

THE GLEANER COMPANY LIMITED

Balance Sheets
December 31, 2005

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>2005</u>	<u>2004*</u>	<u>2005</u>	<u>2004*</u>
	\$'000	\$'000	\$'000	\$'000
Assets				
Property, plant and equipment	618,400	588,478	491,608	471,222
Intangible assets	438,061	463,794	-	-
Employees benefit asset	442,098	385,432	432,000	376,500
Long-term receivables	1,063	94	2,776	-
Investment in subsidiaries	-	-	17,132	14,959
Investment in associates	150	150	-	-
Investments	359,666	387,789	337,605	379,571
Deferred tax assets	<u>10,149</u>	<u>29,762</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>1,869,587</u>	<u>1,855,499</u>	<u>1,281,121</u>	<u>1,242,252</u>
Cash and cash equivalents	66,766	67,935	21,605	13,834
Trade and other receivables	534,377	535,979	989,598	862,875
Prepayments	18,660	32,417	18,660	20,487
Taxation recoverable	7,348	10,657	-	-
Inventories and goods-in-transit	238,320	241,219	45,484	89,610
Securities purchased under agreements for resale	<u>327,228</u>	<u>348,279</u>	<u>260,428</u>	<u>268,499</u>
Total current assets	<u>1,192,699</u>	<u>1,236,486</u>	<u>1,335,775</u>	<u>1,255,305</u>
Total Assets	<u>3,062,286</u>	<u>3,091,985</u>	<u>2,616,896</u>	<u>2,497,557</u>
Stockholders' equity				
Share capital	605,622	605,622	605,622	605,622
Reserves	<u>1,431,358</u>	<u>1,341,525</u>	<u>1,346,685</u>	<u>1,217,154</u>
Total equity attributable to equity holders of the parent	<u>2,036,980</u>	<u>1,947,147</u>	<u>1,952,307</u>	<u>1,822,776</u>
MINORITY INTEREST	<u>6,184</u>	<u>33,456</u>	<u>-</u>	<u>-</u>
Total equity	<u>2,043,164</u>	<u>1,980,603</u>	<u>1,952,307</u>	<u>1,822,776</u>
Liabilities				
Long-term liabilities	49,169	116,125	49,169	63,819
Employees benefit obligation	50,700	41,300	50,700	41,300
Deferred tax liabilities	<u>254,425</u>	<u>270,724</u>	<u>248,508</u>	<u>248,380</u>
Total non-current liabilities	<u>354,294</u>	<u>428,149</u>	<u>348,377</u>	<u>353,499</u>
Bank overdraft	10,931	5,815	-	-
Trade and other payables	557,416	504,782	286,853	295,515
Taxation	61,548	136,875	5,538	2,201
Current portion of long-term liabilities	23,821	25,595	23,821	23,566
Deferred income	<u>11,112</u>	<u>10,166</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>664,828</u>	<u>683,233</u>	<u>316,212</u>	<u>321,282</u>
Total liabilities	<u>1,019,122</u>	<u>1,111,382</u>	<u>664,589</u>	<u>674,781</u>
Total equity and liabilities	<u>3,062,286</u>	<u>3,091,985</u>	<u>2,616,896</u>	<u>2,497,557</u>

*Restated to conform with 2005 presentation

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

THE GLEANER COMPANY LIMITED

Group Profit and Loss Account
Year ended December 31, 2005

	<u>Notes</u>	<u>2005</u> \$'000	<u>2004*</u> \$'000
Revenue	1,7	3,291,238	2,938,637
Cost of sales		(1,800,126)	(1,611,793)
Gross profit		1,491,112	1,326,844
Other operating income		191,084	294,056
Employees benefit asset	5(a)	<u>47,266</u>	<u>224,146</u>
		<u>1,729,462</u>	<u>1,845,046</u>
Distribution costs		(424,115)	(388,192)
Administration expenses		(572,542)	(513,535)
Other operating expenses		(443,614)	(384,405)
Pension costs		(2,442)	(2,313)
		<u>(1,442,713)</u>	<u>(1,288,445)</u>
Profit from operations		286,749	556,601
Finance costs		(22,093)	(25,899)
Profit before taxation	2	264,656	530,702
Taxation		(85,201)	(164,173)
Profit for the year		<u>179,455</u>	<u>366,529</u>
Attributable to:			
Parent company Stockholders**		186,631	358,293
Minority interest		(7,176)	<u>8,236</u>
		<u>179,455</u>	<u>366,529</u>
**Dealt with in the financial statements of:			
Parent company		211,701	381,066
Subsidiary companies		(25,070)	(22,773)
	3	<u>186,631</u>	<u>358,293</u>
Earnings per stock unit:			
Based on stock units in issued	8	15.41¢	29.58¢
After exclusion of stocks held by GCLEIT		16.42¢	31.52¢

* Restated to conform with 2005 presentation

**Restated

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

THE GLEANER COMPANY LIMITED

Group Statement of Cash Flows
Year ended December 31, 2005

	<u>2005</u>	<u>2004</u>
	\$'000	\$'000
Cash flows from operating activities		
Profit attributable to stockholders	186,631	358,293
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation and amortisation	92,345	127,535
Deferred taxation, net	(3,848)	59,816
Employees benefit asset, net	(47,266)	(215,232)
Gain on disposal of property, plant and equipment	(4,206)	(6,867)
Net unrealised exchange gains	(60,217)	(43,563)
Gain on disposal of investments	(35,047)	(119,740)
Minority interest's share of profit	7,176	(8,236)
Interest income	(88,119)	(71,670)
Interest expense	22,093	25,899
Taxation	<u>89,049</u>	<u>104,357</u>
	158,591	210,592
(Increase)/decrease in current assets:		
Tax paid	(99,458)	(83,715)
Interest paid	(15,341)	(25,535)
Interest received	83,046	82,934
Trade and other receivables	7,410	(9,546)
Prepayments	13,757	(7,325)
Inventories and goods-in-transit	2,899	713
Securities purchased under agreements for resale	21,051	210,824
Increase/(decrease) in current liabilities:		
Trade and other payables	52,091	291,528
Deferred income	<u>946</u>	<u>5,194</u>
Net cash provided by operating activities	<u>224,992</u>	<u>675,664</u>
Cash flows from investing activities		
Exchange gain on investments, goodwill and property, plant and equipment	-	(958)
Additions to property, plant and equipment	(105,825)	(145,755)
Property, plant equipment acquired on purchase of subsidiary	-	(16,854)
Intangible assets acquired on purchase of subsidiary	-	(434,834)
Goodwill arising on purchase of subsidiary	-	(18,424)
Proceeds from disposal of investments and property, plant and equipment	41,557	149,705
Investments	28,123	(246,230)
Minority interest	<u>(27,272)</u>	<u>14,441</u>
Net cash used by investing activities	<u>(63,417)</u>	<u>(698,909)</u>
Cash flows from financing activities		
Bank overdraft	5,116	1,439
Long-term receivable	(2,777)	3,870
Long-term liabilities	(84,438)	117,552
Dividends paid	<u>(80,645)</u>	<u>(68,368)</u>
Net cash (used)/provided by financing activities	<u>(162,744)</u>	<u>54,493</u>
Net (decrease)/increase in cash and cash equivalents	<u>(1,169)</u>	<u>31,248</u>
Cash and cash equivalents at beginning of the year	<u>67,935</u>	<u>36,687</u>
Cash and cash equivalents at end of the year	<u>66,766</u>	<u>67,935</u>

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

THE GLEANER COMPANY LIMITED
Group Statement of Changes in Stockholders' Equity
Year ended December 31, 2005

	Share capital	Capital reserves	Fair value reserves	Reserve for own shares	Retained profits	Parent company Stockholders' equity	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balances at December 31, 2003								
As previously reported	605,622	338,560	46,393	-	665,015	1,655,590	19,015	1,674,605
Effect of consolidation of GCLEIT	-	-	-	(90,215)	(4,307)	(94,522)	-	(94,522)
Restated balances at December 31, 2003	605,622	338,560	46,393	(90,215)	660,708	1,561,068	19,015	1,580,083
Restated profit for the year	-	-	-	-	358,293	358,293	8,236	366,529*
Appropriation in respect of bonus shares issued by subsidiary	-	12,460	-	-	(12,460)	-	-	-
Dividends paid	-	-	-	-	(68,368)	(68,368)**	-	(68,368)
Deferred tax on property, plant, and equipment	-	(607)	-	-	-	(607)	-	(607) *
Gain on disposal of property, plant, and equipment transferred	-	462	-	-	(462)	-	-	-
Transfer to reserve in subsidiary	-	244	(244)	-	-	-	-	-
Gain on revaluation of buildings	-	27,240	-	-	-	27,240	-	27,240*
Change in fair value of investments	-	-	54,263	-	-	54,263	-	54,263*
Currency translation differences on foreign Subsidiaries	-	9,119	-	-	-	9,119	6,205	15,324*
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	6,139	-	6,139	-	6,139
Restated balances at December 31, 2004	<u>605,622</u>	<u>387,478</u>	<u>100,412</u>	<u>(84,076)</u>	<u>937,711</u>	<u>1,947,147</u>	<u>33,456</u>	<u>1,980,603</u>

* Total gains recognised for the year amounted to \$188,495,000 (2004: \$462,749,000) for the group and \$217,247,000 (2004: \$461,363,000) for the company.

** Restated

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

THE GLEANER COMPANY LIMITED

Group Statement of Changes in Stockholders' Equity
Year ended December 31, 2005 (Cont'd)

	Share capital	Capital reserves	Fair value reserves	Reserve for own shares	Retained profits	Parent company stockholders' equity	Minority interest	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Restated balances at December 31, 2004	605,622	387,478	100,412	(84,076)	937,711	1,947,147	33,456	1,980,603
Profit for the year	-	-	-	-	186,631	186,631	(7,176)	179,455*
Dividends paid (gross)	-	-	-	-	(80,645)	(80,645)	-	(80,645)
Deferred tax on property, plant, and equipment	-	(7,163)	-	-	-	(7,163)	-	(7,163)*
Gain on disposal of property, plant, and equipment transferred	-	504	-	-	(504)	-	-	-
Gain on revaluation of buildings	-	21,490	-	-	-	21,490	-	21,490*
Change in fair value of investments	-	-	(10,443)	-	-	(10,443)	-	(10,443)*
Currency translation differences on foreign Subsidiaries	-	25,252	-	-	-	25,252	(20,096)	5,156*
Own shares acquired by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	(58,613)	-	(58,613)	-	(58,613)
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	13,324	-	13,324	-	13,324
Balances at December 31, 2005	<u>605,622</u>	<u>427,561</u>	<u>89,969</u>	<u>(129,365)</u>	<u>1,043,193</u>	<u>2,036,980</u>	<u>6,184</u>	<u>2,043,164</u>
Retained in the financial statements of:								
The Company	605,622	255,919	87,708	-	1,003,058	1,952,307		
Subsidiary companies	-	171,642	2,261	(129,365)	40,135	84,673		
Balances at December 31, 2005	<u>605,622</u>	<u>427,561</u>	<u>89,969</u>	<u>(129,365)</u>	<u>1,043,193</u>	<u>2,036,980</u>		
The Company	605,622	241,592	99,419	-	876,143	1,822,776		
Subsidiary companies	-	145,886	993	(84,076)	61,568	124,371		
Restated Balances at December 31, 2004	<u>605,622</u>	<u>387,478</u>	<u>100,412</u>	<u>(84,076)</u>	<u>937,711</u>	<u>1,947,147</u>		

* Total gains recognised for the year amounted to \$188,495,000 (2004: \$462,749,000) for the group and \$217,247,000 (2004: \$461,363,000) for the company. The accompanying notes form an integral part of the financial statements.

Notes to the Financial Report

We hereby present the Report of the Group for the year ended December 31, 2005.

1. 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.

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

(a) *Business segments*

The main business segments of the Group comprise:

	<u>2005</u>			
	<u>Media Service \$'000</u>	<u>Books and Stationery \$'000</u>	<u>Other \$'000</u>	<u>Total \$'000</u>
Turnover	2,632,644	612,540	46,054	3,291,238
Cost of sales	(1,343,175)	(436,490)	(20,461)	(1,800,126)
Gross profit	1,289,469	176,050	25,593	1,491,112
Other operating income	<u>170,932</u>	<u>13,809</u>	<u>6,343</u>	<u>191,084</u>
	1,460,401	189,859	31,936	1,682,196
Employees benefit asset	<u>46,100</u>	<u>1,166</u>	<u>-</u>	<u>47,266</u>
	1,506,501	191,025	31,936	1,729,462
Expenses				
Distribution costs	(339,056)	(85,059)	-	(424,115)
Administration expenses	(500,491)	(54,761)	(17,290)	(572,542)
Other operating expenses	(412,958)	(29,997)	(659)	(443,614)
	253,996	21,208	13,987	289,191
Pension costs	(1,224)	(1,218)	-	(2,442)
Profit from operations	252,772	19,990	13,987	286,749
Finance costs	(18,945)	(3,113)	(35)	(22,093)
Profit before taxation	233,827	16,877	13,952	264,656
Taxation	(73,188)	(8,339)	(3,674)	(85,201)
Segment results	<u>160,639</u>	<u>8,538</u>	<u>10,278</u>	179,455
Minority interest				<u>7,176</u>
Net profit attributable to stockholders of the parent company				<u>186,631</u>
Segment assets	<u>2,634,482</u>	<u>345,359</u>	<u>82,445</u>	<u>3,062,286</u>
Segment liabilities	<u>921,192</u>	<u>78,088</u>	<u>19,842</u>	<u>1,019,122</u>
Capital expenditure	<u>89,296</u>	<u>2,974</u>	<u>13,555</u>	<u>105,825</u>
Depreciation and amortisation	<u>80,904</u>	<u>7,986</u>	<u>3,455</u>	<u>92,345</u>
Other non-cash items	(127,627)	(5,705)	(2,634)	(135,966)

Notes to the Financial Report (Cont'd)

(b) Business segments:

	<u>2004</u>			
	<u>Media Service</u>	<u>Books and Stationery</u>	<u>Other</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000
Turnover	2,361,409	542,880	34,348	2,938,637
Cost of sales	(1,213,472)	(382,599)	(15,722)	(1,611,793)
Gross profit	1,147,937	160,281	18,626	1,326,844
Other operating income	<u>266,850</u>	<u>17,909</u>	<u>9,297</u>	<u>294,056</u>
	1,414,787	178,190	27,923	1,620,900
Employee Benefit Asset	<u>216,400</u>	<u>7,746</u>	<u>-</u>	<u>224,146</u>
	1,631,187	185,936	27,923	1,845,046
Expenses				
Distribution costs	(320,644)	(67,548)	-	(388,192)
Administration expenses	(435,381)	(61,819)	(16,335)	(513,535)
Other operating expenses	<u>(357,748)</u>	<u>(26,548)</u>	<u>(109)</u>	<u>(384,405)</u>
	517,414	30,021	11,479	558,914
Pension costs	<u>(1,127)</u>	<u>(1,186)</u>	<u>-</u>	<u>(2,313)</u>
Profit from operation	516,287	28,835	11,479	556,601
Finance costs	<u>(24,951)</u>	<u>(932)</u>	<u>(16)</u>	<u>(25,899)</u>
Profit before taxation	491,336	27,903	11,463	530,702
Taxation	<u>(149,520)</u>	<u>(10,380)</u>	<u>(4,273)</u>	<u>(164,173)</u>
Segment results	<u>341,816</u>	<u>17,523</u>	<u>7,190</u>	366,529
Minority interest				<u>(8,236)</u>
Net profit attributable to stockholders of the parent company				<u>358,293</u>
Segment assets	<u>2,638,134</u>	<u>364,986</u>	<u>88,865</u>	<u>3,091,985</u>
Segment liabilities	<u>956,231</u>	<u>119,782</u>	<u>35,369</u>	<u>1,111,382</u>
Capital expenditure	<u>80,799</u>	<u>11,069</u>	<u>53,887</u>	<u>145,755</u>
Depreciation and amortisation	<u>66,948</u>	<u>9,893</u>	<u>50,694</u>	<u>127,535</u>
Other non-cash items	<u>(319,102)</u>	<u>(6,114)</u>	<u>(8,456)</u>	<u>(333,672)</u>

- The Group Financial Accounts for the year ended December 31, 2005; show, before taxation, a profit of approximately \$265M (2004: \$531M); a decline of approximately 50% below the previous year.
- The Group Profit, after taxation and minority interest, for the twelve months of 2005 was approximately \$187M compared with a profit of approximately \$358M 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.

Notes to the Financial Report (Cont'd)

4. Reconciliation of net profit: -

	(\$M)
Net profit for year as previously reported (4 th quarter results)	227
Consolidation of The Gleaner Company Limited Employees Investment Trust as a special purpose entry	(15)
Changes in tax provision and miscellaneous adjustments	(4)
2004 amortisation of GV Media Group intangibles adjusted in current year's profit	(21)
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5. In comparing the financial statements for the year ended December 31, 2005, with those of previous year, the following should be noted: -

- a. Employee benefits asset of \$47M (2004: \$224M) 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.
- b. 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 twelve 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 year under review.

6. The Group Financial Statements for the twelve months ended December 31, 2005, include the Company's twelve (2004: twelve) 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 and the consolidation of The Gleaner Company Limited Employees Investment Trust as a special purpose entity.
7. The revenue represents sales by the Group before commission payable but excluding returns.
8. The calculations of earnings (EPS) 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 December 31, each year. Stock units in issue include shares totalling 74,671,814 (2004:71,114,366) held by the Gleaner Company Limited Employees Investment Trust and the EPS is also shown after the deduction of these units.
9. The financial statements comply with International Financial Reporting Standards.
10. 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, by paying the requisite subscription fee.

Notes to the Financial Report (Cont'd)

11. 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.
12. In April 2005, The Gleaner concluded an agreement with Radio Jamaica Limited for the sale of 20% of the ordinary shares of GV Media Group Limited at a price of £226,000, plus a participation on a pro rata basis, in loans to the Company for the purchase and refinancing of the Voice Group.
13. The Group in April 2005 acquired an additional 1.8M shares in Independent Radio Company Limited. This increased the Group's shareholding in the Company from 56% to approximately 65%.

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 closing bid price of the Company's stock on the Jamaica Stock Exchange at December 31, 2005, was \$2.62 compared to the opening bid price at January 1, 2005, of \$2.61.

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