

**THE GLEANER COMPANY LIMITED**  
**DECEMBER 31, 2009**

**Balance Sheets**

|   | <u>NOTES</u> | <u>GROUP</u>                 |                              | <u>COMPANY</u>               |                              |
|---|--------------|------------------------------|------------------------------|------------------------------|------------------------------|
|   |              | <u>2009</u><br><u>\$'000</u> | <u>2008</u><br><u>\$'000</u> | <u>2009</u><br><u>\$'000</u> | <u>2008</u><br><u>\$'000</u> |
| <b>Assets</b>   |              |                              |                              |                              |                              |
| Property, plant and equipment                             |              | 870,550                      | 914,383                      | 755,762                      | 687,895                      |
| Intangible assets   |              | 8,616                        | -                            | 8,616                        | -                            |
| Employee benefit asset                                    | 5(c)         | 782,900                      | 843,868                      | 782,900                      | 821,700                      |
| Long-term receivables                                     |              | 70,947                       | 1,278                        | 70,058                       | 270                          |
| Interests in subsidiaries                                 |              | -                            | -                            | 14,482                       | 17,132                       |
| Interests in associates                                   |              | 150                          | 150                          | -                            | -                            |
| Investments   |              | 137,064                      | 116,267*                     | 124,393                      | 115,404*                     |
| Deferred tax assets                                       |              | <u>13,696</u>                | <u>6,010</u>                 | <u>-</u>                     | <u>-</u>                     |
| Total non-current assets                                  |              | <u>1,883,923</u>             | <u>1,881,956</u>             | <u>1,756,211</u>             | <u>1,642,401</u>             |
| Cash and cash equivalents                                 |              | 70,923                       | 106,856*                     | 14,192                       | 31,544*                      |
| Securities purchased under resale agreements              |              | 135,046                      | 74,447                       | 81,823                       | 4,246                        |
| Trade and other receivables                               |              | 819,450                      | 598,609                      | 837,211                      | 640,103                      |
| Prepayments   |              | 34,339                       | 35,742                       | 33,396                       | 28,890                       |
| Taxation recoverable                                      |              | 89,923                       | 99,524                       | 81,106                       | 79,088                       |
| Inventories and goods-in-transit                          |              | <u>132,028</u>               | <u>470,190</u>               | <u>126,506</u>               | <u>164,542</u>               |
| Total current assets                                      |              | <u>1,281,709</u>             | <u>1,385,368</u>             | <u>1,174,234</u>             | <u>948,413</u>               |
| <b>Total assets</b>                                       |              | <b><u>3,165,632</u></b>      | <b><u>3,267,324</u></b>      | <b><u>2,930,445</u></b>      | <b><u>2,590,814</u></b>      |
| <b>Equity</b>   |              |                              |                              |                              |                              |
| Share capital   |              | 605,622                      | 605,622                      | 605,622                      | 605,622                      |
| Reserves  |              | <u>1,417,546</u>             | <u>1,407,376</u>             | <u>1,419,666</u>             | <u>1,067,379</u>             |
| Total equity attributable to equity holders of the parent |              | 2,023,168                    | 2,012,998                    | 2,025,288                    | 1,673,001                    |
| Minority interest   |              | <u>15,292</u>                | <u>31,119</u>                | <u>-</u>                     | <u>-</u>                     |
| Total equity  |              | <u>2,038,460</u>             | <u>2,044,117</u>             | <u>2,025,288</u>             | <u>1,673,001</u>             |
| <b>Liabilities</b>  |              |                              |                              |                              |                              |
| Long-term liabilities                                     |              | 40,105                       | 44,636                       | 9,295                        | 13,410                       |
| Employee benefit obligation                               |              | 96,200                       | 89,100                       | 96,200                       | 89,100                       |
| Deferred tax liabilities                                  |              | <u>312,353</u>               | <u>337,624</u>               | <u>312,005</u>               | <u>313,601</u>               |
| Total non-current liabilities                             |              | <u>448,658</u>               | <u>471,360</u>               | <u>417,500</u>               | <u>416,111</u>               |
| Bank overdraft  |              | 15,744                       | 28,325                       | 15,744                       | 18,012                       |
| Trade and other payables                                  |              | 606,998                      | 666,016*                     | 434,583                      | 443,014*                     |
| Taxation  |              | 4,681                        | 2,572                        | -                            | -                            |
| Current portion of long-term liabilities                  |              | 7,213                        | 8,650                        | 6,555                        | 8,128                        |
| Deferred income   |              | <u>43,878</u>                | <u>46,284*</u>               | <u>30,775</u>                | <u>32,548*</u>               |
| Total current liabilities                                 |              | <u>678,514</u>               | <u>751,847</u>               | <u>487,657</u>               | <u>501,702</u>               |
| <b>Total liabilities</b>                                  |              | <b><u>1,127,172</u></b>      | <b><u>1,223,207</u></b>      | <b><u>905,157</u></b>        | <b><u>917,813</u></b>        |
| <b>Total equity and liabilities</b>                       |              | <b><u>3,165,632</u></b>      | <b><u>3,267,324</u></b>      | <b><u>2,930,445</u></b>      | <b><u>2,590,814</u></b>      |
| Stockholders' fund per stock unit                         | 10           | 167.0¢                       | 166.0¢                       | 167.2¢                       | 138.0¢                       |

\*Reclassified to conform to 2009 presentation

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

**THE GLEANER COMPANY LIMITED**  
**YEAR ENDED DECEMBER 31, 2009**

**Income Statements**

|  | <u>NOTES</u> | <u>GROUP</u>          |                                      | <u>COMPANY</u>        |                       |
|--|--------------|-----------------------|--------------------------------------|-----------------------|-----------------------|
|  |              | <u>2009</u><br>\$'000 | <u>2008*</u><br>\$'000<br>(Restated) | <u>2009</u><br>\$'000 | <u>2008</u><br>\$'000 |
| <b>Continuing Operations</b>                                   |              |                       |                                      |                       |                       |
| <b>Revenue</b>   | 8            | 3,274,179             | 3,246,297                            | 2,703,373             | 2,738,696             |
| Cost of sales  |              | (1,620,797)           | (1,756,782)                          | (1,392,444)           | (1,434,173)           |
| Gross profit   |              | 1,653,382             | 1,489,515                            | 1,310,929             | 1,304,523             |
| Other operating income   | 5(b)         | <u>176,513</u>        | <u>119,752</u>                       | <u>231,289</u>        | <u>126,956</u>        |
|  |              | <u>1,829,895</u>      | <u>1,609,267</u>                     | <u>1,542,218</u>      | <u>1,431,479</u>      |
| Distribution costs   |              | ( 538,757)            | ( 538,377)                           | ( 510,159)            | ( 515,619)            |
| Administrative expenses  |              | ( 717,628)            | ( 740,742)                           | ( 539,722)            | ( 558,308)            |
| Other operating expenses                                       |              | ( 538,646)            | ( 453,485)                           | ( 508,656)            | ( 487,118)            |
| Pension costs  |              | ( 93)                 | ( 885)                               | ( 93)                 | ( 97)                 |
|  |              | <u>(1,795,124)</u>    | <u>(1,733,489)</u>                   | <u>(1,558,630)</u>    | <u>(1,561,142)</u>    |
| Gain on disposal of subsidiary                                 |              | -                     | -                                    | 351,317               | -                     |
| Employee benefit asset   | 5(c)         | ( 39,000)             | 18,800                               | ( 39,000)             | 18,800                |
| <b>(Loss)/profit from continuing operations</b>                |              | <b>( 4,229)</b>       | <b>( 105,422)</b>                    | <b>295,905</b>        | <b>( 110,863)</b>     |
| Finance income   |              | 19,665                | 29,022                               | 42,704                | 48,734                |
| Finance cost   |              | ( 13,614)             | ( 7,031)                             | ( 10,113)             | ( 26,435)             |
| Net finance income   |              | <u>6,051</u>          | <u>21,991</u>                        | <u>32,591</u>         | <u>22,299</u>         |
| Impairment losses  |              | -                     | ( 367,835)                           | -                     | ( 443,283)            |
| <b>Profit from continuing operations before taxation</b>       |              | <b>1,822</b>          | <b>( 451,266)</b>                    | <b>328,496</b>        | <b>( 531,847)</b>     |
| Taxation   |              | <u>158,552</u>        | <u>8,886</u>                         | <u>153,853</u>        | <u>18,845</u>         |
| <b>Profit/(loss) from continuing operations after taxation</b> |              | <b>160,374</b>        | <b>( 442,380)</b>                    | <b>482,349</b>        | <b>( 513,002)</b>     |
| <b>Discontinued operations</b>                                 |              |                       |                                      |                       |                       |
| Profit/(loss) from discontinued operation<br>(net of taxation) |              | <u>47,806</u>         | ( 2,308)                             | -                     | -                     |
| Profit/(loss) for the year                                     |              | <u>208,180</u>        | ( 444,688)                           | <u>482,349</u>        | ( 513,002)            |
| Attributable to:   |              |                       |                                      |                       |                       |
| Parent company stockholders                                    |              | 224,007               | ( 450,139)                           |                       |                       |
| Minority interest  |              | ( 15,827)             | 5,451                                |                       |                       |
|  |              | <u>208,180</u>        | ( 444,688)                           |                       |                       |
| Dealt with in the financial statements of:                     |              |                       |                                      |                       |                       |
| Parent company   |              | 482,349               | ( 513,002)                           |                       |                       |
| Subsidiary companies   |              | ( 258,342)            | 62,863                               |                       |                       |
|  |              | <u>224,007</u>        | ( 450,139)                           |                       |                       |
| Earnings/(loss) per stock unit:                                |              |                       |                                      |                       |                       |
| Based on stock units in issue                                  | 9            | <u>18.49¢</u>         | ( 37.16)¢                            |                       |                       |
| Excluding stock units in GCLEIT                                |              | <u>19.61¢</u>         | ( 39.54)¢                            |                       |                       |
| Earnings/(loss) per stock unit from continuing operations:     |              |                       |                                      |                       |                       |
| Based on stock units in issue                                  | 9            | <u>14.55¢</u>         | ( 36.97)¢                            |                       |                       |
| Excluding stock units in GCLEIT                                |              | <u>15.43¢</u>         | ( 39.34)¢                            |                       |                       |

\*Restated (see note 6)

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

**THE GLEANER COMPANY LIMITED**  
**YEAR ENDED DECEMBER 31, 2009**

**Group Statement of Comprehensive Income**

|   | <u>2009</u><br>\$'000 | <u>2008</u><br>\$'000 |
|---|-----------------------|-----------------------|
| <b>Profit/(loss) for the year</b>   | <u>208,180</u>        | ( <u>444,688</u> )    |
| <b>Other comprehensive income/(expense):</b>                              |                       |                       |
| Change in fair value of available-for-sale investments                    | 4,081                 | ( 20,536 )            |
| Fair value on shares disposed of during the year                          | -                     | ( 88,686 )            |
| Transfer of change in fair value of investment to profit/loss             | -                     | 10,770                |
| Revaluation of land and buildings   | 100,873               | 138,250               |
| Currency translation differences on foreign subsidiaries                  | ( 99,653 )            | 122,996               |
| Taxation on comprehensive income  | <u>(162,174)</u>      | <u>29,554</u>         |
| <b>Other comprehensive (expense)/income for the year, net of taxation</b> | <u>(156,873)</u>      | <u>192,348</u>        |
| <b>Total comprehensive income/(expense) for the year</b>                  | <u>51,307</u>         | <u>(252,340)</u>      |
| Dealt with in the financial statements of:                                |                       |                       |
| Parent company  | 418,905               | (462,532)             |
| Subsidiary companies  | <u>(367,598)</u>      | <u>210,192</u>        |
|   | <u>51,307</u>         | <u>(252,340)</u>      |

**THE GLEANER COMPANY LIMITED**  
**YEAR ENDED DECEMBER 31, 2009**

**Company Statement of Comprehensive Income**

|   | <u>2009</u><br>\$'000 | <u>2008</u><br>\$'000 |
|---|-----------------------|-----------------------|
| <b>Profit/(loss) for the year</b>   | <u>482,349</u>        | <u>(513,002)</u>      |
| <b>Other comprehensive income/(expense):</b>                              |                       |                       |
| Change in fair value of available-for-sale investments                    | 4,023                 | ( 20,431)             |
| Fair value on shares disposed of during the year                          | -                     | ( 88,686)             |
| Transfer of change in fair value of investment                            | -                     | 10,770                |
| Revaluation of land and buildings   | 84,790                | 113,953               |
| Taxation on comprehensive income  | <u>(152,257)</u>      | <u>34,864</u>         |
| <b>Other comprehensive (expense)/income for the year, net of taxation</b> | <u>( 63,444)</u>      | <u>50,470</u>         |
| <b>Total comprehensive income/(expense) for the year</b>                  | <u>418,905</u>        | <u>(462,532)</u>      |

**THE GLEANER COMPANY LIMITED**  
**YEAR ENDED DECEMBER 31, 2009**

**Group Statement of Changes in Equity**

|  | <b>Share<br/>capital<br/>\$'000</b> | <b>Capital<br/>reserves<br/>\$'000</b> | <b>Fair Value<br/>reserves<br/>\$'000</b> | <b>Reserve for<br/>own shares<br/>\$'000</b> | <b>Retained<br/>profits<br/>\$'000</b> | <b>Total<br/>\$'000</b> | <b>Minority<br/>interest<br/>\$'000</b> | <b>Total<br/>equity<br/>\$'000</b> |
|--|-------------------------------------|--|---|--|--|-------------------------|---|------------------------------------|
| Balances at January 1, 2008  | <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>                   |
| <b>Total comprehensive income/(expense) for the year</b>                             |                                     |  |   |  |  |                         |   |                                    |
| Loss for the year  | -                                   | -                                      | -   | -  | ( 450,139)                             | ( 450,139)              | 5,451                                   | ( 444,688)                         |
| <b>Other comprehensive income:</b>   |                                     |  |   |  |  |                         |   |                                    |
| Change in fair value of investments  | -                                   | -                                      | 39,022                                    | -  | -                                      | 39,022                  | -                                       | 39,022                             |
| Fair value on shares disposed of during the year                                     | -                                   | -                                      | ( 88,686)                                 | -  | -                                      | ( 88,686)               | -                                       | ( 88,686)                          |
| Revaluation of land and buildings  | -                                   | 119,016                                | -   | -  | -                                      | 119,016                 | -                                       | 119,016                            |
| Currency translation differences on foreign subsidiaries                             | -                                   | <u>122,996</u>                         | -   | -  | -                                      | <u>122,996</u>          | -                                       | <u>122,996</u>                     |
| <b>Other comprehensive income/(expense) for the year, net of taxation</b>            | -                                   | <u>242,012</u>                         | <u>( 49,664)</u>                          | -  | -                                      | <u>192,348</u>          | -                                       | <u>192,348</u>                     |
| <b>Total comprehensive income/(expense) for the year</b>                             | -                                   | <u>242,012</u>                         | <u>( 49,664)</u>                          | -  | ( 450,139)                             | ( 257,791)              | 5,451                                   | ( 252,340)                         |
| <b>Transactions with owners, recorded directly in equity</b>                         |                                     |  |   |  |  |                         |   |                                    |
| Dividends  | -                                   | -                                      | -   | -  | ( 79,671)                              | ( 79,671)               | ( 1,503)                                | ( 81,174)                          |
| Own shares acquired by Gleaner Company Limited<br>Employee Investment Trust (GCLEIT) | -                                   | -                                      | -   | ( 97,095)                                    | -                                      | ( 97,095)               | -                                       | ( 97,095)                          |
| Own shares sold by Gleaner Company Limited<br>Employee Investment Trust (GCLEIT)     | -                                   | -                                      | -   | <u>50,244</u>                                | -                                      | <u>50,244</u>           | -                                       | <u>50,244</u>                      |
| Total contributions by and distributions to owners                                   | -                                   | -                                      | -   | <u>( 46,851)</u>                             | <u>( 79,671)</u>                       | <u>( 126,522)</u>       | <u>( 1,503)</u>                         | <u>( 128,025)</u>                  |
| Balances at December 31, 2008  | <u>605,622</u>                      | <u>840,880</u>                         | <u>58,001</u>                             | <u>(197,226)</u>                             | <u>705,721</u>                         | <u>2,012,998</u>        | <u>31,119</u>                           | <u>2,044,117</u>                   |
| <b>Total comprehensive income/(expense) for the year</b>                             |                                     |  |   |  |  |                         |   |                                    |
| Profit/(loss) for the year   | -                                   | -                                      | -   | -  | <u>224,007</u>                         | <u>224,007</u>          | <u>(15,827)</u>                         | <u>208,180</u>                     |
| <b>Other comprehensive income/(expense) for the year:</b>                            |                                     |  |   |  |  |                         |   |                                    |
| Change in fair value of investments  | -                                   | -                                      | ( 52,109)                                 | -  | -                                      | ( 52,109)               | -                                       | ( 52,109)                          |
| Revaluation of land and buildings  | -                                   | ( 5,111)                               | -   | -  | -                                      | ( 5,111)                | -                                       | ( 5,111)                           |
| Currency translation differences on foreign subsidiaries                             | -                                   | <u>( 99,653)</u>                       | -   | -  | -                                      | <u>( 99,653)</u>        | -                                       | <u>( 99,653)</u>                   |
| <b>Other comprehensive expense for the year, net of taxation</b>                     | -                                   | <u>(104,764)</u>                       | <u>( 52,109)</u>                          | -  | -                                      | <u>( 156,873)</u>       | -                                       | <u>( 156,873)</u>                  |
| <b>Total comprehensive income/(expense) for the year</b>                             | -                                   | <u>(104,764)</u>                       | <u>( 52,109)</u>                          | -  | <u>224,007</u>                         | <u>67,134</u>           | <u>(15,827)</u>                         | <u>51,307</u>                      |
| <b>Transactions with owners, recorded directly in equity</b>                         |                                     |  |   |  |  |                         |   |                                    |
| Dividends  | -                                   | -                                      | -   | -  | ( 62,768)                              | ( 62,768)               | -                                       | ( 62,768)                          |
| Own shares sold by Gleaner Company Limited<br>Employee Investment Trust (GCLEIT)     | -                                   | -                                      | -   | <u>5,804</u>                                 | -                                      | <u>5,804</u>            | -                                       | <u>5,804</u>                       |
| Total distributions to owners  | -                                   | -                                      | -   | <u>5,804</u>                                 | <u>( 62,768)</u>                       | <u>( 56,964)</u>        | -                                       | <u>( 56,964)</u>                   |
| Balances at December 31, 2009  | <u>605,622</u>                      | <u>736,116</u>                         | <u>5,892</u>                              | <u>(191,422)</u>                             | <u>866,960</u>                         | <u>2,023,168</u>        | <u>15,292</u>                           | <u>2,038,460</u>                   |

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

**THE GLEANER COMPANY LIMITED**  
**YEAR ENDED DECEMBER 31, 2009**

**Company Statement of Changes in Equity**

|   | <b>Share<br/>capital<br/>\$'000</b> | <b>Capital<br/>reserves<br/>\$'000</b> | <b>Fair value<br/>reserves<br/>\$'000</b> | <b>Retained<br/>profits<br/>\$'000</b> | <b>Total<br/>equity<br/>\$'000</b> |
|---|-------------------------------------|--|---|--|------------------------------------|
| Balances at January 1, 2008   | 605,622                             | 412,358                                | 106,712                                   | 1,095,628                              | 2,220,320                          |
| <b>Total comprehensive income/expense for the year</b>                        |                                     |  |   |  |                                    |
| Loss for the year   | -                                   | -                                      | -   | ( 513,002)                             | ( 513,002)                         |
| <b>Other comprehensive income/(expense):</b>                                  |                                     |  |   |  |                                    |
| Change in fair value of investments   | -                                   | -                                      | 28,357                                    | -                                      | 28,357                             |
| Fair value on shares disposed of during the year                              | -                                   | -                                      | ( 88,686)                                 | -                                      | ( 88,686)                          |
| Transfer of change in fair value of investment to profit/loss                 | -                                   | -                                      | 10,770                                    | -                                      | 10,770                             |
| Revaluation of land and buildings   | -                                   | <u>100,029</u>                         | -   | -                                      | <u>100,029</u>                     |
| <b>Other comprehensive income/(expense) for the year,<br/>net of taxation</b> | -                                   | <u>100,029</u>                         | ( 49,559)                                 | -                                      | <u>50,470</u>                      |
| <b>Total comprehensive income/(expense) for the year</b>                      | -                                   | <u>100,029</u>                         | ( 49,559)                                 | ( 513,002)                             | ( 462,532)                         |
| <b>Transactions with owners, recorded directly in equity</b>                  |                                     |  |   |  |                                    |
| Dividends (note 13)   | -                                   | -                                      | -   | ( 84,787)                              | ( 84,787)                          |
| Balances at December 31, 2008   | <u>605,622</u>                      | <u>512,387</u>                         | <u>57,153</u>                             | <u>497,839</u>                         | <u>1,673,001</u>                   |
| Profit for the year   | -                                   | -                                      | -   | <u>482,349</u>                         | <u>482,349</u>                     |
| <b>Other comprehensive income/(expense):</b>                                  |                                     |  |   |  |                                    |
| Change in fair value of investments   | -                                   | -                                      | ( 52,167)                                 | -                                      | ( 52,167)                          |
| Revaluation of land and buildings   | -                                   | ( 11,277)                              | -   | -                                      | ( 11,277)                          |
| <b>Other comprehensive expense for the year,<br/>net of taxation</b>          | -                                   | ( 11,277)                              | ( 52,167)                                 | -                                      | ( 63,444)                          |
| <b>Total comprehensive income/(expense) for the year</b>                      | -                                   | ( 11,277)                              | ( 52,167)                                 | <u>482,349</u>                         | <u>418,905</u>                     |
| <b>Transactions with owners, recorded directly in equity</b>                  |                                     |  |   |  |                                    |
| Dividends (note 13)   | -                                   | -                                      | -   | ( 66,618)                              | ( 66,618)                          |
| Balances at December 31, 2009   | <u>605,622</u>                      | <u>501,110</u>                         | <u>4,986</u>                              | <u>913,570</u>                         | <u>2,025,288</u>                   |

**THE GLEANER COMPANY LIMITED**  
**YEAR ENDED DECEMBER 31, 2009**

**Statement of Cash Flows**

|  | <b><u>Group</u></b>          |                              | <b><u>Company</u></b>        |                              |
|--|------------------------------|------------------------------|------------------------------|------------------------------|
|  | <b><u>2009</u></b><br>\$'000 | <b><u>2008</u></b><br>\$'000 | <b><u>2009</u></b><br>\$'000 | <b><u>2008</u></b><br>\$'000 |
| <b>Cash flows from operating activities</b>          |                              |                              |                              |                              |
| Profit/(loss) attributable to stockholders           | 224,007                      | (450,139)*                   | 482,349                      | (513,002)                    |
| Adjustments for non-cash items                       | (361,340)                    | 482,869*                     | (422,802)                    | 389,061                      |
|  | (137,333)                    | 32,730                       | 59,547                       | (123,941)                    |
| <b>Change in working capital</b>                     | ( 59,871)                    | 127,524                      | (249,210)                    | 173,185                      |
| Net cash (used)/provided by operating activities     | (197,204)                    | 160,254                      | (189,663)                    | 49,244                       |
| Net cash provided by investing activities            | 311,807                      | 43,434                       | 330,685                      | 124,587                      |
| Net cash used by financing activities                | (137,955)                    | (126,863)                    | (156,106)                    | (105,098)                    |
| Net (decrease)/increase in cash and cash equivalents | ( 23,352)                    | 76,825                       | ( 15,084)                    | 68,733                       |
| Cash and cash equivalents at beginning of the year   | 78,531                       | 1,706                        | 13,532                       | ( 55,201)                    |
| Cash and cash equivalents at end of the year         | <u>55,179</u>                | <u>78,531</u>                | <u>( 1,552)</u>              | <u>13,532</u>                |
| Comprised of:  |                              |                              |                              |                              |
| Cash and cash equivalents                            | 70,923                       | 106,856*                     | 14,192                       | 31,544*                      |
| Bank overdraft                                       | ( 15,744)                    | ( 28,325)                    | ( 15,744)                    | ( 18,012)                    |
|  | <u>55,179</u>                | <u>78,531*</u>               | <u>( 1,552)</u>              | <u>13,532*</u>               |

\*Reclassified to conform to 2009 presentation

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

## Notes to the Interim Financial Report

We hereby present the report of the Group for the twelve months ended December 31, 2009.

### 1. Segment Reporting

The group had three reportable segments, one of which was discontinued during the year. Segment information is presented in respect of the group's strategic business segment. The identification of 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.

Comparative figures have been reclassified to conform with those of the current year.

These are:

- (a) Media service – includes the print and electronic media businesses
- (b) Books and stationery – comprises books and stationery supplies.
- (c) Other– includes management services and publication of books. These do not meet any of the quantitative thresholds for determining reportable segments in 2009 or 2008.

Information regarding results of each reportable segment is included below. 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 believe that such information is the most relevant in evaluation the results of certain segments relative to other entities that operate within these industries.

The main business segments of the Group comprise:

|   | Continuing operations |                   |                 |                 |                  |                   | Discontinuing operations |                 |
|---|-----------------------|-------------------|-----------------|-----------------|------------------|-------------------|--------------------------|-----------------|
|   | Media service         |                   | Other           |                 | Total            |                   | Books and stationery     |                 |
|   | 2009<br>\$'000        | 2008<br>\$'000    | 2009<br>\$'000  | 2008<br>\$'000  | 2009<br>\$'000   | 2008<br>\$'000    | 2009<br>\$'000           | 2008<br>\$'000  |
| External revenues                                   | <u>3,250,306</u>      | <u>3,207,223</u>  | <u>23,873</u>   | <u>39,074</u>   | <u>3,274,179</u> | <u>3,246,297</u>  | <u>-</u>                 | <u>802,059</u>  |
| Segment profit/(loss)<br>before taxation            | <u>13,227</u>         | <u>( 443,013)</u> | <u>(11,405)</u> | <u>( 8,253)</u> | <u>1,822</u>     | <u>( 451,266)</u> | <u>-</u>                 | <u>( 1,221)</u> |
| Finance income                                      | <u>15,332</u>         | <u>25,810</u>     | <u>4,333</u>    | <u>3,212</u>    | <u>19,665</u>    | <u>29,022</u>     | <u>-</u>                 | <u>2,493</u>    |
| Finance costs                                       | <u>( 13,608)</u>      | <u>( 7,025)</u>   | <u>( 6)</u>     | <u>( 6)</u>     | <u>( 13,614)</u> | <u>( 7,031)</u>   | <u>-</u>                 | <u>( 4,790)</u> |
| Depreciation and amortisation                       | <u>99,365</u>         | <u>97,418</u>     | <u>12</u>       | <u>3,678</u>    | <u>99,377</u>    | <u>101,096</u>    | <u>-</u>                 | <u>8,873</u>    |
| Reportable segment assets                           | <u>3,053,466</u>      | <u>2,665,001</u>  | <u>112,166</u>  | <u>52,153</u>   | <u>3,165,632</u> | <u>2,717,154</u>  | <u>-</u>                 | <u>550,170</u>  |
| Reportable segment liabilities                      | <u>1,030,563</u>      | <u>979,309</u>    | <u>96,609</u>   | <u>52,764</u>   | <u>1,127,172</u> | <u>1,032,073</u>  | <u>-</u>                 | <u>191,134</u>  |
| Capital expenditure                                 | <u>50,985</u>         | <u>7,964</u>      | <u>-</u>        | <u>-</u>        | <u>50,985</u>    | <u>7,964</u>      | <u>-</u>                 | <u>-</u>        |
| Other material non-cash item -<br>impairment losses | <u>-</u>              | <u>367,835</u>    | <u>-</u>        | <u>-</u>        | <u>-</u>         | <u>367,835</u>    | <u>-</u>                 | <u>-</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) was \$208.7M in 2009 (2008: \$14.4M).

Reconciliation of profit/(loss) from continuing operations before taxation to trading profit: -

|   | <u>2009</u><br>\$M | <u>2008</u><br>\$M |
|---|--------------------|--------------------|
| Trading profit  | 208.7              | 14.4               |
| Employee benefit                                      | ( 47.9)            | ( 0.4)             |
| Impairment losses                                     | -                  | (368.0)            |
| The Gleaner Company Limited Employee Investment Trust | ( 59.0)            | ( 26.0)            |
| Restructuring costs                                   | (100.0)            | ( 72.0)            |
| Profit/(loss) from continuing operations before tax   | <u>1.8</u>         | <u>(452.0)</u>     |

3. Group financial accounts for the twelve months ended December 31, 2009 show, a profit/(loss) from continuing operations before taxation of approximately \$1.8M (2008: loss - \$452M).
4. Group profit/(loss) from continuing operations after taxation, for the twelve months of 2009 was approximately \$160M compared with a loss of approximately \$442M for the same period last year.

Group profit/(loss) including discontinued operations after taxation, for the twelve months of 2009 was approximately \$208M compared with a loss of approximately \$445M for the same period in 2008.

5. In comparing the financial statements for the twelve-months ended December 31, 2009, with those of the previous year, the following should be noted: -
- Revenue increased by approximately \$28M or 1% for the period. This arose mainly because of a rise in advertising income.
  - Other operating income of \$176M (2008: \$120M) increased due mainly to foreign exchange gain, rental and investment income, and Track and Pool sales.
  - Net employee benefit income 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 \$783M (2008: \$844M)].

Amounts recognised in the income statements:

|                             | <u>Group and Company</u> |                       |
|-----------------------------|--------------------------|-----------------------|
|                             | <u>2009</u><br>\$'000    | <u>2008</u><br>\$'000 |
| Employee benefit asset      | (39,000)                 | 18,800                |
| Employee benefit obligation | ( 8,900)                 | (19,200)              |
|                             | <u>(47,900)</u>          | <u>( 400)</u>         |

The amounts in respect of employee benefits obligations are recognised in administrative expenses.

6. On December 22, 2009 the Group entered into an agreement to sell shares in Sangster's Book Stores Limited which comprises the group's books and stationery segment. The segment was not a discontinued operation or classified as held for sale as at December 31, 2008 and the comparative income statement has been re-presented to show the discontinued operation separately from continuing operations. The transfer of full ownership of the shares was completed on January 4, 2010.

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

7. The Group financial statements for the twelve months ended December 31, 2009, include the Company's eleven (2008: twelve) subsidiaries – Associated Enterprise Limited, Popular Printers 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.
8. The revenue represents sales by the Group before commission payable but excluding returns.
9. The calculations of loss/earnings per stock unit are arrived at by dividing loss/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.
10. The calculations of stockholders' fund per stock unit for 2009 and 2008 are arrived at by dividing capital and reserves by 1,211,243,827 stock units (see 9 above).
11. 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.
12. Overseas operations

The operations continued to show operational improvement during 2009.

13. Dividends paid (gross)

An interim revenue distribution of 3.5 cents per stock unit was paid on April 23, 2009, to shareholders on record at close of business on April 9, 2009.

A second interim revenue distribution of 2.0 cents per stock was paid on December 23, 2009, to shareholders on record at the close of business on December 16, 2009.

No final dividend is recommended.

|   | <b>Group</b>    |                 |
|---|-----------------|-----------------|
|   | <u>2009</u>     | <u>2008</u>     |
|   | <u>\$'000</u>   | <u>\$'000</u>   |
| Gleaner's first interim paid in respect of 2009: 3.5¢ (2008: 3.5¢)<br>per stock unit - gross  | 42,393          | 42,393          |
| Gleaner's second interim paid in respect of 2009: 2.0¢ (2008: 3.5¢)<br>per stock unit - gross | <u>24,225</u>   | <u>42,394</u>   |
|   | 66,618          | 84,787          |
| Dividends paid to GCLEIT  | <u>( 3,850)</u> | <u>( 5,116)</u> |
|   | 62,768          | 79,671          |
| Paid to minority interest in a subsidiary   | <u>-</u>        | <u>1,503</u>    |
|   | <u>62,768</u>   | <u>81,174</u>   |

The Directors declared 1<sup>st</sup> interim Dividend of 5 cents per stock unit which was paid on February 8, 2010 to stockholders on record at January 29, 2010.

The Company's stock unit price on the Jamaica Stock Exchange closed the year at \$1.16 compared to the opening price at January 1, 2009 of \$1.70.

**Notes to the Interim Financial Report (cont'd)**14. Libel cases

The Group's lawyers 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 Company.

15. Looking forward

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



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



Christopher Barnes  
**Deputy Managing Director**

March 12, 2010