

# THE GLEANER COMPANY LIMITED 2000

---

## DIRECTORS' REPORT

The Directors have pleasure in presenting the 104 th Annual Report and Audited Financial Statements for the year ended December 31, 2000.

### 1. GROUP HIGHLIGHTS

	2000	1999
	\$million	\$million
Group turnover	1,745	1,664
Group profit after taxation	189	185
Working capital	738	633
Dividends paid	39	24
Net Worth	1,129	979
Number of 50 cents Stock Units		
Issued -'000	698,795	524,096
Bonus Shares issued in year -'000	174,699	174,699
Earnings per Stock Unit	27c	35c
Net Worth per Stock Unit	161c	186c
Dividends per Stock Unit	7.5c	7c

### 2. GROUP COMPANIES

(a) The Gleaner Company Limited

(i) Revenue and Readership

Advertising revenue increased by 7% over the previous year moving from \$779M to \$837M.

There was no increase in advertising rates for 2000.

The revenue from the sale of our publications also increased in 2000. Circulation revenue increased from \$471 M in 1999 to \$506M in 2000 an increase of 7%. For 2001, your Company will be aggressively pursuing increased sales and readership, particularly among the younger generation.

Readership numbers obtained from two independently produced surveys conducted by Market Research Services Limited and Marketing Strategy Limited at different times showed that your Company's publications continue to enjoy a significantly larger number of readers than its competitors:

	Market Research Services Limited	Marketing Strategy Limited
	Readership	Readership
Sunday Gleaner	488,000	668,083
Sunday Observer	327,000	233,576
Sunday Herald	135,000	68,420
Daily Gleaner	413,000	180,312
Daily Observer	301,000	90,163
Week-end Star	400,000	-
X-News	346,000	122,158
Daily Star	388,000	198,920

(ii) Libel

In 2000 the appeals by the Company against the two largest libel awards of 1995 and 1996 of approximately J\$23M and J\$80.7M were heard. In the appeal which concerned the J\$23 million libel award, the appeal judges reserved judgement and this is still being awaited.

The appeal court reduced the J\$80.7 million award to J\$35 million and also awarded half cost to the company. The company sought and received leave to further appeal this J\$35 million award to the U.K. Privy Council.

Three new libel cases were initiated against the company in 2000.

(iii) Human Resource Development

During the period under review, the department continued its focus on the development of staff through training.

Through the Company's Appraisal System the particular needs of each staff member are identified and, where possible, appropriate assistance provided.

The Company spent approximately \$3M on staff training during the year.

(iv) Information Systems

During the year your Company established a digital lab. This lab will enable us to digitise the Company's black and white photo collection of approximately 500,000 images and to capture, archive and index these photographs as well as current photos being taken with the digital cameras.

Visitors to the Company's library, which is opened to the public by appointment two days per week, will also be able to view and select photographs for purchase.

A new Digital Telephone System with increased external lines was also installed during the year, as part of your Company's drive to improve customer service and relationship.

(v) Editorial

It was another exciting year for the Editorial Department. International recognition was given to the Gleaner when Senior Editor Lloyd Williams won the Maria Moors Cabot award for outstanding reportage on drug running in the region. The award was presented at Columbia University in New York.

Later in the year Lloyd Williams was voted Journalist of the Year at the annual Press Association of Jamaica awards ceremony. Your Company performed very well in the national competition receiving 10 awards and four certificates.

Regionally, we picked up the PAHO award for the best health feature in the English-speaking Caribbean and we also got two awards from the UNFPA for reporting on adolescent issues.

The Company for the first time submitted for consideration an entry to the Society for News Design and has won an Award of Excellence for the redesign of the Food section of The Gleaner.

Your Company's reputation has been further enhanced when The Weekly Gleaner (NA) won 8 awards in different journalism categories in the New York Association of Black Journalism 2000 Awards of Excellence.

The New York Association of Black Journalists is one of the largest chapters of the National Association of Black Journalists.

In continuation of an exchange programme started with the Sun Sentinel Newspaper in South Florida in 1999, then Managing Editor Garfield Grandison spent a month observing their operations.

A great deal of emphasis was placed on training, and former International Editor of USA Today newspaper, John Simpson, made two training visits with reporters and editors during 2000.

(b) Overseas Companies

Both North American companies showed increased sales for the year but the U.S. company recorded a small loss.

The UK company made a profit but this was less than expected.

Greater emphasis will be placed on the overseas companies for 2001, to improve on their financial performance.

The Managing Director of the two North American companies, Mrs Sheila Alexander, after working with these companies for 20 years retired on December 31, 2000. She served the companies well and remains a Director on the Board of both companies. Miss Moveta Munroe, previously Circulation Manager of The Gleaner Company Limited, has succeeded her as Senior General Manager of both companies.

(c) Sangster's Book Stores Limited

Sangster's Book Stores Limited and its wholly-owned subsidiary, The Bookshop Limited, had a successful year of operations.

New locations are being considered for further expansion of Sangster's Book Stores operations which it is hoped will not only improve profitability but be of added convenience to the Company's customers.

(d) Independent Radio Company - Power 106FM

Power 106 FM again experienced a fairly good year in 2000. Net operating income has shown an increase of 12% over 1999. During the year, the unique qualities of INDEPENDENT TALK were exploited allowing the company to

attract a significant number of new, sponsored, information features. Strong support for community activities through outside broadcasts also provided advertising revenue. The response to the music segments continues to grow and at the same time Power 106 continues to increase the complement and variety of songs in rotation.

The recent All Media Survey has revealed that the number of different persons listening to the station between the period 6 a.m.- 12 Noon, has grown by 48 %. The afternoon period 12 Noon- 6 p.m. has grown by 10 % . On Sundays, which is our PRIME day of the week, we have a CUME audience of 400,000 and 435,000 respectively for the two segments.

(e) Gleaner Online - [www.lamaica-gleaner.com](http://www.lamaica-gleaner.com)

Go-Jamaica maintained its position as the leading news web site in the Caribbean, moving from over 9 million hits per month at the end of 1999 to over 22 million hits per month at the end of 2000. This increase in reader interest had positive impact on sales as Gleaner Online experienced upwards of a 90% increase in revenue over the previous year. The company enjoyed substantial growth in web production and hosting efforts as its client base grew from 15 to 50. New products and services launched during the year included a news headlines by e-mail service, voice personals and an internationally popular web cam offering live views of Kingston from the Gleaner building. During the last quarter of the year, Gleaner Online began work on a series of community web sites called [Go-LocalJamaica.com](http://Go-LocalJamaica.com) with a view to generating increased participation in community development as Internet access becomes more popular in Jamaica.

Gleaner Online is broadening customer access to Gleaner Company products by launching a web-based credit card payment facility called Gleaner-Classifieds.com which allows customers to place advertisements in any Gleaner publication or online via the Internet.

(f) Property Companies

The performance of the property companies in which the Group has an interest improved marginally during the year despite the continued downturn in the real estate market.

(g) Capital Expenditure

During the past three years, your Company has spent over \$120M on Capital Equipment and computer technologies as we continue to strengthen our competitive position, and we have committed another \$80M for 2001.

(h) Investment

Your Directors have committed US\$500,000 in purchasing 6,250 shares in the equity share capital of Ocho Rios Beach Limited, a private tourism related company that will target the cruise ship passenger market in Ocho Rios.

### 3. BOOK LAUNCH

The Story of the Gleaner: Memoirs and Reminiscences was published in May 2000. His Excellency The Most Honourable Sir Howard Cooke and Mr. Richard Ashenheim, Vice Chairman, were guest speakers at the launch which took place in the Company's newly remodelled canteen.

Over 2000 books were published and there are still some available for sale.

### 4. DIVIDENDS, BONUS ISSUE & STOCK PRICES

Your Company made the following Interim Distributions during the year:

	Amount (Cents)	Record Date	Payment Date
1st Interim Ordinary	3.5	25.02.00	17.03.00
2nd Interim Capital	4.0	28.07.00	18.08.00

No final dividend is recommended for the year.

Your Directors at an Extraordinary General Meeting held on December 14, 2000 were authorised to issue to stockholders on record at the close of business on December 29, 2000 one bonus share for every three stock units held. This was done and it increased the number of issued stock units to 699M.

The Company's stock unit price on the Stock Exchange, adjusted for the bonus issue, closed the year at \$1.78. This was 70% higher than the opening price of \$1.05 in January 2000.

For 2001, your Directors have approved the payment of an Interim Capital Dividend of 3.5 cents per stock unit, less transfer tax, payable to stockholders on record at February 23, 2001. Payment to be made on March 13, 2001.

### 5 OUTREACH

#### (a) Primary School Textbook Project

The Company tendered for and was awarded a contract by the Ministry of Education and Culture to print and distribute

almost 2 million textbooks for year 2000 to some 800 Primary Schools throughout the island. The project was satisfactorily completed.

The Company was also successful in its bid for the contract for 2001 to print and distribute over 1 million books to Primary Schools.

(b) PALS Jamaica

During the year 2000, PALS Jamaica continued its core work - that of training primary school teachers in the knowledge and skills of conflict resolution.

Funding for the organization's operations from private sector and other agencies has been significantly reduced. As a result, PALS experienced severe financial constraints.

The PALS programme is currently operational in approximately 300 schools across the island.

The Hon. Oliver Clarke resigned as Chairman but continues as a Director, and another Gleaner Company Director, Mr. Morin Seymour, was appointed Chairman.

(c) Sponsorships

(i) The Spelling Bee Championship sponsored by the Children's

Own Newspaper is in its 42nd year. Spelling Bee Champion for the year 2000, Rhea Brathwaite of Ardenne High School, St. Andrew, participated in the Scripps Howard Spelling Bee Competition in Washington D.C. in June. Unfortunately, although she represented her country well, she did not come out on top at this international competition.

(ii) The Governor-General's Achievement Award, co-sponsored by your company in association with the Building Societies Association of Jamaica and the Jamaica National Building Society, gives national exposure to ordinary Jamaicans who are "unsung heroes" in their parishes. The recipients were presented with citations and the official Governor General's pin on October 25, 2000. This year the scheme will celebrate its 10th Anniversary.

(iii) Gleaner Honour Award - It is an annual recognition by the Gleaner Company Limited of an individual or body which has contributed significantly to improving Jamaica's quality of life. This year we celebrated the 21 st Anniversary of the establishment of the Honour Award. Awards were presented as follows:

Honour Award                      - Professor Lawson Douglas for his  
pioneering work in the area of

Renal Research and Development.

- Merit Award - Ambassador Courtney Walsh for Excellence in the field of Cricket
- Special Award - Jamaicans for Justice

The Awards banquet was held on January 16, 2001, at the Hilton Kingston Hotel.

- (iv) Newspaper In Education - Under this programme, the Company distributes the Gleaner newspaper to 100 schools throughout the island as a contribution to improving general knowledge and literacy in the schools.

## 6. STAFF AND BOARD NEWS

### (a) New Editor-in-Chief

With effect from March 1, 2001, Mr. Garfield Grandison was appointed Editor-in-Chief of the Gleaner Company. Mr Grandison who holds a M.Sc. in Public Administration from the University of the West Indies (UWI) began his association with the Gleaner as a correspondent and became a staff member between the years 1982 and 1990. He rejoined the Company in 1993 and has served as Managing Editor since 1997.

He succeeds Ms Wyvolyn Gager, the Gleaner's first female editor, who has served in that position since 1994.

The Directors wish to record their sincere appreciation to Ms Gager for her outstanding contribution to the Company and for the improvements to the Company's publications during the six years she served as Editor-in-Chief.

The Company looks forward to the new direction Mr Grandison will take to develop the newspapers in the 21<sup>st</sup> century.

### (b) Other Management Changes

#### (i) Go Jamaica

Mrs Alicia Virtue, Managing Director of Gleaner On-Line Limited for the past two years, resigned with effect from February 28, 2001. She has been succeeded by Miss Marlene Davis.

#### (ii) Financial Editor

Mr Delroy Alexander (Alexs), Financial Editor for the past five years, resigned with effect from February 28, 2001.

Mr Alva Edwards, a senior financial reporter in the department, has been appointed to the position.

The Directors wish to recognise both Mrs Virtue and Mr Alexander for their contribution to the Company.

(c) Industrial Relations

During the year wage and fringe benefit negotiations with University & Allied Workers Union (UAWU) and Union of Technical Administrative & Supervisory Personnel (UTASP) representing unionised employees were concluded.

Negotiations with the Bustamante Industrial Trade Union (BITU) production workers were referred to the Industrial Disputes Tribunal for settlement. An award has not yet been made.

The second part of the two year collective agreement between the Company and the Newspaper Delivery Contractors' Association was also implemented in January 2000. New negotiations for a two-year agreement will commence in 2001.

(d) Long Service Awards

The Company's Long Service Awards Luncheon was held on September 19, 2000 at the Hilton Kingston Hotel. 34 employees from various departments received awards as follows: 15 for 10 years; 4 for 15 years; 4 for 20 years; 4 for 25 years and 6 persons for 30 years, namely, Mrs Pauline Lee, Messrs Algon Brown, Robert Jackson, Fitzgerald Morris, Robert Miller and John Hewitt. One person, Mr Owen McFarlane, was awarded for 35 years.

Dr Rae Davis, President of the University of Technology, was the Guest Speaker.

(e) Directors

The Hon. Maurice Facey, O.J., a director for over twenty-six years, retired in accordance with Article 92 in August 2000. The Directors wish to place on record their sincere appreciation for his invaluable services to the Gleaner.

In April 2000 Mr Morin Seymour and Mrs Lisa Johnston were called to the Board.

The Directors retiring by rotation at this year's Annual General Meeting are Mr Richard Ashenheim, The Hon. John Issa, O.J. and Prof. The Hon. Gerald Lalor, O.J., all have played important roles on the Board and, being eligible, offer themselves for re-election.

7. STOCKHOLDERS' BENEFITS

The Company is pleased to continue to make available to stockholders, on request, discounts on classified advertisements and books bought through Sangster's Book Stores Limited and the Book Shop Limited.

The Company Secretary is authorised to extend these benefits to stockholders.

#### 8. AUDITORS FOR THE COMPANY

The retiring auditors are KPMG Peat Marwick, and they have expressed their willingness to continue.

#### 9. LOOKING FORWARD

Circulation and advertising continued to show increased revenue and volume sales for 2000. It is expected that this upward trend will continue for 2001.

During 2000 our readers would have noted the improvements made, not only in content, but also in layout of our publications.

During 2000, new outlets were opened for the placement of advertisements and the sale of our publications in Manor Park in Kingston and various rural areas. This programme will be further expanded in 2001. Also, customers using the Gleaner's online services can place advertisements in its publications and on Go-Jamaica using most credit cards.

On the cost side, there have been material upward movements in the price of newsprint over the past year, and further increases are expected for this year. Labour and utility costs have also increased. As a consequence, your Company has had to increase the prices of the Daily and Sunday Gleaners by \$1.00 each to go towards these cost increases.

Advertising rates which have not moved since 1998 will be reviewed upwards this year. Every effort continues to be made to reduce wastage and costs wherever possible.

The subsidiary companies and, in particular, Sangster's and the Bookshop Limited, continue to play an important role in the financial results of the Group.

For 2001, it is expected that the Company will enhance its reputation as being the leading newspaper in the country by continuing to outsell and outperform its competitors in every way. New editorial features will add even greater interest to our publications.

#### 10. OFFICERS AND STAFF

The Directors wish to place on record their appreciation for the services given by Officers and Staff during the year under review.

ON BEHALF OF THE BOARD OF DIRECTORS

The Hon. Oliver F. Clarke, O.J.  
Chairman & Managing Director

March 8, 2001

---