation</b>	2	<b>63,818</b>	<b>119,091</b>	<b>163,327</b>	<b>237,409</b>	<b>538,172</b>
Taxation		( <u>21,135</u> )	( <u>29,477</u> )	( <u>48,997</u> )	( <u>54,219</u> )	( <u>164,173</u> )
<b>Profit after taxation</b>		<b>42,683</b>	<b>89,614</b>	<b>114,330</b>	<b>183,190</b>	<b>373,999</b>
Minority interest		<u>993</u>	( <u>2,168</u> )	<u>4,369</u>	( <u>3,226</u> )	( <u>8,236</u> )
<b>Profit attributable to stockholders of parent company</b>		<b><u>43,676</u></b>	<b><u>87,446</u></b>	<b><u>118,699</u></b>	<b><u>179,964</u></b>	<b><u>365,763</u></b>
Earnings per stock unit on profit after taxation attributable to stockholders of parent company	6	<b>4¢</b>	<b>7¢</b>	<b>10¢</b>	<b>15¢</b>	<b>30.20 ¢</b>

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

\*Restated

## Consolidated Balance Sheets

	<u>Notes</u>	<b>Unaudited as at Sept 30, 2005 \$'000s</b>	<b>Unaudited as at Sept 30, 2004 \$'000s</b>	<b>Audited as at Dec. 31, 2004 \$'000s</b>
<b>Non-current assets</b>				
Property, plant and equipment		653,249	621,683	588,478
Intangible assets		410,667	398,098	463,794
Employee benefits assets		411,682	212,432	385,432
Long-term receivables		1,979	3,840	94
Investment in associates		-	150	-
Investments		179,980	173,150	191,980
Deferred tax assets		16,965	10,774	29,762
		<b><u>1,674,522</u></b>	<b><u>1,420,127</u></b>	<b><u>1,659,540</u></b>
<b>Current assets</b>				
Cash resources		58,261	77,852	67,829
Trade and other receivables		510,409	538,716	608,651
Prepayments		49,065	47,309	32,417
Taxation recoverable		1,614	2,160	10,657
Inventories and goods-in-transit		196,947	215,854	241,219
Securities purchased under agreements for resale		625,508	523,487	538,940
		<b><u>1,441,804</u></b>	<b><u>1,405,378</u></b>	<b><u>1,499,713</u></b>
<b>Current liabilities</b>				
Bank overdraft		9,744	2,404	5,815
Trade and other payables		537,152	423,232	485,802
Taxation		23,030	12,439	136,875
Current portion of long-term liabilities		27,312	17,507	25,595
Deferred income		14,125	9,927	10,166
		<b><u>611,363</u></b>	<b><u>465,509</u></b>	<b><u>664,253</u></b>
<b>Working capital</b>		<b><u>830,441</u></b>	<b><u>939,869</u></b>	<b><u>835,460</u></b>
<b>Net assets</b>		<b><u>2,504,963</u></b>	<b><u>2,359,996</u></b>	<b><u>2,495,000</u></b>
<b>Financed by:</b>				
<i>Stockholders' equity</i>				
Share capital		605,622	605,622	605,622
Capital reserves		389,963	347,685	387,328
Fair value reserves		60,294	85,555	95,264
Retained profits		979,093	785,573	945,181
		<b><u>2,034,972</u></b>	<b><u>1,824,435</u></b>	<b><u>2,033,395</u></b>
<b>Minority interest</b>		<b><u>29,086</u></b>	<b><u>31,113</u></b>	<b><u>33,456</u></b>
<b>Non-current liabilities</b>				
Long-term liabilities		120,131	282,137	116,125
Employees benefit obligation		41,300	33,850	41,300
Deferred tax liabilities		279,474	188,461	270,724
		<b><u>440,905</u></b>	<b><u>504,448</u></b>	<b><u>428,149</u></b>
		<b><u>2,504,963</u></b>	<b><u>2,359,996</u></b>	<b><u>2,495,000</u></b>
<b>Stockholders' funds per stock unit</b>	7	<b>168¢</b>	<b>150¢</b>	<b>168¢</b>

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

**Group Statements of Changes in Stockholders' Equity  
as at September 30, 2005**

	<b><u>Share Capital</u> \$'000s</b>	<b><u>Capital Reserves</u> \$'000s</b>	<b><u>Fair value Reserve</u> \$'000s</b>	<b><u>Retained Profits</u> \$'000s</b>	<b><u>Total</u> \$'000s</b>
Balances at December 31, 2003 (Restated):	605,622	338,560	46,393	665,015	1,655,590
Currency translation difference on foreign subsidiaries	-	( 4,208)	-	-	( 4,208)
Net profit for the period	-	-	-	179,964	179,964
Revaluation of building	-	20,000	-	-	20,000
Differed tax on revaluation of building	-	( 6,667)	-	-	( 6,667)
Change in fair value of investments	-	-	39,162	-	39,162
Dividends paid (gross)	-	-	-	( 72,675)	( 72,675)
Reserve arising on the consolidation of subsidiaries	-	-	-	13,269	13,269
Balances at September 30, 2004	<u>605,622</u>	<u>347,685</u>	<u>85,555</u>	<u>785,573</u>	<u>1,824,435</u>
Balances at December 31, 2004:	605,622	387,328	95,264	945,181	2,033,395
Net profit for the period	-	-	-	118,699	118,699
Change in fair value of investments	-	-	(34,970)	-	( 34,970)
Dividends paid (gross)	-	-	-	( 84,787)	( 84,787)
Currency translation differences on foreign subsidiaries	<u>-</u>	<u>2,635</u>	<u>-</u>	<u>-</u>	<u>2,635</u>
Balances at September 30, 2005	<u>605,622</u>	<u>389,963</u>	<u>60,294</u>	<u>979,093</u>	<u>2,034,972</u>

**Consolidated Cash Flow Statements  
to September 30, 2005  
UNAUDITED**

	<b>GROUP Unaudited Nine Months Sept 30, 2005 \$'000s</b>	<b>GROUP Unaudited Nine Months Sept 30, 2004 \$'000s</b>	<b>GROUP Audited Twelve Months Dec. 31, 2004 \$'000s</b>
<b>Cash Flow from operating activities</b>			
Net profit attributable to Stockholders	118,699	179,964	365,763
Adjustment for non-cash items	<u>18,536</u>	( <u>65,849</u> )	( <u>206,287</u> )
	137,235	114,115	159,476
<b>Change in working capital</b>	<u>8,478</u>	<u>122,871</u>	<u>238,678</u>
Net cash generated by operating activities	145,713	236,986	398,154
<b>Net cash used in investing activities</b>	(83,250)	(398,671)	(417,012)
Net cash (used)/provided by financing activities	<u>(72,031)</u>	<u>203,036</u>	<u>50,186</u>
Net (decrease)/increase in cash resources	( 9,568 )	41,351	31,328
Cash resources at beginning of period	<u>67,829</u>	<u>36,501</u>	<u>36,501</u>
Cash resources at end of period	<u>58,261</u>	<u>77,852</u>	<u>67,829</u>

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

The main business segments of the group comprise:

	<u>Media</u>		<u>Books and Stationery</u>		<u>Other</u>		<u>Total</u>	
	<u>2005</u> \$'000s	<u>2004</u> \$'000s	<u>2005</u> \$'000s	<u>2004</u> \$'000s	<u>2005</u> \$'000s	<u>2004</u> \$'000s	<u>2005</u> \$'000s	<u>2004</u> \$'000s
Revenue	<u>1,917,878</u>	<u>1,643,331</u>	<u>521,831</u>	<u>406,564</u>	<u>25,515</u>	<u>16,743</u>	<u>2,465,224</u>	<u>2,066,638</u>
Profit from operations	165,651	151,638*	24,206	32,777*	3,892	3,591*	193,749	188,006*
Finance cost	-	-	-	-	-	-	( 23,789)	( 23,219)
Exceptional Items	-	-	-	-	-	-	( <u>6,633</u> )	<u>72,622</u>
Profit before taxation	-	-	-	-	-	-	163,327	237,409
Taxation	-	-	-	-	-	-	( <u>48,997</u> )	( <u>54,219</u> )
Profit after taxation	-	-	-	-	-	-	114,330	183,190
Minority interest	-	-	-	-	-	-	<u>4,369</u>	( <u>3,226</u> )
Profit attributable to Stockholders of parent Company	-	-	-	-	-	-	<u>118,699</u>	<u>179,964</u>

\*Restated to conform to 2005 presentation

## **Segment reporting**

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

Segment results 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.

## Notes to the Interim Financial Report

We hereby present the Report of the Group for the nine months ended September 30, 2005.

1. The Group Financial Accounts for the nine months ended September 30, 2005; show, before taxation but after exceptional items, a profit of approximately \$163M (2004: \$237M), a decline of approximately 31% over the previous year.
2. The Group Profit, after taxation and minority interest, for the nine months of 2005 was approximately \$119M compared with a profit of approximately \$180M for the same period of 2004.

The passage of two hurricanes, Dennis and Emily, in July of 2005 has significantly affected the Company's operations and profits. These events not only resulted in loss of revenue but also drove up the Company's costs.

Increases in fuel prices, electricity rates and overall inflation in the country have also negatively affected your Company's performance during the third quarter.

It is expected that your Company will see an improvement in its performance during the fourth quarter.

3. In comparing the financial statements for the nine-month period ended September 30, 2005, with those of previous year, the following should be noted: -
  - a. Exceptional item of (\$6.7M) for 2005 represents gain on the sale of investments less redundancy expenses. For 2004, the gain of \$72.6M represented gain on the sale of investments.
  - b. Employee benefit asset of \$26.3M (2004: \$49.7M) represents a portion of the surplus in the pension scheme which, in accordance with IAS 19, has been credited to the profit and loss account. The surplus is, however, not available to the Group as it represents future economic benefits to be derived from the reduction in the company's contribution to the pension scheme (See also Balance Sheet item of approximately \$412M).
  - c. In May 2004, a wholly owned subsidiary, GV Media Group Limited (*formerly The Gleaner Company UK Limited*), purchased full ownership of the Voice Group of Companies which publish Britain's best known and largest ethnic newspapers.

The results of the Voice Group are included in this nine month accounts and have materially affected the Group's Revenue and Administrative Expenses.

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

4. The Group Financial Statements for the nine months ended September 30, 2005, include the Company's twelve (2004: 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, Creek Investment Limited (*formerly Beckford's Auto Supplies Limited*) and overseas subsidiaries, The Gleaner Company U.S.A. Limited, The Gleaner Company (Canada) Incorporated, GV Media Group Limited (*formerly The Gleaner Company UK Limited*), and The Voice Group.
5. The revenue represents sales by the Group before commission payable but excluding returns.

## Notes to the Interim Financial Report (Cont'd)

6. The calculations of earnings for 2005 and 2004 (after taxation) per stock unit are arrived at by dividing profit after taxation by 1,211,243,827 stock units which is the number of stock units in issue at September 30, 2005.
7. The calculations of stockholders' funds per ordinary stock unit for 2005 and 2004 are arrived at by dividing capital and reserves by 1,211,243,827 stock units.
8. The interim financial statements comply with International Financial Reporting Standards. The same accounting policies and methods of computation are followed in the interim financial statements as for the 2004 audited financial statements.
9. On February 28, 2005, the Archives of the Gleaner, dating back to 1834, were made available on the Internet.

The Gleaner has joined top newspapers such as the Toronto Star in Canada, The London Times in the United Kingdom, The Washington Post and the New York Times in the United States having Archives on the Internet.

Readers may access the Archive, [www.Gleaner.NewspaperArchive.com](http://www.Gleaner.NewspaperArchive.com), by paying the requisite subscription fee.

10. The installation of a new Editorial System (SCOOP) has helped to improve the management, production and storage of pages.

An additional press unit was added in July 2005, and which will increase the press' capacity to print colour and reduce the number of press runs that would otherwise be required to meet the demand for additional colour.

11. In April 2005, The Gleaner concluded an agreement with Radio Jamaica Limited for the sale of 20% of the ordinary shares of The Gleaner Company (UK) Limited at a price of £223,000, plus a participation on a pro rata basis, in loans to the Company for the purchase and refinancing of the Voice Group.
12. The Group in April 2005 acquired an additional \$1M shares in Independent Radio Company Limited. This increased the Group's shareholding in the Company from 56% to approximately 61%.

### Dividends and Stock Prices

An Interim Ordinary Dividend of 3.5 cents per stock unit was paid on March 11, 2005 to stockholders on record at February 28, 2005.

A 2nd Interim Ordinary Dividend of 3.5 cents per stock unit was paid on September 28, 2005 to stockholders on record at September 14, 2005.

The Company's stock unit price on the Jamaica Stock Exchange at September 30, 2005, was \$3.3 compared to the opening price at January 1, 2005, was \$2.61.



## Notes to the Interim Financial Report (Cont'd)

### 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. R. Bourne

**Company Secretary**

## **THE GLEANER COMPANY LIMITED**

### **LIST OF TEN LARGEST SHAREHOLDERS AS AT SEPTEMBER 30, 2005**

1. Financial & Advisory Services Limited	95,483,758
2. The Gleaner Employees Investment Trust	72,881,972
3. Scotia Jamaica Investment Management Limited A/c 482	71,499,417
4. Scotia Jamaica Investment Management Limited A/C 516	64,772,197
5. Scotia Jamaica Investment Management Ltd. A/c 3119	53,104,013
6. West Indies Trust Company Limited A/c J1485	51,070,620
7. Scotia Jamaica Investment Management Ltd. A/c 542	45,755,942
8. Life of Jamaica Pooled Equity Fund No. 1	36,398,367
9. National Insurance Fund	30,883,010
10. Scotia Jamaica Investment Management Ltd. A/c 470	28,967,056

# THE GLEANER COMPANY LIMITED

## DECLARATION OF NUMBER OF STOCK UNITS OWNED BY DIRECTORS/ OFFICERS AS AT SEPTEMBER 30, 2005

Names	Personal Shareholdings	Shareholding in which Director/Officer has a controlling interest
O. F. Clarke	85,016,192	346,453,068
R. G. Ashenheim	11,520	728,718
J. J. Issa	23,374,832	-
C. S. Roberts	4,696,348	-
J. M. Matalon	-	633,129
H. W. R. Dear	-	-
C. D. Archer	-	-
D.R. Orane	812,572	276,206
G. C. Lalor	-	-
M.M. Seymour	50,000	-
L.G. Johnston	1,732	-
Mavis Belasse	-	-
C. R. Bourne	1,205,800	-
Marlene Davis	-	-
Garfield Grandison	247,908	-
Locksley Henry	-	-
John Hudson	1,389,120	-
Newton James	279,697	-
Errol Knight	184,521	-
L. Anthony O'Gilvie	1,479,331	-
Ian Roxburgh	1,455,873	-
Karin Daley-Cooper	1,000,000	-
Yvonne Senior	868,138	-
Rudolph Speid	-	-
Neville Wallace	-	-