

TO: THE STOCKHOLDERS OF

THE GLEANER COMPANY LIMITED

(Unaudited)

CONSOLIDATED GROUP INCOME STATEMENT FOR THREE MONTHS ENDED MARCH 31, 2014

		GROUP (Unaudited) Three Month Jan – Mar. 2014 \$000's	GROUP (Unaudited) Three Months Jan – Mar. 2013 \$000's	GROUP (Audited) Twelve Months ended Dec 31, 2013 \$000's
Revenue	5 (a)	785,708	774,730	3,188,709
Cost of sales		<u>(429,833)</u>	<u>(414,633)</u>	<u>(1,867,022)</u>
Gross profit		355,875	360,097	1,321,687
Other operating (loss)/income	5 (b)	<u>13,376</u>	<u>(4,260)</u>	<u>127,276</u>
		<u>369,251</u>	<u>355,837</u>	<u>1,448,963</u>
Distribution costs		(121,130)	(119,665)	(477,171)
Administrative expenses		(186,026)	(190,704)	(684,862)
Other operating expenses		(74,914)	(72,336)	(329,644)
Pension costs		<u>(6,835)</u>	<u>(6,928)</u>	<u>(23,588)</u>
		<u>(388,905)</u>	<u>(389,633)</u>	<u>(1,515,265)</u>
Employee benefit obligation		—	<u>(2,200)</u>	<u>31,000</u>
(Loss)/profit from operations		<u>(19,654)</u>	<u>(35,996)</u>	<u>(35,302)</u>
Finance income	5 (c)	23,676	20,828	152,011
Finance cost		<u>(8,311)</u>	<u>(4,863)</u>	<u>(25,251)</u>
Net finance income		<u>15,365</u>	<u>15,965</u>	<u>126,760</u>
(Loss)/profit before taxation charge	3	<u>(4,288)</u>	<u>(20,031)</u>	<u>91,458</u>
Taxation credit/(charge)		<u>858</u>	<u>4,006</u>	<u>(5,616)</u>
(Loss)/profit for the period/year		<u>(3,430)</u>	<u>(16,025)</u>	<u>85,842</u>
Attributable to:				
Parent company stockholders		<u>(3,430)</u>	<u>(16,025)</u>	<u>85,842</u>
Dealt with in the financial statements of:				
Parent company		2,837	(7,622)	63,834
Subsidiaries		<u>(6,267)</u>	<u>(8,403)</u>	<u>22,008</u>
		<u>(3,430)</u>	<u>(16,025)</u>	<u>85,842</u>
Earnings per stock unit:				
Based on stock units in issue	7	<u>(0.28)¢</u>	<u>(1.32)¢</u>	<u>7.09¢</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, 2014

	Three Months March 2014 \$000's	Three Months March 2013 \$000's
(Loss)/profit for the period	(3,430)	(16,025)
Other comprehensive income:		
Change in fair value of available-for-sale investments	1,748	4,250
Currency translation differences on foreign subsidiaries	(1,368)	(4,177)
Taxation on other comprehensive income	—	—
Other comprehensive income for the period, net of taxation	<u>380</u>	<u>73</u>
Total comprehensive income for the period	<u>(3,050)</u>	<u>(15,952)</u>
Dealt with in the financial statements of:		
Parent company	2,015	(3,372)
Subsidiary companies	(5,065)	(12,580)
Total comprehensive income for the period	<u>(3,050)</u>	<u>(15,952)</u>

THE GLEANER COMPANY LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT MARCH 31, 2014

	Notes	GROUP (Unaudited) Three Months March 31, 2014 \$000's	GROUP (Unaudited) Three Months March 31, 2013 \$000's	GROUP (Audited) Twelve Months Dec 31, 2013 \$000's
Assets				
Property, plant and equipment		1,261,303	979,031	1,248,067
Intangible assets		905	3,798	1,628
Long-term receivables		3,900	3,900	6,317
Interest in associates		150	150	150
Investments		577,334	441,818	640,418
Pension receivable	5 (d)	29,000	68,365	29,000
Deferred tax assets		<u>6,475</u>	<u>4,152</u>	<u>3,200</u>
Total non-current assets		<u>1,879,067</u>	<u>1,501,214</u>	<u>1,928,780</u>
Cash and cash equivalents		38,293	51,192	91,623
Securities purchased under agreement for resale		113,970	267,552	9,780
Trade and other receivables		418,870	471,274	490,638
Prepayments		26,256	26,261	37,973
Taxation recoverable		19,419	16,118	9,746
Inventories and goods in-transit		150,610	218,659	99,222
Pension receivable	5 (d)	<u>1,000,409</u>	<u>928,522</u>	<u>986,574</u>
Total current assets		<u>1,767,827</u>	<u>1,979,578</u>	<u>1,725,556</u>
Total assets		<u>3,646,894</u>	<u>3,480,792</u>	<u>3,654,336</u>
Equity				
Share capital		605,622	605,622	605,622
Reserves		<u>1,937,450</u>	<u>1,701,008</u>	<u>1,988,079</u>
Total equity		<u>2,543,072</u>	<u>2,306,630</u>	<u>2,593,701</u>
Liabilities				
Long-term liabilities		72,800	91,000	93,534
Employee benefit obligation		66,300	139,100	66,300
Deferred tax liabilities		<u>338,908</u>	<u>319,671</u>	<u>338,906</u>
Total non-current liabilities		<u>478,007</u>	<u>549,771</u>	<u>498,740</u>
Bank overdraft		35,881	21,276	5,327
Trade and other payables		530,048	573,042	449,161
Taxation		-	65	4,867
Current portion of long-term liabilities		16,920	11,496	36,365
Deferred income		<u>42,966</u>	<u>18,512</u>	<u>66,175</u>
Total current liabilities		<u>625,815</u>	<u>624,391</u>	<u>561,895</u>
Total liabilities		<u>1,103,822</u>	<u>1,174,162</u>	<u>1,060,635</u>
Total equity and liabilities		<u>3,646,894</u>	<u>3,480,792</u>	<u>3,654,336</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, 2014

	Share capital \$000's	Capital reserves \$000's	Fair value reserves \$000's	Reserve for own shares \$000's	Retained profits \$000's	Total equity \$000's
Balances at January 1, 2013	605,622	831,441	40,247	(160,782)	1,040,292	2,356,820
Total comprehensive income for the period	-	(4,177)	4,250	-	(16,025)	(15,952)
Dividends paid (gross)	-	-	-	-	(84,787)	(84,787)
Own shares sold in the Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,549</u>	<u>-</u>	<u>50,549</u>
Balances at March 31, 2013	<u>605,622</u>	<u>827,264</u>	<u>44,497</u>	<u>(110,233)</u>	<u>939,480</u>	<u>2,306,630</u>
Balances at January 1, 2014	605,622	1,013,906	63,005	(144,035)	1,055,203	2,593,701
Total comprehensive income for the period	-	(1,368)	1,748	-	(3,430)	(3,050)
Dividends paid (gross)	-	-	-	-	(48,445)	(48,445)
Own shares sold in the Gleaner Company Limited Employee Investment Trust (GCLEIT)	<u>-</u>	<u>-</u>	<u>-</u>	<u>866</u>	<u>-</u>	<u>866</u>
Balances at March 31, 2014	<u>605,622</u>	<u>1,012,538</u>	<u>64,753</u>	<u>(143,169)</u>	<u>1,003,328</u>	<u>2,543,072</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, 2014 (Unaudited)

	GROUP (Unaudited) Three Months Mar. 31, 2014 \$000's	GROUP (Unaudited) Three Months Mar. 31, 2013 \$000's	GROUP (Audited) Twelve Months Dec 31, 2013 \$000's
Cash Flow from operating activities			
(Loss)/profit for the period/year	(3,430)	(16,025)	85,842
Adjustment for non-cash items	<u>33,228</u>	<u>35,171</u>	(49,519)
	29,798	19,146	36,323
Change in working capital	<u>80,902</u>	<u>30,890</u>	<u>182,397</u>
Net cash provided by operating activities	110,700	50,036	218,720
Net cash used by investing activities	(146,139)	(68,989)	(181,259)
Net cash used by financing activities	(48,445)	(62,787)	(62,821)
Net (decrease)/ increase in cash and cash equivalents	(83,884)	(81,740)	(25,360)
Cash and cash equivalents at beginning of period	<u>86,296</u>	<u>111,656</u>	<u>111,656</u>
Cash and cash equivalents at end of period	<u><u>2,412</u></u>	<u><u>29,916</u></u>	<u><u>86,296</u></u>
Comprised of:			
Cash and bank	38,293	51,192	91,623
Bank overdraft	(35,881)	(21,276)	(5,327)
	<u><u>2,412</u></u>	<u><u>29,916</u></u>	<u><u>86,296</u></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, 2014.

1. Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, as issued by the International Accounting Standards Board (IASB), 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 statements for the year ended December 31, 2013.

2. Segment Reporting

The group has one reportable segment, which is Media Service. This includes the print and electronic media businesses. "Other" includes management services, publication of books and those activities that do not meet any of the quantitative thresholds for determining reportable segments in 2013 or 2014.

Performance is measured on segment profit before taxation as included in the internal management reports that are reviewed by the Board of Directors. Segment profit before taxation is used to measure performance, as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Business segments:

	<u>Media Service</u>		<u>Other</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>	<u>\$'000</u>
External revenues	<u>776,563</u>	<u>766,083</u>	<u>9,145</u>	<u>8,647</u>	<u>785,708</u>	<u>774,730</u>
Segment (loss)/profit before taxation & finance income	<u>(18,119)</u>	<u>(34,326)</u>	<u>(1,535)</u>	<u>(1,670)</u>	<u>(19,654)</u>	<u>(35,996)</u>
Finance income	<u>23,676</u>	<u>20,828</u>	<u>—</u>	<u>—</u>	<u>23,676</u>	<u>20,828</u>
Finance costs	<u>(8,299)</u>	<u>(4,853)</u>	<u>(12)</u>	<u>(10)</u>	<u>(8,311)</u>	<u>(4,863)</u>
Depreciation and amortisation	<u>27,765</u>	<u>26,175</u>	<u>—</u>	<u>—</u>	<u>27,765</u>	<u>26,175</u>
Reportable segment assets	<u>3,561,431</u>	<u>3,394,165</u>	<u>85,463</u>	<u>86,627</u>	<u>3,646,894</u>	<u>3,480,792</u>
Reportable segment liabilities	<u>1,042,059</u>	<u>1,125,694</u>	<u>61,763</u>	<u>48,468</u>	<u>1,103,822</u>	<u>1,174,162</u>
Capital expenditure	<u>14,640</u>	<u>80,273</u>	<u>-</u>	<u>-</u>	<u>14,640</u>	<u>80,273</u>

- Group Financial Accounts for the three months ended March 31, 2014 show a loss before taxation charge of approximately \$4.3M (2013: Loss of \$20M).
- The Group loss after taxation for the three months of 2014 was approximately \$3.4M compared with a loss of approximately \$16M for the same period last year.
- In comparing the financial statements for the three-month period ended March 31, 2014, with those of previous year, the following should be noted: -
 - Revenue which represents sales by the Group before commission payable but excluding returns, increased by approximately \$11M for the period.
 - Other operating income of \$13M (2013: \$4M loss) is as a result of gains on foreign exchange on investment.
 - Finance income includes interest provision of \$14M on the pension receivable amounts as at March 31, 2014.

- (d) Pension receivable of \$1billion represents amounts due to the company arising from the discontinuation of the defined-benefit pension fund. Of the total outstanding amount, \$29M (2013: \$68M) is expected to be received in more than one year from the reporting date.

	<u>Group and Company</u>	
	<u>March 2014</u>	<u>March 2013</u>
	<u>\$'000</u>	<u>\$'000</u>
Pension receivable brought forward to January	1,015	1,062
Net received during the year	-	(75)
Income earned during the period	<u>14</u>	<u>10</u>
	<u>1,029</u>	<u>997</u>

6. The Group Financial Statements for the three months ended March 31, 2014 include the Company's nine (2013: nine) subsidiaries – Associated Enterprise Limited, Popular Printers Limited, The Gleaner Online Limited, Selectco Publications Limited, Independent Radio Company Limited, diGJamaica.com Limited and overseas subsidiaries, The Gleaner Company (U.S.A.) Limited, The Gleaner Company (Canada) Incorporated and GV Media Group Limited.

7. The calculation of earnings/loss per stock unit is arrived at by dividing (loss)/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.

8. **Dividend and Stock Prices**

An Interim revenue distribution of 4 cents per stock unit was declared at a board meeting held on February 13, 2014 to shareholders on record at February 27, 2014. Payments were made on March 13, 2014.

The company's stock unit price on the Jamaica Stock Exchange at March 31, 2014 was \$1.12; the opening price at January 2, 2014 was \$1.10.

9. **Libel Cases**

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

On behalf of the Board



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



C.N. Barnes B.Sc, M.B.A., J.P.
Managing Director

May 13, 2014