

TO: THE STOCKHOLDERS OF  
THE GLEANER COMPANY LIMITED

**THE GLEANER COMPANY LIMITED**  
CONSOLIDATED THREE MONTHS INTERIM FINANCIAL REPORT  
AT MARCH 31, 2008  
(UNAUDITED)

**Balance Sheets**

	GROUP (Unaudited) Three Months Mar. 31, 2008 \$'000	GROUP (Unaudited) Three Months Mar. 31, 2007 \$'000	GROUP (Audited) Twelve Months Dec. 31, 2007 \$'000
<b>Assets</b>			
Property, plant and equipment	821,434	735,546	833,240
Intangible assets	359,917	520,337	367,835
Employee benefit asset	835,429	789,408	819,179
Long-term receivables	688	1,375	1,788
Investment in associates	150	150	150
Investments	223,837	247,530	250,563
Deferred tax assets	<u>7,468</u>	<u>10,262</u>	<u>5,983</u>
Total non-current assets	<u>2,248,923</u>	<u>2,304,608</u>	<u>2,278,738</u>
Cash and cash equivalents	96,824	61,352	68,043
Securities purchased under agreements for resale	73,252	186,412	75,534
Trade and other receivables	723,942	599,898	752,523
Prepayments	28,237	15,689	34,250
Taxation recoverable	40,724	39,399	31,233
Inventories and goods-in-transit	<u>444,144</u>	<u>372,861</u>	<u>435,413</u>
Total current assets	<u>1,407,123</u>	<u>1,275,611</u>	<u>1,396,996</u>
<b>Total Assets</b>	<b><u>3,656,046</u></b>	<b><u>3,580,219</u></b>	<b><u>3,675,734</u></b>
<b>Equity</b>			
Share capital	605,622	605,622	605,622
Reserves	<u>1,773,733</u>	<u>1,572,717</u>	<u>1,791,689</u>
Total equity attributable to equity holders of the parent company	2,379,355	2,178,339	2,397,311
<b>MINORITY INTEREST</b>	<u>25,950</u>	<u>24,751</u>	<u>27,171</u>
Total equity	<u>2,405,305</u>	<u>2,203,090</u>	<u>2,424,482</u>
<b>Liabilities</b>			
Long-term liabilities	68,845	13,294	74,180
Employee benefit obligation	73,975	98,191	71,300
Deferred tax liabilities	<u>367,334</u>	<u>356,293</u>	<u>388,274</u>
Total non-current liabilities	<u>510,154</u>	<u>467,778</u>	<u>533,754</u>
Bank overdraft	88,343	5,741	66,337
Trade and other payables	581,304	833,253	597,781
Taxation	5,598	41,172	10,768
Current portion of long-term liabilities	18,941	18,826	25,305
Deferred income	<u>46,401</u>	<u>10,359</u>	<u>17,307</u>
Total current liabilities	<u>740,587</u>	<u>909,351</u>	<u>717,498</u>
<b>Total liabilities</b>	<b><u>1,250,741</u></b>	<b><u>1,377,129</u></b>	<b><u>1,251,252</u></b>
<b>Total equity and liabilities</b>	<b><u>3,656,046</u></b>	<b><u>3,580,219</u></b>	<b><u>3,675,734</u></b>
Stockholders' fund per stock unit	196.43¢	179.84¢	197.92¢

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

**THE GLEANER COMPANY LIMITED**  
**PERIOD ENDED MARCH 31, 2008**

**Income Statements**

	<u>Notes</u>	GROUP (Unaudited) Three Months Jan.-Mar. 31, 2008 \$'000	GROUP (Unaudited) Three Months Jan.-Mar. 31, 2007 \$'000	GROUP (Audited) Twelve Months Dec. 31, 2007 \$'000
Revenue	4(a)	923,491	864,683	4,248,873
Cost of sales		(489,081)	(470,412)	(2,488,752)
Gross profit		434,410	394,271	1,760,121
Other operating income	4(b)	<u>93,716</u>	<u>18,446</u>	<u>321,163</u>
		<u>528,126</u>	<u>412,717</u>	<u>2,081,284</u>
Distribution costs		(174,678)	(141,093)	( 568,628)
Administration expenses		(219,003)	(175,759)	( 786,671)
Other operating expenses		( 91,833)	( 98,138)	( 487,532)
Pension costs		( 81)	( 81)	( 1,957)
		<u>(485,595)</u>	<u>(415,071)</u>	<u>(1,844,788)</u>
Employee benefit asset	4(c)	<u>16,250</u>	<u>37,591</u>	<u>64,500</u>
<b>Profit from operations</b>		<b>58,781</b>	<b>35,237</b>	<b>300,996</b>
Finance income		1,200	-	24,612
Finance cost		( 4,418)	( 5,823)	( 25,194)
Net finance cost		( 3,218)	( 5,823)	( 582)
Impairment losses		-	-	( 201,406)
Subsidiaries in Administration/Liquidation		<u>-</u>	<u>-</u>	<u>94,131</u>
<b>Profit before taxation</b>		<b>55,563</b>	<b>29,414</b>	<b>193,139</b>
Taxation		( 11,338)	( 9,707)	( 94,935)
<b>Profit for the period</b>		<b><u>44,225</u></b>	<b><u>19,707</u></b>	<b><u>98,204</u></b>
Attributable to:				
Parent company stockholders		45,446	18,628	94,705
Minority interest		<u>( 1,221)</u>	<u>1,079</u>	<u>3,499</u>
		<u><b>44,225</b></u>	<u><b>19,707</b></u>	<u><b>98,204</b></u>
Dealt with in the financial statements of:				
Parent company		68,237	38,867	151,549
Subsidiary companies		<u>( 22,791)</u>	<u>( 20,239)</u>	<u>( 56,844)</u>
		<u><b>45,446</b></u>	<u><b>18,628</b></u>	<u><b>94,705</b></u>
Earnings per stock unit:				
Based on stock units in issue	7	<u>3.65¢</u>	<u>1.54¢</u>	<u>7.82¢</u>

# THE GLEANER COMPANY LIMITED

Group Statement of Changes in Equity  
Period ended March 31, 2008

	Share capital \$'000	Capital reserves \$'000	Fair Value reserves \$'000	Reserve for own shares \$'000	Retained profits \$'000	Parent company stockholders equity \$'000	Minority interest \$'000	Total equity \$'000
Balances at December 31, 2006	605,622	493,132	77,877	(169,506)	1,220,471	2,227,596	23,672	2,251,268
Profit for the period	-	-	-	-	18,628	18,628	1,079	19,707 *
Dividends paid (gross)	-	-	-	-	( 42,394)	( 42,394)	-	( 42,394)
Change in fair value of investments	-	-	(20,051)	-	-	( 20,051)	-	( 20,051)
Currency translation differences on foreign subsidiaries	-	( 9,405)	-	-	-	( 9,405)	-	( 9,405)*
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,965</u>	<u>-</u>	<u>3,965</u>	<u>-</u>	<u>3,965 *</u>
Balances at March 31, 2007	<u>605,622</u>	<u>483,727</u>	<u>57,826</u>	<u>(165,541)</u>	<u>1,196,705</u>	<u>2,178,339</u>	<u>24,751</u>	<u>2,203,090</u>
Balances at December 31, 2007	605,622	598,868	107,665	(150,375)	1,235,531	2,397,311	27,171	2,424,482
Profit for the period	-	-	-	-	45,446	45,446	( 1,221)	44,225 *
Dividends (gross)	-	-	-	-	( 42,394)	( 42,394)	-	( 42,394)
Change in fair value of investments	-	-	( 16,605)	-	-	( 16,605)	-	( 16,605)
Currency translation differences on foreign subsidiaries	-	52,093	-	-	-	52,093	-	52,093 *
Own shares acquired by Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 56,496)</u>	<u>-</u>	<u>( 56,496)</u>	<u>-</u>	<u>( 56,496) *</u>
Balances at March 31, 2008	<u>605,622</u>	<u>650,961</u>	<u>91,060</u>	<u>(206,871)</u>	<u>1,238,583</u>	<u>2,379,355</u>	<u>25,950</u>	<u>2,405,305</u>

\*Total recognised gains for the period amounted to \$14,276M (2007: \$36,822M)

## THE GLEANER COMPANY LIMITED

Statement of Cash Flows  
Year ended March 31, 2008

	GROUP (Unaudited) Three Months Jan. - Mar. 31, 2008	GROUP (Unaudited) Three Months Jan. - Mar. 31, 2007	GROUP (Audited) Twelve Months Dec. 31, 2007
	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>			
Net profit attributable to stockholders	45,446	18,628	94,705
Adjustments for non-cash items	<u>41,640</u>	<u>(71,331)</u>	<u>117,818</u>
	87,086	(52,703)	212,523
<b>Change in working capital</b>	<u>(55,402)</u>	<u>133,459</u>	<u>(108,388)</u>
Net cash provided by operating activities	31,684	80,756	104,135
Net cash used by investing activities	(17,408)	(21,583)	(99,661)
Net cash used by financing activities	<u>(7,501)</u>	<u>(24,002)</u>	<u>(23,208)</u>
Net increase/decrease in cash and cash equivalents	6,775	35,171	(18,734)
Cash and cash equivalents at beginning of the period	<u>1,706</u>	<u>20,440</u>	<u>20,440</u>
Cash and cash equivalents at end of the period	<u><u>8,481</u></u>	<u><u>55,611</u></u>	<u><u>1,706</u></u>
Comprised of:			
Cash and cash equivalents	96,824	61,352	68,043
Bank overdraft	<u>(88,343)</u>	<u>(5,741)</u>	<u>(66,337)</u>
	<u><u>8,481</u></u>	<u><u>55,611</u></u>	<u><u>1,706</u></u>

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

## THE GLEANER COMPANY LIMITED

## Notes to the Interim Financial Report

We hereby present the Report of the Group for the three months ended March 31, 2008.

## 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 year 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>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Turnover	<u>787,888</u>	<u>748,943</u>	<u>125,175</u>	<u>104,320</u>	<u>10,428</u>	<u>11,420</u>	<u>923,491</u>	<u>864,683</u>
Profit/(loss) from operations	<u>99,043</u>	<u>48,858</u>	<u>(20,882)</u>	<u>(13,167)</u>	<u>(16,152)</u>	<u>(454)</u>	58,781	35,237
Net finance cost							<u>(3,218)</u>	<u>(5,823)</u>
Profit before taxation							55,563	29,414
Taxation							<u>(11,338)</u>	<u>(9,707)</u>
Profit after taxation							44,225	19,707
Minority interest							<u>(1,221)</u>	<u>(1,079)</u>
Profit attributable to Stockholders of parent company							<u>45,446</u>	<u>18,628</u>
Segment assets	<u>3,003,926</u>	<u>3,036,154</u>	<u>516,703</u>	<u>414,934</u>	<u>135,417</u>	<u>129,131</u>	<u>3,656,046</u>	<u>3,580,219</u>
Segment liabilities	<u>969,200</u>	<u>1,126,827</u>	<u>254,427</u>	<u>181,431</u>	<u>27,114</u>	<u>26,477</u>	<u>1,250,741</u>	<u>1,377,129</u>
Capital expenditure	<u>12,703</u>	<u>12,320</u>	<u>6,238</u>	<u>370</u>	<u>-</u>	<u>-</u>	<u>18,941</u>	<u>12,690</u>
Depreciation and amortisation	<u>12,698</u>	<u>12,467</u>	<u>3,344</u>	<u>3,040</u>	<u>2</u>	<u>2</u>	<u>16,044</u>	<u>15,509</u>

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

2. Group Financial Accounts for the three months ended March 31, 2008 show a profit, before taxation, of approximately \$56M (2007: \$29M).
3. The Group Profit, after taxation, for the three months of 2008 was approximately \$44M compared with a profit of approximately \$19.7M for the same period last year.
4. In comparing the financial statements for the three-month period ended March 31, 2008, with those of the previous year, the following should be noted: -
  - (a) Revenue increased by approximately \$59M, or 7% for the period, while cost of sales increased by \$19M or 4%. The latter was achieved by the implementation of cost control measures during the first quarter.
  - (b) Other operating income of \$94M (2007: \$18M) increased due mainly to the sale of Lascelles DeMercardo shares.
  - (c) Employee benefit asset of \$16M (2007: \$38M) represents a portion of the surplus in the parent company's pension scheme, which, in accordance with IAS 19, has been credited to the income statement. 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 Balance Sheet asset of \$835M).
5. The Group Financial Statements for the three months ended March 31, 2008, include the Company's twelve (2007: 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 (see note 9), Creek Investment Limited and overseas subsidiaries, The Gleaner Company (U.S.A.) Limited, The Gleaner Company (Canada) Incorporated, and GV Media Group Limited.
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 year.
8. The calculations of stockholders' equity per ordinary stock unit for 2008 and 2007 are arrived at by dividing capital and reserves by 1,211,243,827 stock units (see 7 above).
9. The Gleaner Company Limited Employee Investment Trust (GCLEIT) as it is regarded as a Special Purpose Entity (see note 5) and is required to be consolidated under IFRS. The reserve shown in the statement of changes in equity shows the cost of the company's shares held by the group through the GCLEIT. The GCLEIT now owns 73,422,924 shares.

### Dividend and Stock Prices

For 2008, your directors approved the payment of a 1st Interim Ordinary Dividend of 3.5 cents per stock unit payable to stockholders on record at March 20, 2008. Payment was made on April 5, 2008.

The Company's stock unit price on the Jamaica Stock Exchange closed the period at \$2.90 compared to the opening price at January 1, 2008 of \$4.30.

### 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.

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

### Conclusion

The Group has shown improvement in its profits from operation for the first quarter of 2008 and it is expected that this trend will continue during 2008.

On behalf of the Board



Hon. O. F. Clarke, O.J.  
**Chairman and Managing Director**



C. R. Bourne  
**Company Secretary**

May 14, 2008