

TO: THE STOCKHOLDERS OF
THE GLEANER COMPANY LIMITED

THE GLEANER COMPANY LIMITED

CONSOLIDATED NINE MONTHS INTERIM FINANCIAL REPORT

AT SEPTEMBER 30, 2006

(UNAUDITED)

Group Profit & Loss Accounts

	Notes	GROUP (Unaudited) Three Months Jul - Sept, 2006 \$000's	GROUP* (Unaudited) Three Months Jul - Sept, 2005 \$000's	GROUP (Unaudited) Nine Months Jan - Sept, 2006 \$000's	GROUP* (Unaudited) Nine Months Jan - Sept, 2005 \$000's	GROUP (Audited) Twelve Months Dec 31, 2005 \$000's
Revenue	4(a), 9	1,161,057	1,046,690	2,695,670	2,465,224	3,291,238
Cost of sales		(781,038)	(718,902)	(1,617,402)	(1,452,067)	(1,800,126)
Gross Profit		380,019	327,788	1,078,268	1,013,157	1,491,112
Other operating income		30,825	40,146	121,422	146,113	191,084
Employee benefit asset		<u>12,552</u>	<u>8,750</u>	<u>36,552</u>	<u>26,250</u>	<u>47,266</u>
		<u>423,396</u>	<u>376,684</u>	<u>1,236,242</u>	<u>1,185,520</u>	<u>1,729,462</u>
Expense						
Distribution costs		(132,342)	(119,847)	(388,602)	(343,053)	(424,115)
Administrative expenses		(156,993)	(111,721)	(455,662)	(378,912)	(572,542)
Other operating expenses		(101,272)	(66,314)	(314,534)	(275,159)	(443,614)
Pension cost		(635)	(124)	(1,904)	(1,280)	(2,442)
		<u>(391,242)</u>	<u>(298,006)</u>	<u>(1,160,702)</u>	<u>(998,404)</u>	<u>(1,442,713)</u>
Profit from operations		32,154	78,678	75,540	187,116	286,749
Finance cost		(1,962)	(14,860)	(16,242)	(23,789)	(22,093)
Profit before taxation	2	30,192	63,818	59,298	163,327	264,656
Taxation		(9,813)	(21,135)	(18,382)	(48,997)	(85,201)
Profit for the period/year	3	<u>20,379</u>	<u>42,683</u>	<u>40,916</u>	<u>114,330</u>	<u>179,455</u>
Attributable to:						
Stockholders of parent company		20,379	41,690	47,100	118,699	186,631
Minority interest		()	<u>993</u>	(6,184)	(4,369)	(7,176)
		<u>20,379</u>	<u>42,683</u>	<u>40,916</u>	<u>114,330</u>	<u>179,455</u>
Earnings per stock units based on stock units issued	7	1.7¢	3.4¢	3.8¢	10.0¢	15.4¢

*Restated to conform to 2006

Consolidated Balance Sheets

	Notes	GROUP (Unaudited) Nine Months Sept 30, 2006 \$000's	GROUP* (Unaudited) Nine Months Sept 30, 2005 \$000's	GROUP (Audited) Twelve Months Dec 31, 2005 \$000's
Assets				
Property, plant and equipment		757,985	653,249	618,400
Intangible assets		422,978	410,667	438,061
Employee benefit asset		478,650	411,682	442,098
Long-term receivables		3,095	1,979	1,063
Investment in associates		-	-	150
Investments		212,039	179,980	359,666
Deferred tax assets		<u>10,251</u>	<u>16,965</u>	<u>10,149</u>
Total non-current assets		<u>1,884,998</u>	<u>1,674,522</u>	<u>1,869,587</u>
Cash and cash equivalents		30,533	58,261	66,766
Trade and other receivables		457,016	438,489	534,377
Prepayments		54,709	49,065	18,660
Taxation recoverable		57,138	1,614	7,348
Inventories and goods in-transit		381,118	196,947	238,320
Securities purchased under agreements for resale		<u>276,231</u>	<u>625,508</u>	<u>327,228</u>
Total current assets		<u>1,256,745</u>	<u>1,369,884</u>	<u>1,192,699</u>
Total Assets		<u>3,141,743</u>	<u>3,044,406</u>	<u>3,062,286</u>
Stockholders' equity				
Share capital		605,622	605,622	605,622
Reserves		<u>1,430,305</u>	<u>1,357,429</u>	<u>1,431,358</u>
Total equity attributable to equity holders of the parent company		<u>2,035,927</u>	<u>1,963,051</u>	<u>2,036,980</u>
Minority interest		<u>-</u>	<u>29,087</u>	<u>6,184</u>
Total equity		<u>2,035,927</u>	<u>1,992,138</u>	<u>2,043,164</u>
Liabilities				
Long-term liabilities		36,873	120,131	49,169
Employees benefit obligation		50,700	41,300	50,700
Deferred tax liabilities		<u>274,225</u>	<u>279,474</u>	<u>254,425</u>
Total non-current liabilities		<u>361,798</u>	<u>440,905</u>	<u>354,294</u>
Bank overdraft		32,677	9,744	10,931
Trade and other payables		625,197	537,152	557,416
Taxation		45,315	23,030	61,548
Current portion of long-term liabilities		25,465	27,312	23,821
Deferred income		<u>15,364</u>	<u>14,125</u>	<u>11,112</u>
Total current liabilities		<u>744,018</u>	<u>611,363</u>	<u>664,828</u>
Total liabilities		<u>1,105,816</u>	<u>1,052,268</u>	<u>1,019,122</u>
Total equity and liabilities		<u>3,141,743</u>	<u>3,044,406</u>	<u>3,062,286</u>
Stockholders' equity per ordinary stock unit	8	168¢	168¢	168¢

**Restated to conform to 2006 presentation*

GROUP STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

Period ended September 30, 2006

	Share capital \$000's	Capital reserves \$000's	Fair value reserves \$000's	Reserve for own shares \$000's	Retained profits \$000's	Parent company equity \$000's	Minority interest \$000's	Total equity \$000's
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 period	-	-	-	-	118,699	118,699	(4,369)	114,330
Change in fair value of investments	-	-	(34,970)	-	-	(34,970)	-	(34,970)
Gain on revaluation of building	-	21,490	-	-	-	21,490	-	21,490
Differed tax on property, plant and equipment	-	(7,163)	-	-	-	(7,163)	-	(7,163)
Dividends paid (gross)	-	-	-	-	(84,787)	(84,787)	-	(84,787)
Currency translation difference on foreign subsidiaries	<u>-</u>	<u>2,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,635</u>	<u>-</u>	<u>2,635</u>
Balances at September 30, 2005	<u>605,622</u>	<u>404,440</u>	<u>65,442</u>	<u>(84,076)</u>	<u>971,623</u>	<u>1,963,051</u>	<u>29,087</u>	<u>1,992,138</u>
Balances at December 31, 2005	605,622	427,561	89,969	(129,365)	1,043,193	2,036,980	6,184	2,043,164
Profit for the period	-	-	-	-	47,100	47,100	(6,184)	40,916
Gain on revaluation of building	-	80,000	-	-	-	80,000	-	80,000
Change in fair value of investments	-	-	(34,524)	-	-	(34,524)	-	(34,524)
Differed tax on property, plant and equipment	-	(19,998)	-	-	-	(19,998)	-	(19,998)
Dividends paid (gross)	-	-	-	-	(73,136)	(73,136)	-	(73,136)
Own shares sold by the Gleaner Company Limited Employee Investment Trust	-	-	-	9,691	-	9,691	-	9,691
Currency translation difference on foreign subsidiaries	<u>-</u>	<u>(10,186)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,186)</u>	<u>-</u>	<u>(10,186)</u>
Balances at September 30, 2006	<u>605,622</u>	<u>477,377</u>	<u>55,445</u>	<u>(119,674)</u>	<u>1,017,157</u>	<u>2,035,927</u>	<u>-</u>	<u>2,035,927</u>

CONSOLIDATED CASH FLOW STATEMENT
AT SEPTEMBER 30, 2006
(UNAUDITED)

	GROUP (Unaudited) Nine Months Sept 30, 2006 \$000's	GROUP (Unaudited) Nine Months Sept 30, 2005 \$000's	GROUP (Audited) Twelve Months Dec 31, 2005 \$000's
Cash Flow from operating activities			
Net profit attributable to stockholders	47,100	118,699	186,631
Adjustment for non-cash items	<u>36,718</u>	<u>18,536</u>	(28,040)
	83,818	137,235	158,591
Change in working capital	<u>29,382</u>	<u>8,478</u>	<u>66,401</u>
Net cash generated by operating activities	113,200	145,713	224,992
Net cash used in investing activities	(83,483)	(83,250)	(63,417)
Net cash used in financing activities	(65,950)	(72,031)	(162,744)
(Decrease) in cash and cash equivalents	(36,233)	(9,568)	(1,169)
Cash and cash equivalents at beginning of period/year	<u>66,766</u>	<u>67,829</u>	<u>67,935</u>
Cash and cash equivalents at end of period/year	<u>30,533</u>	<u>58,261</u>	<u>66,766</u>

Notes to the Interim Financial Report

We hereby present the Report of the Group for the nine months ended September 30, 2006.

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, 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.

*** The main business segments of the group comprise:**

	<u>Media</u>		<u>Books and Stationery</u>		<u>Other</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>
Turnover	2,117,734	1,917,878	552,562	521,831	25,374	25,515	2,695,670	2,465,224
Profit from operations	39,852	159,018	35,035	24,206	653	3,892	75,540	187,116
Finance cost							(16,242)	(23,789)
Profit before taxation							59,298	163,327
Taxation							(18,382)	(48,997)
Profit after taxation							40,916	114,330
Minority interest							6,184	4,369
Profit attributable to Stockholders of parent Company							47,100	118,699
Segment assets	<u>2,566,874</u>	<u>2,476,234</u>	<u>471,653</u>	<u>476,122</u>	<u>103,216</u>	<u>86,903</u>	<u>3,141,743</u>	<u>3,039,259</u>
Segment liabilities	<u>893,684</u>	<u>805,488</u>	<u>186,158</u>	<u>226,449</u>	<u>25,974</u>	<u>20,331</u>	<u>1,105,816</u>	<u>1,052,268</u>
Capital expenditure	<u>33,520</u>	<u>50,344</u>	<u>2,103</u>	<u>1,102</u>	<u>-</u>	<u>10,879</u>	<u>35,623</u>	<u>62,325</u>
Depreciation and amortisation	<u>42,914</u>	<u>47,993</u>	<u>9,275</u>	<u>7,624</u>	<u>3,041</u>	<u>3,641</u>	<u>55,230</u>	<u>59,258</u>

Notes to the Interim Financial Report (cont'd)

2. Group Financial Accounts for the nine months ended September 30, 2006; show, a profit before taxation of approximately \$59M (2005: \$163M).
3. The Group Profit, after taxation and minority interest, for the nine months of 2006 was approximately \$41M compared with a profit of approximately \$119M for the same period last year.
4. In comparing the financial statements for the nine-month period ended September 30, 2006, with those of previous year, the following should be noted: -
 - (a) Revenue increased by approximately \$230M, or 9% for the period, but this was negated by \$328M, or 13% increase in cost due to increases in raw material, exchange rates, and reorganisation and restructuring expenditure.
 - (b) Other operating income of \$121M (2005: \$146M) decreased due to reduction in interest rates and investments income.
 - (c) Employee benefit asset of \$36.5M (2005: \$26.3M), 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 realised profit 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 \$479M).
5. The Group Financial Statements for the nine months ended September 30, 2006, include the Company's thirteen (2005: thirteen*) subsidiaries – Associated Enterprise Limited, Popular Printers Limited, Sangster's Book Stores Limited, The Book Shop Limited, Gleaner Online Limited, Selectco Publications Limited, Independent Radio Company Limited, The Gleaner Company Limited Employee Investment Trust, 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.
6. The revenue represents sales by the Group before commission payable but excluding returns.
7. The calculations of earnings per stock unit are arrived at by dividing profit after taxation attributable to parent company stockholders by 1,211,243,827 stock units which is the number of stock units in issue at the end of the period/year.
8. The calculations of stockholders' equity per ordinary stock unit for 2006 and 2005 are arrived at by dividing capital and reserves by 1,211,243,827 stock units (see 7 above).
9. Reserve for own shares is included in the financial statements by consolidation of The Gleaner Company Limited Employee Investment Trust (GCLEIT) as it is regarded as a Special Purpose Entity and is required to be consolidated under IFRS 2, as amended. The previous year comparatives have been restated accordingly. The reserve comprises the cost of the company's shares held by the group through the GCLEIT.

*Restated

Notes to the Interim Financial Report (cont'd)

U.K Operations

The operations of the Group's United Kingdom subsidiaries continue to be disappointing despite management's effort to restructure and improve their operating efficiency. The Group's profit position for the three quarters to 2006 September 30 has been adversely affected by the performance of these companies.

The U.K. Operations consist of three companies, GV Media Group Limited, an 80% owned subsidiary of the Gleaner Company Limited and its wholly-owned subsidiaries, The Voice Group Limited and Vee Tee Ay Limited.

The Directors of GV Media Group Limited have started liquidating the Voice Group Limited, a non-operating subsidiary. The liquidation of this Company will not in any way affect the newspaper operations of GV Media Group Limited and will also have no material effect on the financial results of the Group for the year ending 2006 December 31. The financial effect of the liquidation along with all related expenses are reflected in the Group's results in the third quarter of 2006.

The Management of the Gleaner Company continues to pursue strategies and policies, including further major corporate re-organisation, aimed at improving the overall profitability of the overseas companies.

Dividend and Stock Prices

For 2006, your directors approved the payment of an Interim Ordinary Dividend of 3.5 cents per stock unit payable to stockholders on record at February 24, 2006. Payment was made on March 10, 2006.

A 2nd Interim Ordinary Dividend of 3.5 cents per stock unit was paid on September 29, 2006 to stockholders on record at September 18, 2006.

The Company's stock unit price on the Jamaica Stock Exchange at September 30, 2006 was \$1.98; the opening price at January 1, 2006 was \$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