

TO: THE STOCKHOLDERS OF

THE GLEANER COMPANY LIMITED

(Unaudited)

CONSOLIDATED GROUP INCOME STATEMENT FOR THREE MONTHS ENDED MARCH 31, 2011

	Notes	GROUP (Unaudited) Three Month Jan – Mar. 2011 \$000's	GROUP (Unaudited) Three Months Jan – Mar. 2010 \$000's	GROUP (Audited) Twelve Months ended Dec 31, 2010 \$000's
Revenue	5 (a), 7	795,815	790,204	3,187,725
Cost of sales		<u>(370,910)</u>	<u>(352,270)</u>	<u>(1,704,122)</u>
Gross profit		424,905	437,934	1,483,603
Other operating income	5 (b)	<u>9,055</u>	<u>4,584</u>	<u>210,029</u>
		<u>433,960</u>	<u>442,518</u>	<u>1,693,632</u>
Distribution costs		(141,732)	(140,666)	(473,595)
Administrative expenses		(178,622)	(178,333)	(583,054)
Other operating expenses		(73,844)	(76,083)	(511,616)
Pension costs		<u>(1,182)</u>	<u>(68)</u>	<u>(4,188)</u>
		<u>(395,380)</u>	<u>(395,150)</u>	<u>(1,572,453)</u>
Employee benefit asset	5 (c)	-	(9,750)	494,400
Employee benefit obligation	5 (c)	-	-	(26,200)
		<u>-</u>	<u>(9,750)</u>	<u>468,200</u>
Profit from operations		<u>38,580</u>	<u>37,618</u>	<u>589,379</u>
Finance income	5 (d)	22,594	3,983	39,785
Finance cost		<u>(2,309)</u>	<u>(3,039)</u>	<u>(8,629)</u>
Net finance income		<u>20,285</u>	<u>944</u>	<u>31,156</u>
Profit before taxation charge	3, 9	58,865	38,562	620,535
Taxation charge		<u>(15,471)</u>	<u>(7,743)</u>	<u>(189,836)</u>
Profit for the period/year		<u>43,394</u>	<u>30,819</u>	<u>430,699</u>
Attributable to:				
Parent company stockholders		43,394	31,751	431,845
Non-controlling interest		<u>-</u>	<u>(932)</u>	<u>(1,146)</u>
		<u>43,394</u>	<u>30,819</u>	<u>430,699</u>
Dealt with in the financial statements of:				
Parent company		48,361	34,943	416,374
Subsidiary companies		<u>(4,967)</u>	<u>(3,192)</u>	<u>15,471</u>
		<u>43,394</u>	<u>31,751</u>	<u>431,845</u>
Earnings per stock unit:				
Based on stock units in issue	8	<u>3.58¢</u>	<u>2.62¢</u>	<u>35.65¢</u>

The accompanying notes form an integral part of the financial statements

THE GLEANER COMPANY LIMITED

(Unaudited)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Three months ended March 31, 2011

	Three Months March 2011 \$000's	Three Months March 2010 \$000's
Profit for the period	43,394	30,819
Other comprehensive income:		
Change in fair value of available-for-sale investments	461	13,730
Currency translation differences on foreign subsidiaries	14,327	(7,356)
Taxation on other comprehensive income	(154)	(4,576)
Other comprehensive income for the period, net of taxation	<u>14,634</u>	<u>1,798</u>
Total comprehensive income for the period	<u>58,028</u>	<u>32,617</u>
Total comprehensive income attributable to:		
Owners of the parent	58,028	33,549
Non-controlling interest	-	(932)
Total comprehensive income for the period	<u>58,028</u>	<u>32,617</u>

THE GLEANER COMPANY LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT MARCH 31, 2011

	Notes	GROUP (Unaudited) Three Months March 31, 2011 \$000's	GROUP (Unaudited) Three Months March 31, 2010 \$000's	GROUP (Audited) Twelve Months Dec 31, 2010 \$000's
Assets				
Property, plant and equipment		896,788	861,849	903,407
Intangible assets		7,265	8,100	7,638
Employee benefit asset	5 (c)	-	773,150	-
Long-term receivables		42,910	70,156	42,910
Interest in associates		150	150	150
Investments		87,093	253,845	228,171
Deferred tax assets		9,335	8,765	9,335
Total non-current assets		<u>1,043,541</u>	<u>1,976,015</u>	<u>1,191,611</u>
Cash and cash equivalents		86,224	87,400	125,936
Securities purchased under agreement for resale		239,849	280,364	252,896
Trade and other receivables		511,649	423,199	556,147
Prepayments		27,982	32,478	32,050
Taxation recoverable		98,853	91,311	98,568
Inventories and goods in-transit		112,589	145,926	88,063
Pension receivable	5 (c)	1,277,300	-	1,277,300
Total current assets		<u>2,354,446</u>	<u>1,060,678</u>	<u>2,430,960</u>
Total assets		<u>3,397,987</u>	<u>3,036,693</u>	<u>3,622,571</u>
Equity				
Share capital		605,622	605,622	605,622
Reserves		1,627,946	1,389,642	1,851,333
Total equity attributable to equity holders of the parent company		<u>2,233,568</u>	<u>1,995,264</u>	<u>2,456,955</u>
Non-controlling interest		-	14,360	-
Total equity		<u>2,233,568</u>	<u>2,009,624</u>	<u>2,456,955</u>
Liabilities				
Long-term liabilities		10,293	38,967	40,534
Employee benefit obligation		120,900	96,200	120,900
Deferred tax liabilities		513,920	309,136	506,501
Total non-current liabilities		<u>645,113</u>	<u>444,303</u>	<u>667,935</u>
Bank overdraft		7,592	7,451	9,076
Trade and other payables		480,297	529,586	436,421
Taxation		564	540	197
Current portion of long-term liabilities		5,230	5,456	6,626
Deferred income		25,623	39,733	45,361
Total current liabilities		<u>519,306</u>	<u>582,766</u>	<u>497,681</u>
Total liabilities		<u>1,164,419</u>	<u>1,027,069</u>	<u>1,165,616</u>
Total equity and liabilities		<u>3,397,987</u>	<u>3,036,693</u>	<u>3,622,571</u>

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

THE GLEANER COMPANY LIMITED

(Unaudited)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Three months ended March 31, 2011

	Share capital \$000's	Capital reserves \$000's	Fair value reserves \$000's	Reserve for own shares \$000's	Retained profits \$000's	Total \$000's	Minority interest \$000's	Total equity \$000's
Balances at January 1, 2010	605,622	736,116	5,892	(191,422)	866,960	2,023,168	15,292	2,038,460
Total comprehensive income for the period	-	(7,356)	9,154	-	31,751	33,549	(932)	32,617
Dividends paid (gross)	-	-	-	-	(60,562)	(60,562)	-	(60,562)
Own shares sold in the Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(891)</u>	<u>-</u>	<u>(891)</u>	<u>-</u>	<u>(891)</u>
Balances at March 31, 2010	<u>605,622</u>	<u>728,760</u>	<u>15,046</u>	<u>(192,313)</u>	<u>838,149</u>	<u>1,995,264</u>	<u>14,360</u>	<u>2,009,624</u>
Balances at January 1, 2011	605,622	804,663	21,635	(183,295)	1,208,330	2,456,955	-	2,456,955
Total comprehensive income for the period	-	14,327	307	-	43,394	58,028	-	58,028
Dividends paid (gross)	-	-	-	-	(302,811)	(302,811)	-	(302,811)
Own shares sold in the Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,396</u>	<u>-</u>	<u>21,396</u>	<u>-</u>	<u>21,396</u>
Balances at March 31, 2011	<u>605,622</u>	<u>818,990</u>	<u>21,942</u>	<u>(161,899)</u>	<u>948,913</u>	<u>2,233,568</u>	<u>-</u>	<u>2,233,568</u>

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

THE GLEANER COMPANY LIMITED

STATEMENT OF CASH FLOWS Three Months ended March 31, 2011 (Unaudited)

	GROUP (Unaudited) Three Months Mar. 31, 2011 \$000's	GROUP (Unaudited) Three Months Mar. 31, 2010 \$000's	GROUP (Audited) Twelve Months Dec 31, 2010 \$000's
Cash Flow from operating activities			
Profit for the period/year	43,394	30,819	430,699
Adjustment for non-cash items	<u>25,369</u>	<u>34,485</u>	<u>(179,587)</u>
	68,763	65,304	251,112
Change in working capital	<u>380,016</u>	<u>250,209</u>	<u>(30,848)</u>
Net cash provided by operating activities	448,779	315,513	220,264
Net cash used by investing activities	(198,599)	(231,529)	(92,513)
Net cash used by financing activities	<u>(288,408)</u>	<u>(59,214)</u>	<u>(66,070)</u>
Net (decrease)/ increase in cash and cash equivalents	(38,228)	24,770	61,681
Cash and cash equivalents at beginning of period	<u>116,860</u>	<u>55,179</u>	<u>55,179</u>
Cash and cash equivalents at end of period	<u>78,632</u>	<u>79,949</u>	<u>116,860</u>
Comprised of:			
Cash and cash equivalents	86,224	87,400	125,936
Bank overdraft	<u>(7,592)</u>	<u>(7,451)</u>	<u>(9,076)</u>
	<u>78,632</u>	<u>79,949</u>	<u>116,860</u>

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

Notes to the Interim Financial Report

We hereby present the unaudited financial report of the Group for the three months ended March 31, 2011.

1. Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and comply with the provisions of the Jamaican Companies Act.

The accounting policies followed in these interim financial statements are consistent with those in the audited financial statement for the year ended December 31, 2010.

2. Segment Reporting

The Group now has two reportable segments, they are: -

- (a) Media service which include the print and electronic media businesses
- (b) Other which includes management services, publication of books and those that do not meet any of the quantitative thresholds for determining reportable segments in 2010 and 2011

Management monitors the operating results of business segments separately for the purpose of making decisions about resources to be allocated and the assessing of performances. Finance cost, finance income and income taxes are managed on an individual basis.

	<u>Media service</u>		<u>Other</u>		<u>Total</u>	
	<u>(Unaudited)</u>		<u>(Unaudited)</u>		<u>(Unaudited)</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
External revenues	<u>776,800</u>	<u>777,423</u>	<u>19,015</u>	<u>12,781</u>	<u>795,815</u>	<u>790,204</u>
Segment profit/(loss) before taxation	<u>38,213</u>	<u>39,843</u>	<u>366</u>	<u>(2,225)</u>	<u>38,579</u>	<u>37,618</u>
Finance income	<u>22,594</u>	<u>3,679</u>	<u>-</u>	<u>304</u>	<u>22,594</u>	<u>3,983</u>
Finance costs	<u>(2,297)</u>	<u>(3,019)</u>	<u>(12)</u>	<u>(20)</u>	<u>(2,309)</u>	<u>(3,039)</u>
Depreciation and amortisation	<u>21,563</u>	<u>23,535</u>	<u>-</u>	<u>-</u>	<u>21,568</u>	<u>23,535</u>
Reportable segment assets	<u>3,239,968</u>	<u>2,868,639</u>	<u>158,019</u>	<u>168,054</u>	<u>3,397,987</u>	<u>3,036,693</u>
Reportable segment liabilities	<u>1,107,782</u>	<u>961,403</u>	<u>56,637</u>	<u>65,665</u>	<u>1,164,419</u>	<u>1,027,068</u>
Capital expenditure	<u>6,711</u>	<u>9,058</u>	<u>-</u>	<u>-</u>	<u>6,711</u>	<u>9,058</u>

3. Group Financial Accounts for the three months ended March, 2011 show a profit from operations before taxation charge of approximately \$59M (2010: \$39M).
4. The Group profit after taxation for the three months of 2011 was approximately \$43M compared with a loss of approximately (\$31M) for the same period last year.
5. In comparing the financial statements for the three-month period ended March 31,2011, with those of previous year, the following should be noted: -
 - (a) Revenue increased by approximately \$5M or 1% for the period.
 - (b) Other operating income of \$9M (2010: \$5M) includes interest income and gain on exchange.
 - (c) The company's defined benefits pension fund was discontinued on July 15, 2010. The surplus in the Fund has been used to enhance member benefits and the balance thereafter divided equally between the company and members of the fund. The effect of this is that members have benefited from 54% of the surplus and the company 46%. The company's portion of the surplus

Notes to the Interim Financial Report (Cont'd)

is \$1.3B; and is shown on the balance sheet as pension receivable. The trustees have not yet agreed on the assets which will be transferred by the fund to the company, in settlement of this surplus.

In the prior period, Employee benefit asset of \$10M, represented a portion of the surplus in the parent company's pension scheme, which, in accordance with IAS 19, was credited to the Group income statements.

Employee benefit obligation relates to a post-retirement benefit scheme operated by the Parent Company, which covers health and life insurance. The method of accounting and the frequency of valuations are similar to that used for the defined-benefit scheme. (See also Balance Sheet item of approximately \$121M (2010: \$96M).

- (d) Finance income increased by \$19M or 467%. This is as a result of a provision for interest accrued on amount receivable from the pension scheme.
6. (a) The Group Financial Statements for the three months ended March 31, 2011, include the Company's ten (2010: ten) subsidiaries – Associated Enterprise Limited, Popular Printers Limited, The Book Shop Limited, The Gleaner Online Limited, Selectco Publications Limited, Independent Radio Company Limited, Creek Investments Limited and overseas subsidiaries, The Gleaner Company (U.S.A.) Limited, The Gleaner Company (Canada) Incorporated, and GV Media Group Limited.
- (b) The Gleaner Company Limited acquired all minority shareholdings in Independent Radio Limited in 2010.
7. Revenue represents sales by the Group before commission payable but excluding returns.
8. The calculations of earnings per stock unit are arrived at by dividing profit after taxation attributable to the parent company's stockholders by 1,211,243,827 stock units, that is, the number of stock units in issue at the end of the period/year.
9. Reconciliation of Trading profit: -

	<u>2011</u>	<u>2010</u>
	\$M	\$M
Profit from continuing operations before taxation	59	39
Employee benefit asset	<u>-</u>	<u>10</u>
Trading profit	<u>59</u>	<u>49</u>

After adjusting for changes in employee benefit asset, trading profit was \$59M to March 2011 versus profit of \$49M for 2010.

11. Dividend and Stock Prices

Your Directors declared a 1st Interim Ordinary Dividend of 25 cents per stock unit which was paid on March 1, 2011 to stockholders on record at February 16, 2011.

The Company's stock unit price on the Jamaica Stock Exchange at March 31, 2011 was \$1.97; the opening price at January 1, 2011 was \$1.65.

12. Libel Cases

The Company's lawyers have advised that they are of the opinion that the provision made in the Group's accounts is a reasonable provision for the purpose of covering all reasonable and probable judgements and costs for existing libel actions against the Group.

On behalf of the Board



Hon. O. F. Clarke, O.J, JP, LL.D. (Hon)
Chairman



C. Barnes
Managing Director

May 17, 2011