The Gleaner Company Limited.

Notes to the Financial Statements

1. THE COMPANY

The Gleaner Company Limited (Company), incorporated in 1897, is the holding company of the following companies:

(a) Sangster's Book Stores Limited and its wholly owned subsidiary: The Book Shop Limited	100% subsidiary
(b) Popular Printers Limited and its wholly owned subsidiaries: Selectco Publications Limited and Associated Enterprise Limited.	100% subsidiary
Selectco Publications Limited owns 33 1/3% of the shares in Jamaica Joint Venture Investment Company Limited, a property company.	
(c) The Gleaner Company (UK) Limited	100% subsidiary
(d) The Gleaner Company (NA) Incorporated	100% subsidiary
(e) The Gleaner Company (NA) Limited	100% subsidiary

The Gleaner Company (NA) Limited is a wholly owned subsidiary of The Gleaner Company (NA) Incorporated. All the companies in the group are incorporated under the laws of Jamaica with the exception of The Gleaner Company (UK) Limited, The Gleaner Company (NA) Incorporated and The Gleaner Company (NA) Limited which are incorporated in the United Kingdom, Canada and The United States of America, respectively. The holding Company's shares are quoted on the Jamaica Stock Exchange. The average number of employees employed by the group was 643 (1999: 623).

The major activities of the Group are the publication and printing of newspapers and the sale of books.

2. THE BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a Basis of Preparation

The financial statements are prepared in accordance with the requirements of the Companies Act and generally accepted accounting principles (GAAP) which are materially represented by Statements of Standard Accounting Practice issued by Institute of Chartered Accountants of Jamaica.

The financial statements are prepared under the historical cost convention, except for the inclusion of certain fixed assets at valuation, and are presented in Jamaican Dollars (J$). Where necessary, prior year comparatives have been reclassified to conform with 2000 presentation.

b. Basis of Consolidation

The group financial statements present the results of operations and financial position of the Company and its subsidiaries made up to December 31, 2000. The Company and its subsidiaries are collectively referred to as the "Group".

C. Depreciation

Fixed assets, with the exception of freehold land on which no depreciation is provided, are depreciated on both the straight line and reducing balance methods at annual rates estimated to write off the assets over their expected useful lives. The depreciation rates are as follows:

Freehold buildings (Note 3b)	-	2 1/2% and 5%
Furniture & fixtures	-	10% and 20%
Machinery & equipment	-	10%, 12 1/2%, 20% & 25%
Motor vehicles & computer equipment	-	20% and 25%
Presses	-	5%
Typesetting equipment	-	33%
Leased assets (see Note 3c)	-	over the period of the leases

d. Foreign Currencies

Transactions in foreign currencies are converted at the exchange rates ruling at the dates of those transactions. Foreign currency balances outstanding at the balance sheet date and items in the foreign subsidiaries profit and loss account are translated at the rates of exchange ruling on that date (US$1 = J$:44.95; 1999 - US$1 = J$:42.15) (1 Pound Sterling = J$: 65.77: 1999 - 1 Pound Sterling = J$: 65.38) (Can$1 = J$: 29.87: 1999 - Can$1 = J$: 28.67). Gains and losses arising from fluctuations in exchange rates have been included in arriving at the trading profit for the year.

e. Associated Companies

Jamaica Joint Venture Investment Company Limited and its subsidiaries and Independent Radio Company Limited are associated companies. Jamaica Popular Investments Company Limited is 50% owned by Popular Printers Limited. With the exception of Independent Radio Company Limited and Jamaica Popular Investment Company Limited, the Company has not adopted the equity method of accounting for investments in associated companies as the Directors of the Company do not consider that they exercise significant influence over the financial or operating policies of that company and its subsidiaries (see Note 7).

The appropriate share of the profit/(loss) in Independent Radio Company Limited and the profit in an associated company of Popular Printers Limited for 2000, namely, Jamaica Popular Investment Company Limited, have been included in the Group accounts. The Group's share of the profit after taxation in Independent Radio Company Limited amounts to $937,000 (1999: $2,949,000) for the year ended December 31, 2000. The Group's portion of profit after taxation in Jamaica Popular Investment Limited amounts to $1,086,000 (1999: profit of $473,000) for year ended December 31, 2000.

f. Inventories

Newsprint has been valued at the lower of cost, determined on last-in first-out basis (LIFO), and net realizable value. The effect of the adoption of the LIFO basis is to decrease the valuation of Newsprint Inventories computed by reference to average cost by $5,527,120 (1999: $11,933,634). All other inventories have been valued at the lower of average cost or first in first out and net realizable value.

g. Deferred Taxation

Deferred taxation is provided at current rates on timing differences between profits for financial statements and tax reporting purposes and includes investment allowances which are recognized over the expected useful lives of the assets (see Note 15).

h. Pensions

The Group and Company operate pension schemes (see note 19) and the assets of the schemes are held separately from those of the Company. Contributions to the schemes are charged to the Group Profit and Loss Account to fund past and future benefits.

i. Repurchase and Reverse Repurchase Agreements

A repurchase agreement ("Repo") is a short-term transaction whereby securities are bought and sold with simultaneous agreements for reselling/repurchasing the securities on the date specified.

Although the security is delivered to the "buyer" at the time of the transaction, title is not actually transferred unless the counterparty fails to repurchase the securities on the date specified.

Repurchase and reverse repurchase agreements are accounted for as short-term collaterised borrowing and lending, respectively.

j. Deferred Subscription Revenue

Subscription revenue is recognized over the life of the subscription. Revenue received in advance is deferred to match the revenue with the future costs associated with honouring the subscription.

k. Use of Estimates

The management of the company, subsidiaries and associated companies made a number of estimates and assumptions relating to the reporting of income, expenses, assets and liabilities, and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

3. FIXED ASSETS

	Group		Company	
	2000	1999	2000	1999
	$(000)	$(000)	$(000)	$(000)

Cost or valuation:				
Freehold land & buildings	182,769	183,671	154,789	148,410
Furniture & fixtures	14,542	21,618	9,293	7,691
Machinery & equipment	53,449	36,788	49,148	33,371
Motor vehicles & computer equipment	135,855	108,726	91,611	82,516
Presses	135,710	135,710	135,710	135,710
Typesetting equipment	4,890	48,216	4,890	48,216
Leased assets (Notes 2c and 3c)	33,826	24,890	26,729	24,890
	561,041	559,619	472,170	480,804

	Group		Company	
	2000	1999	2000	1999
	$(000)	$(000)	$(000)	$(000)
Accumulated depreciation:				
Freehold land and buildings (Note 2c)	21,734	19,788	17,084	9,356
Furniture & fixtures	8,362	11,066	4,901	4,103
Machinery & equipment	24,715	18,201	20,466	14,881
Motor vehicles & computer equipment	92,687	67,234	66,857	49,158
Presses	46,187	39,401	46,187	39,401
Typesetting equipment	4,772	47,981	4,772	47,981
Leased Assets	12,832	7,724	5,735	7,724
(Notes 2c and 3c)	211,289	211,395	166,002	172,604
Net Book Values	349,752	348,224	306,168	308,200

a. The depreciation charge for the year is made up as follows:

	Group		Company	
	2000	1999	2000	1999
	$(000)	$(000)	$(000)	$(000)

Freehold buildings	7,988	9,354	7,728	7,409
Furniture & fixtures	2,274	1,616	820	650
Machinery & equipment	5,618	9,644	5,617	9,643
Motor vehicles & computer equipment	23,261	20,461	16,592	15,438
Presses	6,785	6,785	6,785	6,785
Typesetting equipment	118	118	118	118
Leased assets	7,677	7,746	7,451	7,724
	53,721	55,724	45,111	47,767

b. Freehold Land and Buildings

The Company's building at 7 North Street was revalued at $148M (1999: $148M) on a fair market value basis as an office and warehouse complex in September 1998 by C. D. Alexander Company Realty Limited, Real Estate Brokers and Appraisers of Kingston. The Board has decided to revalue such building at 3-year intervals. Sangster's Book Stores Limited buildings were revalued in March 1998 at a fair market valuation of $21,150,000 by Property Consultants Limited, Real Estate Brokers and Appraisers of Kingston. The surplus arising on revaluations, inclusive of depreciation no longer required, has been included in capital reserves (see Note 11). Freehold land and buildings include freehold land at a cost of $199,600 for the company and at valuation/cost of $1,049,000 for the group.

c. Leased Assets

Fixed assets acquired under finance leasing arrangements are included at cost, less accumulated depreciation calculated to write them off over the period of the leases. After deducting interest attributable to future periods, the net payable is included in accounts payable and long-term liabilities. Interest is charged so as to arrive at a constant rate of charge over the period of the leases.

d. Assets at Cost

Apart from assets shown in (b), all other fixed assets are shown at cost.

4. LONG-TERM RECEIVABLE

	Group		Company	
	2000	1999	2000	1999
	$('000)	$('000)	$('000)	$('000)

(i) Loan	197	273	-	-
ii) General Consumption Tax (GCT)	3,028	1,327	2,725	1,061
	3,225	1,600	2,725	1,061
Less current maturities (included in other receivables)	(2,016)	(1,056)	(1,613)	(772)
	1,209	544	1,112	289

(i) This loan is repayable in ten years in equal monthly instalments of $10,978 including interest at 12.5% per annum. Repayments commenced in June 1992. The loan is secured by a bill of sale stamped to cover $7,895,000 over specified fixed assets.

ii) GCT paid on purchase of fixed assets is recoverable in twenty-four equal monthly instalments from the date of purchase.

5. NATIONAL HOUSING TRUST CONTRIBUTIONS

The Group's contributions up to July 31, 1979 are recoverable in the years 2001/4 and are as follows:

Year of Contribution	Amount Contributed GROUP	COMPANY	Year of Repayment
	$(000)	$(000)	
1976	88	85	2001
1977	159	125	2002
1978	123	108	2003
1979	81	65	2004
	451	383	

The above contributions have been charged to the Profit and Loss Account.

6. LEASE COMMITMENTS

Unexpired lease commitments at December 31 expire as follows:

	Group		Company	
	2000 $(000)	1999 $(000)	2000 $(000)	1999 $(000)
Within one year	6,989	7,382	6,285	7,382
Subsequent years	11,219	10,067	10,981	8,775
	18,208	17,449	17,266	16,157

	Group		Company	
	2000 $(000)	1999 $(000)	2000 $(000)	1999 $(000)
Shares at cost, less amounts written off:				
Subsidiary Companies:				
Popular Printers Limited	-	-	426	426
Sangster's Book Stores Limited	-	-	2,650	2,650
The Gleaner Co. (UK) Ltd	-	-	1	1
The Gleaner Company (NA) Inc.	-	-	687	687
Associated Companies:				
Jamaica Popular Investment Limited (See Note a)	1,543	456	-	-
Jamaica Joint Venture Investment Company Limited (See Notes b and 2e)	150	150	-	-
Independent Radio Company Limited (See Note 2e)	13,875	12,108	7,754	6,054
Quoted Shares, at cost (market value $30,382,854				

1999: $18,545,649)	26,431	9,577	26,431	9,577
Other quoted investments:				
(market value $86,729				
1999: $63,348)	13	13	-	-
Government of Jamaica				
securities	1,606	1,430	-	-
Other unquoted investment:				
Shares at cost				
(See Note c)	503	254	254	254
Ocho Rios Beach Limited	22,568	-	22,568	-
Debentures	50	50	50	50
	66,739	24,038	60,821	19,699

(a) Jamaica Popular Investment Company Limited is 50% owned by Popular Printers Limited.

(b) Selectco Publications Limited owns 33 1/3% of Jamaica Joint Venture Investment Company Limited.

(c) Other unquoted investments include an interest in the Caribbean News Agency, Caribbean Financial Services Corporation and Stabroek News, Guyana.

8. INVENTORIES AND GOODS IN TRANSIT

	Group		Company	
	2000	1999	2000	1999
	$(000)	$(000)	$(000)	$(000)
Newsprint	23,220	16,211	23,220	16,211
Books, stationery				
and general supplies	103,924	89,046	-	-
Goods-in-transit	11,198	16,565	24	-
Consumable stores	9,694	7,356	9,694	7,356
	148,036	129,178	32,938	23,567

9. Long-Term Liabilities

	Group		Company	
	2000	1999	2000	1999
	$(000)	$(000)	$(000)	$(000)
Mortgage loan	-	434	-	-
Bank loan	5,044	7,676	5,044	7,676
Finance Lease Obligations	17,266	16,157	17,266	16,157
	22,310	24,267	22,310	23,833
Less Current maturities	(8,917)	(10,448)	(8,917)	(10,448)
	13,393	13,819	13,393	13,385

The mortgage loan was denominated in foreign currency and bore interest for 1999 at 9% per annum and was repayable over a period of 7 years ended in the year 2000. The loan was secured by a mortgage over a subsidiary company's land and building.

The bank loan bears interest at 8.5% per annum and is repayable over a period of 3 years ending in the year 2002. The loan is secured by a fixed charge over the company's two diesel generators.

10. SHARE CAPITAL

	2000	1999
	$(000)	$(000)
Authorized - 710,000,000 (1999: 530,000,000) ordinary shares of 50 cents each	355,000	265,000
Issued and fully paid - 698,794,516 (1999: 524,095,887) stock units of 50 cents each	349,397	262,048

At an Extraordinary General Meeting held on December 14, 2000 (1999: December 9, 1999), resolutions were passed:

- increasing the authorized capital of the Company from $265,000,000 (1999: $180,000,000) to $355,000,000 (1999: $265,000,000) by the creation of 180,000,000 (1999: 170,000,000) ordinary shares of 50 cents each ranking pari passu in all respects with the existing ordinary stock units of the Company. Such shares shall be issued on such terms and at such times as the Board of Directors shall determine and shall, as and when issued and fully paid up, be converted into ordinary stock units transferable in units of 50 cents each.

- authorizing the Directors to issue to stockholders on record at the close of business on December 29, 2000, one bonus share for every three stock units held. In consequence, 174,698,629 (1999: 174,698,629) shares were issued and converted to stock units bringing the number of stock units to 698,794,516 (1999: 524,095,887) with a par value of $349,397,000 (1999: $262,048,000).

11. RESERVES

	Group		Company	
	2000	1999	2000	1999
	$(000)	$(000)	$(000)	$(000)
Capital				
Realized:				
Share Premium	4,353	4,353	4,353	4,353
Other	23,807	2,888	25,483	2,966
Profit on sale of fixed assets	2,270	418	-	-
	30,430	7,659	29,836	7,319
Unrealized:				
Revaluation of buildings	194,669	194,669	170,480	170,480
Revaluation of investment	1,219	1,219	-	-
Reserve arising from consolidation of subsidiaries (net of goodwill)	21,717	3,176	-	-
Exchange difference on opening net investment in subsidiary	3,429	3,552	-	-
	221,034	202,616	170,480	170,480

Total Capital	251,464	210,275	200,316	177,799
REVENUE:				
Unappropriated profits at end of year	528,138	506,968	403,872	400,555

Unappropriated profits for the Company and the Group at December 31, 2000, include $131,000 (1999: $131,000) franked income available for distribution without deduction of tax.

Capital distribution of $415,762 (1999: $415,762) can be made from distributions received from a subsidiary company and transfer tax withheld and retained by the Company.

12. REVENUE

Revenue represents sales by the Group, before commission payable but excluding returns, as follows:

	2000 $(000)	1999 $(000)
Circulation	505,532	471,280
Advertising	837,012	778,754
Books and stationery	401,222	414,007
Other	779	226
	1,744,545	1,664,267

13. DISCLOSURE OF EXPENSES

Profit from operations is stated after charging/(crediting):

	2000 $(000)	1999 $(000)
Directors' remuneration		

Fees	485	373
Management	9,152	5,665
Staff costs	469,919	400,573
Auditors' remuneration	4,495	4,583
Depreciation	53,721	55,726
Interest income	(69,824)	(70,170)

14. EXCEPTIONAL ITEMS

	2000 $(000)	1999 $(000)
Insurance Recoveries	-	8,162
Profit/loss) on sale of fixed asset	43,291	(5,987)
Redundancy expense	-	(8,511)
	43,291	(6,336)

15. TAXATION

(a) Taxation is based on the group profit for the year adjusted for tax purposes and is made up as follows:

	2000 $(000)	1999 $(000)
Income Tax at 33 1/3%	85,872	75,176
Taxation on share of profits of associated company	1,278	972
UK Corporation Tax at 23%	119	267
Canadian Income Tax at 45%	-	86
Deferred taxation (Note 2g)	654	(261)
Tax credit on bonus shares issued (restricted)	(21,205)	(23,082)
Tax losses utilized	-	(4,839)
Tax adjustment in respect of previous year	(471)	172
	66,247	48,491

(b) Total tax charge for 2000 represents an effective tax rate of 26% (1999: 20.7%) on $254.7M (1999: $233.3M) pre-tax profit compared to a Jamaica statutory tax rate of 33 1/3%. The difference is due principally to:

(i) The inclusion of profit on sale of fixed assets in the profit for the year.

(ii) Special tax allowances received for working more than one shift.

(iii) Accelerated tax allowance under the Ministry of Industry, Investment and Commerce Tax incentive programme.

(iv) Tax losses

(v) Tax credit on bonus issue of shares, and offset by:

1. Increase in depreciation charges for revalued fixed assets. That portion of the value of fixed assets in excess of cost is not eligible for tax allowances which are based on original cost.

2. Foreign taxation and deferred taxation.

16. DIVIDENDS PAID (GROSS)

An interim capital distribution of 3.5 cents per stock unit (less income tax) was paid on March 17, 2000, to shareholders on record at close of business on February 25, 2000.

A second interim capital distribution of 4.0 cents per stock unit (less transfer tax of 7 1/2%) was paid on August 18, 2000, to shareholders on record at the close of business on July 28, 2000.

17. EARNINGS PER STOCK UNIT

The calculation of earnings per stock unit is based on profit after taxation of $189.1 M (1999: $184.8M) attributable to stockholders of the Company and the issued and fully paid ordinary share capital of 698,794,516 stock units of 50 cents each. The 1999 figure has been restated to give effect to the bonus issue made in December 2000.

18. RELATED PARTY BALANCES AND TRANSACTIONS

Two parties are considered to be related when:

(a) one party is able to exercise control or significant influence over the other party; or
(b) both parties are subject to common control or significant influence from the same source.

The balance sheet includes the balances, arising in the ordinary course of business, with subsidiaries and associated companies as follows:

	Group		Companpy	
	2000	1999	2000	1999
	$(000)	$(000)	$(000)	$(000)
Investments:				
Subsidiaries	-	-	3,764	3,764
Trade and other receivables:				
Subsidiaries	-	-	69,837	65,515
Associated companies	250	1,906	-	1,560
Trade and other payables				
Associated companies	4,835	-	4,835	454

The profit and loss account includes the following income earned from, and expenses incurred in, transactions with subsidiaries and associated companies. The transactions were in ordinary course of business.

	Group		Company	
	2000	1999	2000	1999
	$(000)	$(000)	$(000)	$(000)
Revenue:				
Subsidiaries	-	-	5,285	808
Other operating income:				

Subsidiaries	-	-	29,296	53,570
Associated companies	-	453	-	453
Cost of sales:				
Subsidiaries				
Administrative expenses:				
Subsidiaries	-	-	1,399	7,065
Associated companies	-	120	-	120

19. PENSION FUNDS

a. The Company operates a "benefits based" contributory pension scheme which is self administered and managed by a Board of Management appointed by The Gleaner Company Limited. The Scheme is subject to triennial actuarial valuation. The most recent valuation was done on the projected unit method, as at May 1, 1999. This showed the fund to be adequately funded. The next actuarial valuation is due as at May 1, 2002. The Company's contributions, charged to the Profit and Loss Account, for the year were $8.5M (1999: $7.9M).

b. SANGSTER'S BOOK STORES LIMITED. This subsidiary operates a contributory pension scheme for all employees, and The Book Shop Limited employees who have satisfied certain minimum service requirements. The benefits are computed by reference to final salaries. The last actuarial valuation at December 31, 1997, showed that the Scheme was adequately funded. The next actuarial review was due on December 31, 2000. The contributions, charged to the Profit and Loss Account, for the year were $1,835,000 (1999: $763,000).

20. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, accounts receivable, securities purchased under agreements for resale, investments and amounts due from parent company. Financial liabilities include bank overdraft, accounts payable and long term liabilities.

(a) Fair value of financial instruments:

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values of cash and cash equivalents, accounts receivable, securities purchased under agreements for resale, due to parent company, bank overdraft and accounts payable approximate their carrying value due to their relatively short-term nature. The fair value of investments and long term liabilities (notes 7 and 9) are reflected at market value, or cost, where there is no market value.

(b) Financial instruments risks:

Exposure to credit, interest rate and foreign currency risks arise in the ordinary course of the company's business.

(i) Credit Risk

Credit risk is the risk that one or both parties to the financial instruments will fail to discharge an obligation resulting in loss to one or both parties.

The company manages this risk by screening its customers, establishing credit limits and the rigorous follow up of receivables. At the balance sheet date, there were no significant concentrations of credit risks and the maximum exposure to credit risk is represented by the carrying value of each financial asset.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The company minimizes its interest rate risk by investing mainly in fixed rate government securities and borrowing at agreed interest rates.

(iii) Foreign Currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company is exposed to foreign currency risk on tranactions that it undertakes in foreign currencies. The main foreign currencies giving rise to this risk are the United States dollar (US$) and Pound Sterling (E). The company ensures that the risk is kept to an acceptable level by monitoring its risk exposure and by maintaining funds in US dollars as a hedge against adverse fluctuations in exchange rates.

The net foreign currency assets/(liabilities) at December 31, 2000, are as follows:

	Group		Company	
	2000	1999	2000	1999
	$(000)	$(000)	$(000)	$(000)
US$	2,696	2,131	2,905	2,077
£ Sterling	(161)	(117)	29	113
Cdn$	1,433	7	746	764

21. AUTHORISED CAPITAL EXPENDITURE

	Group		Company	
	2000	1999	2000	1999
	$(000)	$(000)	$(000)	$(000)
Capital expenditure Authorised but not contracted for	-	27,600	-	27,600

22. CONTINGENT LIABILITIES

There are contingent liabilities in respect of $2M (1999: $Nil) worth of guarantees issued on behalf of the group and $2M (1999: $Nil) for the company.

23. LIBEL CASES

The Company's lawyers have advised that they are of the opinion that the provision made in the Company's accounts as at December 31, 2000, is a reasonable provision for the purpose of covering all reasonable and probable judgements and costs for libel actions against the Company.