

THE GLEANER COMPANY LIMITED
DECEMBER 31, 2007

Balance Sheets

	Notes	GROUP		COMPANY	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		\$'000	\$'000	\$'000	\$'000
Assets					
Property, plant and equipment		833,240	706,358	611,160	547,568
Intangible assets		367,835	518,748	-	-
Employee benefit asset	5(c)	819,179	751,817	804,300	739,800
Long-term receivables		1,788	1,408	280	14
Investment in subsidiaries		-	-	17,132	17,132
Investment in associates		150	150	-	-
Investments		250,563	220,191	239,937	215,696
Deferred tax assets		<u>5,983</u>	<u>10,656</u>	<u>-</u>	<u>-</u>
Total non-current assets		<u>2,278,738</u>	<u>2,209,328</u>	<u>1,672,809</u>	<u>1,520,210</u>
Cash and cash equivalents		68,043	59,182	11,136	20,184
Securities purchased under agreements for resale		75,534	186,461	-	58,198
Trade and other receivables		752,523	702,837	1,264,873	1,078,508
Prepayments		34,250	23,574	22,505	22,149
Taxation recoverable		31,233	41,736	28,969	35,206
Inventories and goods-in-transit		<u>435,413</u>	<u>341,859</u>	<u>107,865</u>	<u>178,830</u>
Total current assets		<u>1,396,996</u>	<u>1,355,649</u>	<u>1,435,348</u>	<u>1,393,075</u>
Total Assets		<u>3,675,734</u>	<u>3,564,977</u>	<u>3,108,157</u>	<u>2,913,285</u>
Equity					
Share capital		605,622	605,622	605,622	605,622
Reserves		<u>1,791,689</u>	<u>1,621,974</u>	<u>1,614,698</u>	<u>1,439,860</u>
Total equity attributable to equity holders of the parent		2,397,311	2,227,596	2,220,320	2,045,482
MINORITY INTEREST		<u>27,171</u>	<u>23,672</u>	<u>-</u>	<u>-</u>
Total equity		<u>2,424,482</u>	<u>2,251,268</u>	<u>2,220,320</u>	<u>2,045,482</u>
Liabilities					
Long-term liabilities		74,180	37,263	17,530	35,234
Employee benefit obligation		71,300	60,600	71,300	60,600
Deferred tax liabilities		<u>388,274</u>	<u>367,138</u>	<u>367,310</u>	<u>356,245</u>
Total non-current liabilities		<u>533,754</u>	<u>465,001</u>	<u>456,140</u>	<u>452,079</u>
Bank overdraft		66,337	38,742	66,337	28,777
Trade and other payables		597,781	731,674	341,031	363,610
Taxation		10,768	44,158	-	-
Current portion of long-term liabilities		25,305	25,366	24,329	23,337
Deferred income		<u>17,307</u>	<u>8,768</u>	<u>-</u>	<u>-</u>
Total current liabilities		<u>717,498</u>	<u>848,708</u>	<u>431,697</u>	<u>415,724</u>
Total liabilities		<u>1,251,252</u>	<u>1,313,709</u>	<u>887,837</u>	<u>867,803</u>
Total equity and liabilities		<u>3,675,734</u>	<u>3,564,977</u>	<u>3,108,157</u>	<u>2,913,285</u>
Stockholders' fund per stock unit	9	197.92¢	183.91¢		

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

THE GLEANER COMPANY LIMITED
YEAR ENDED DECEMBER 31, 2007

Income Statements

	<u>Notes</u>	<u>GROUP</u>		<u>COMPANY</u>	
		<u>2007</u> \$'000	<u>2006</u> \$'000	<u>2007</u> \$'000	<u>2006</u> \$'000
Revenue	5 (a)	4,248,873	3,620,522	2,536,290	2,297,154
Cost of sales		<u>(2,488,752)</u>	<u>(2,047,025)</u>	<u>(1,320,337)</u>	<u>(1,263,457)</u>
Gross profit		1,760,121	1,573,497	1,215,953	1,033,697
Other operating income	5(b)	<u>321,163</u>	<u>107,160</u>	<u>139,307</u>	<u>152,865</u>
		<u>2,081,284</u>	<u>1,680,657</u>	<u>1,355,260</u>	<u>1,186,562</u>
Distribution costs		(568,628)	(469,289)	(430,115)	(363,780)
Administration expenses		(786,671)	(742,818)	(428,772)	(329,998)
Other operating expenses		(487,532)	(399,645)	(379,016)	(592,655)
Pension costs		<u>(1,957)</u>	<u>(222)</u>	<u>(367)</u>	<u>(98)</u>
		<u>(1,844,788)</u>	<u>(1,611,974)</u>	<u>(1,238,270)</u>	<u>(1,286,531)</u>
Employee benefit asset	5(c)	<u>64,500</u>	<u>309,719</u>	<u>64,500</u>	<u>307,800</u>
Profit from operations		300,996	378,402	181,490	207,831
Finance income		24,612	75,105	36,385	57,040
Finance cost		<u>(25,194)</u>	<u>(28,340)</u>	<u>(15,469)</u>	<u>(13,716)</u>
Net finance (cost)/income		<u>(582)</u>	<u>46,765</u>	<u>20,916</u>	<u>43,324</u>
Impairment losses	11(c)	(201,406)	-	-	-
Subsidiaries in Administration/Liquidation	11(d)	<u>94,131</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit before taxation	2, 4	193,139	425,167	202,406	251,155
Taxation		<u>(94,935)</u>	<u>(151,512)</u>	<u>(50,857)</u>	<u>(140,561)</u>
Profit for the year		<u>98,204</u>	<u>273,655</u>	<u>151,549</u>	<u>110,594</u>
Attributable to:					
Parent company stockholders		94,705	256,167		
Minority interest		<u>3,499</u>	<u>17,488</u>		
		<u>98,204</u>	<u>273,655</u>		
Dealt with in the financial statements of:					
Parent company		151,549	110,594		
Subsidiary companies		<u>(56,844)</u>	<u>145,573</u>		
		<u>94,705</u>	<u>256,167</u>		
Earnings per stock unit:					
Based on stock units in issue	8	<u>7.82¢</u>	<u>21.15¢</u>		
Excluding stock units in Gleaner Company					
Limited Employee Investment Trust (GCLEIT)		<u>8.25¢</u>	<u>22.86¢</u>		

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

THE GLEANER COMPANY LIMITED

Company Statement of Changes in Equity
Year ended December 31, 2007

	Share Capital \$'000	Capital reserves \$'000	Fair value reserves \$'000	Retained profits \$'000	Total equity \$'000
Balances at December 31, 2005	605,622	255,919	87,707	1,003,059	1,952,307
Profit for the year	-	-	-	110,594	110,594 *
Dividends paid	-	-	-	(84,787)	(84,787)
Deferred tax on property, plant, and equipment	-	(15,300)	-	-	(15,300)*
Gain on revaluation of buildings	-	95,677	-	-	95,677 *
Change in fair value of investments	<u>-</u>	<u>-</u>	<u>(13,009)</u>	<u>-</u>	<u>(13,009)*</u>
Balances at December 31, 2006	605,622	336,296	74,698	1,028,866	2,045,482
Profit for the year	-	-	-	151,549	151,549 *
Dividends paid	-	-	-	(84,787)	(84,787)
Deferred tax on property, plant, and equipment	-	9,469	-	-	9,469 *
Deferred tax on fair value of investments	-	-	(16,006)	-	(16,006)*
Gain on revaluation of buildings	-	66,593	-	-	66,593 *
Change in fair value of investments	<u>-</u>	<u>-</u>	<u>48,020</u>	<u>-</u>	<u>48,020 *</u>
Balances as at December 31, 2007	<u>605,622</u>	<u>412,358</u>	<u>106,712</u>	<u>1,095,628</u>	<u>2,220,320</u>

*Total gains recognised for the year amounted to \$259,625,000 (2006: \$177,962,000).
The accompanying notes form an integral part of the financial statements.

THE GLEANER COMPANY LIMITED

Group Statement of Changes in Equity Year ended December 31, 2007

	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, 2005	605,622	427,561	89,969	(129,365)	1,043,193	2,036,980	6,184	2,043,164
Profit for the year	-	-	-	-	256,167	256,167	17,488	273,655 *
Dividends (gross)	-	-	-	-	(78,889)	(78,889)	-	(78,889)
Deferred tax on property, plant, and equipment	-	(20,787)	-	-	-	(20,787)	-	(20,787)*
Gain on revaluation of land and buildings	-	124,457	-	-	-	124,457	-	124,457 *
Change in fair value of investments	-	-	(12,092)	-	-	(12,092)	-	(12,092)*
Currency translation differences on foreign subsidiaries	-	(38,099)	-	-	-	(38,099)	-	(38,099)*
Own shares acquired by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	(45,637)	-	(45,637)	-	(45,637)*
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	5,496	-	5,496	-	5,496 *
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 year	-	-	-	-	94,705	94,705	3,499	98,204 *
Dividends (gross)	-	-	-	-	(79,645)	(79,645)	-	(79,645)
Deferred tax on property, plant, and equipment	-	9,743	-	-	-	9,743	-	9,743 *
Gain on revaluation of land and buildings	-	66,593	-	-	-	66,593	-	66,593 *
Change in fair value of investments	-	-	48,031	-	-	48,031	-	48,031 *
Fair value on shares disposed of during the year	-	-	(2,237)	-	-	(2,237)	-	(2,237)*
Currency translation differences on foreign subsidiaries	-	29,400	-	-	-	29,400	-	29,400 *
Deferred tax on available for sale investments	-	-	(16,006)	-	-	(16,006)	-	(16,006)*
Own shares acquired by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	(49,104)	-	(49,104)	-	(49,104)*
Own shares sold by Gleaner Company Limited Employee Investment Trust (GCLEIT)	-	-	-	68,235	-	68,235	-	68,235 *
Balances at December 31, 2007	<u>605,622</u>	<u>598,868</u>	<u>107,665</u>	<u>(150,375)</u>	<u>1,235,531</u>	<u>2,397,311</u>	<u>27,171</u>	<u>2,424,482</u>

* Total gains recognised for the year amounted to \$252,859,000 (2006: \$286,993,000).
The accompanying notes form an integral part of the financial statements.

THE GLEANER COMPANY LIMITED

Statement of Cash Flows
Year ended December 31, 2007

	<u>Group</u>		<u>Company</u>	
	<u>2007</u> \$'000	<u>2006</u> \$'000	<u>2007</u> \$'000	<u>2006</u> \$'000
Cash flows from operating activities				
Net profit attributable to stockholders	94,705	256,167	151,549	110,594
Adjustments for non-cash items	<u>117,818</u>	<u>(261,516)</u>	<u>20,317</u>	<u>(151,432)</u>
	212,523	5,349	171,866	(40,838)
Change in working capital	<u>(108,388)</u>	<u>(77,327)</u>	<u>(103,336)</u>	<u>(38,710)</u>
Net cash generated/(used) by operating activities	104,135	82,676	68,530	(79,548)
Net cash (used)/provided by investing activities	(99,661)	136,877	(13,691)	148,556
Net cash used by financing activities	<u>(23,208)</u>	<u>(89,596)</u>	<u>(101,447)</u>	<u>(99,206)</u>
Net decrease in cash and cash equivalents	<u>(18,734)</u>	<u>(35,395)</u>	<u>(46,608)</u>	<u>(30,198)</u>
Cash and cash equivalents at beginning of the year	<u>20,440</u>	<u>55,835</u>	<u>(8,593)</u>	<u>21,605</u>
Cash and cash equivalents at end of the year	<u><u>1,706</u></u>	<u><u>20,440</u></u>	<u><u>(55,201)</u></u>	<u><u>(8,593)</u></u>
Comprised of:				
Cash and cash equivalents	68,043	59,182	11,136	20,184
Bank overdraft	<u>(66,337)</u>	<u>(38,742)</u>	<u>(66,337)</u>	<u>(28,777)</u>
	<u>1,706</u>	<u>20,440</u>	<u>(55,201)</u>	<u>8,593</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 twelve months ended December 31, 2007.

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>2007</u>			
	<u>Media Service \$'000</u>	<u>Books and Stationery \$'000</u>	<u>Other \$'000</u>	<u>Total \$'000</u>
Revenue	3,253,808	963,477	31,588	4,248,873
Cost of sales	(1,752,068)	(730,192)	(6,492)	(2,488,752)
Gross profit	1,501,740	233,285	25,096	1,760,121
Other operating income	<u>249,642</u>	<u>18,426</u>	<u>53,095</u>	<u>321,163</u>
	<u>1,751,382</u>	<u>251,711</u>	<u>78,191</u>	<u>2,081,284</u>
Expenses:				
Distribution costs	(477,490)	(91,138)	-	(568,628)
Administration expenses	(651,366)	(115,439)	(19,866)	(786,671)
Other operating expenses	(487,532)	-	-	(487,532)
	(1,616,388)	(206,577)	(19,866)	(1,842,831)
Pension costs	(1,957)	-	-	(1,957)
	<u>(1,618,345)</u>	<u>(206,577)</u>	<u>(19,866)</u>	<u>(1,844,788)</u>
Employee benefit asset	64,500	-	-	64,500
Profit from operations	197,537	45,134	58,325	300,996
Net finance income	20,268	(124)	(20,726)	(582)
Impairment Loss	(201,406)	-	-	(201,406)
Subsidiaries in Administration/Liquidation	94,131	-	-	94,131
Profit before taxation	110,530	45,010	37,599	193,139
Taxation	(65,785)	(19,176)	(9,974)	(94,935)
Segment results	44,745	25,834	27,625	98,204
Minority interest				(3,499)
Net profit attributable to stockholders of the parent company				<u>94,705</u>
Segment assets	<u>3,072,119</u>	<u>506,795</u>	<u>96,820</u>	<u>3,675,734</u>
Segment liabilities	<u>1,025,608</u>	<u>192,969</u>	<u>32,675</u>	<u>1,251,252</u>
Capital expenditure	<u>6,612</u>	<u>-</u>	<u>-</u>	<u>6,612</u>
Depreciation and amortisation	<u>90,017</u>	<u>7,253</u>	<u>4,955</u>	<u>102,225</u>
Other non cash items	<u>84,928</u>	<u>28,996</u>	<u>3,884</u>	<u>117,818</u>

Notes to the Interim Financial Report (cont'd)

2. The Group Trading profit (adjusted for impairment, profit on subsidiaries in administration/liquidation and employee benefit asset) increased from \$115M in 2006 to \$235M in 2007, an increase of \$120M or 104%.

Reconciliation of profit before taxation to trading profit: -

	<u>2007</u> \$M	<u>2006</u> \$M
Profit before taxation	193	425
Employee benefit asset	(65)	(310)
Impairment losses	201	-
Profit on subsidiaries in administration/liquidation	(94)	-
Trading profit	<u>235</u>	<u>115</u>

3. Group Financial Accounts for the twelve months ended December 31, 2007 show, a profit before taxation of approximately \$193M (2006: \$425M).
4. The Group Profit, after taxation, for the twelve months of 2007 was approximately \$98M compared with a profit of approximately \$274M for the same period last year.
5. In comparing the financial statements for the twelve-month period ended December 31, 2007, with those of the previous year, the following should be noted: -
- (a) Revenue increased by approximately \$629M, or 17% for the period, but this was negated by \$675M, or 18% increase in cost due to increases in the price of raw material, exchange rates, and reorganisation and restructuring expenditure.
 - (b) Other operating income of \$321M (2006: \$107M) increased due mainly to exchange rate gain and investment income.
 - (c) Employee benefit asset of \$65M (2006: \$310M) 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 \$819M).
6. The Group Financial Statements for the twelve months ended December 31, 2007, include the Company's twelve (2006: 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 and overseas subsidiaries, The Gleaner Company (U.S.A.) Limited, The Gleaner Company (Canada) Incorporated, and GV Media Group Limited.
7. The 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 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.
9. The calculations of stockholders' equity per ordinary stock unit for 2007 and 2006 are arrived at by dividing capital and reserves by 1,211,243,827 stock units (see 8 above).
10. 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. The reserve comprises the cost of the company's shares held by the group through the GCLEIT.
11. Overseas Operations
- (a) The operations of the Group's United Kingdom subsidiary have shown improvement during the last quarter of 2007. The Group's profit position for the year has been adversely affected by the performance of this company.

Notes to the Interim Financial Report (cont'd)

11. Overseas Operations (cont'd)

- (b) The Voice Group Limited's liquidation is completed (the financial effect of this liquidation was reflected in the 2006 results). Vee Tee Ay (Media Resources) Limited is in administration which is not yet completed but the financial effects are reflected in this year's accounts.
- (c) Impairment losses represent the net difference between the carrying value of the intangible assets – \$310M (patent and newspaper titles) in G V Media Group Limited and the net present value of its income stream.
- (d) This represents the accounting profit on disposal of subsidiary, Vee Tee Ay (Media Resources) Limited.

The Management of The Gleaner Company continues to pursue strategies and policies aimed at improving the overall profitability of the overseas companies.

Dividend and Stock Prices

For 2007, 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, 2007. Payment was made on April 5, 2007.

A 2nd Interim Ordinary Dividend of 3.5 cents per stock unit was paid on October 10, 2007 to stockholders on record at September 28, 2007.

The Company's stock unit price on the Jamaica Stock Exchange closed the year at \$4.30 compared to the opening price at January 1, 2007 of \$1.99.

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.

Conclusion

The Group has shown improvement in its trading profits in 2007 and it is expected that this trend will continue in 2008.

On behalf of the Board



Hon. O. F. Clarke, O.J.

Chairman and Managing Director



C. R. Bourne

Company Secretary

March 13, 2008