

# THE GLEANER COMPANY LIMITED

## 2001 DIRECTORS' REPORT

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The Directors have pleasure in presenting the 105th Annual Report and Audited Financial Statements for the year ended December 31, 2001.

### 1 GROUP HIGHLIGHTS

	2001	2000
	\$million	\$million
Group turnover	2,010	1,745
Group profit after taxation	169	189
Working capital	848	738
Dividends paid	49	39
Net Worth	1,251	1,129
Number of 50 cents Stock Units		
Issued - 000's	854,082	698,795
Bonus Shares issued in year - 000's	155,288	174,699
Earnings per Stock Unit	20c	22c
Net Worth per Stock Unit	150c	161 c
Dividends per Stock Unit	7.0c	7.5c

### 2 GROUP COMPANIES

#### (a) The Gleaner Company Limited

##### (i) Revenue and Readership

The company's advertising revenue increased in 2001 by 15% over the previous year moving from \$789M to \$905m. In May 2001 rates were increased on average by

approximately 6%. There was a material gain in sales volume in 2001

The revenue from the sale of our publications also increased in 2001. Circulation revenue increased from \$448M in 2000 to \$499M in 2001, an increase of 11%. No All Media Survey was done during 2001; however, based on increased sales of all of the company's publications in 2001, your Company's publications continued their strong dominance of the market last year.

The 2002 All Media Survey has been commissioned by The Media Association of Jamaica, and your Company looks forward to receiving the results as it is confident that its position has further improved,

**(ii) Libel**

In 2001, the Appeal Court upheld the decision of the Supreme Court that the award of \$23M against The Gleaner should be set aside and The Gleaner was given liberty to file a defence.

The \$80M which had been awarded against the Gleaner in 1994, was in 2000 reduced on appeal to \$35M. The Gleaner has further appealed this reduced amount at the UK Privy Council. This matter will be heard by the Privy Council in May 2002.

In another libel case in which the Appeal Court in 2000 overturned an earlier judgement of \$750,000 against your Company, the plaintiff has appealed the case to the Privy Council. No date for this hearing has yet been fixed.

Three new libel cases were brought against the Gleaner Company in 2001.

**(iii) Human Resource Development**

Your Company continued to provide training to equip staff members with the necessary expertise to meet new challenges in the field of technology and business, and in its presentation and reporting of the news. The cost of training for 2001 amounted to \$3.2M.

**(iv) Editorial Coverage**

Year 2001 was another successful one for the Editorial Department. A number of the Company's publications were redesigned including the Flair Magazine, The Star and the Saturday Gleaner. The Food Feature, published in the Thursday Gleaner, won an award for design from The Society of Newspaper Design (SDN) in the United States.

In March 2001, we introduced a new publication, Youth Link, which is distributed with the Tuesday Gleaner and which has been well received particularly by students in the High Schools.

Our editorial staff won eight awards for excellence in reporting and photography from the Press Association of Jamaica (PAJ) and for the third consecutive year, your Company received the Pan American Health Organisation (PAHO) award for the Best Health Page in the region (Profiles in Medicine).

During 2001, we continued to work hard on improving the content, layout and printing quality of our publications. New features were also introduced as our Company seeks to remain relevant in a changing environment. These included Youth Link on Tuesdays, Lifestyle on Saturdays, a business feature, "Common Cents", in the Star, In Focus on Sundays; Science and Technology; a special historical feature, Pieces of the Past, and a series of photojournals which capture activities in various towns across the country,

**(b) Overseas Companies**

The three overseas subsidiary companies in the UK, Canada and the USA all showed marked improvement in their performance in 2001 as compared with the previous year.

The Gleaner Company (NA) Limited, in addition to the weekly paper, launched in New York a new publication - The Gleaner Extra - in December 2001. This new publication is free and will be supported by advertising. It is expected to attract younger readers.

In Canada, a special four-page supplement "Canada Focus" will be printed as part of the Weekly Gleaner.

**(c) Sangster's Book Stores Limited**

This Company opened a new store in Portmore, St. Catherine in September 2001. After some teething problems with the renovations to the old building, the new store is now operating satisfactorily. The store is the largest amongst the branches and offers traditional school supplies and a wide assortment of general books, children's books and gift items.

A reduction in special contract orders in 2001 was mainly responsible for Sangster's profits coming in at less than the previous year. These special orders can affect profits in a material way from year to year. To minimize the effect of these special

orders, Sangster's is concentrating on widening its sales base.

For 2002, Sangster's Book Stores Limited will continue to focus on developing its branch network and customer service.

To consolidate the operations of Sangster's Book Stores and The Bookshop Limited, the latter company will be liquidated in 2002, but we will continue to use the name.

**(d) Independent Radio Company - Power 106FM**

A decision was made to establish a second radio station by utilizing some of the existing broadcast resources in order to create for Independent Radio Company an additional profit stream. The new station will be located at the POWER 106 FM Bradley Avenue studio complex and will have transmission coverage of over 95% of the island. The construction of the station is expected to be completed by May 2002.

Agreement was reached for a very popular radio programme to be aired by POWER 106 FM this year; this is Nationwide. Advertisers have shown a keen interest in this programme which enjoys a large radio audience.

During 2001, POWER 106 FM experienced increased competition, particularly in the non-agency advertising market from which it earns a substantial part of its revenue. The financial results for the year showed a loss, due primarily to non-operating expenses associated with the construction of the new radio station.

The station is expected to return to a position of profitability during 2002 due to new advertising revenues from the new station and from the new radio programmes.

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

Go-Jamaica celebrated its fifth year of operation and is receiving 50,000,000 hits a month. No other Jamaican Website attracts the audience Go-Jamaica enjoys.

Go-Jamaica within the last year has launched a number of new websites. The Local Jamaica project which has five very unique sites concentrates on enhancing community dialogue and giving Jamaicans island-wide a platform to showcase the positives of their respective communities. The STAR has also been launched into cyberspace (<http://www.jamaica-star.com>) and is already enjoying a tremendous amount of success.

Go-Jamaica's development of a strong in-house internet team has led to the growth of

internet based services for the Jamaican industry through advertising and website development, hosting and maintenance activity.

The Company continues to expand internet activity through its quick response to the needs of Jamaicans worldwide.

**(f) Property Companies**

The property companies in which the Group has an interest recorded mixed performances during the year. It is hoped they all will have improved results in 2002 and begin to pay dividends.

Your Company, through a 100% subsidiary company, Selectco Limited, has for some years owned 33 1/3% of a property company Jamaica Joint Venture Investment Company Limited (see note 2(c) in the Financial Statements).

Jamaica Joint Venture Investment Company Limited, through its two subsidiaries, Manhart Properties and City Properties, owns two properties on Duke Street, Kingston. In recent years, these companies have begun to generate surpluses and their total net worth now stands at approximately \$22M. The investment originally made by your Company in Jamaica Joint Venture Investment Company Limited was \$150,000

**(g) Capital Expenditure**

Your Company has committed to spend approximately \$65M in 2002 on the acquisition of capital equipment. Approximately a quarter of this amount will be spent on new computer equipment and technology. Our policy is to provide our customers with an efficient service, and keeping our equipment and computer systems up to date will go a far way in supporting this process.

**(h) Investment**

Your Company invested US\$500,000 in the year 2000 purchasing 6,250 shares or 5% interest in Ocho Rios Beach Limited. Construction of the Island Village complex was completed in February 2002, and it is now fully tenanted and ready to receive cruise ship passengers and locals.

**3 BOOK LAUNCH**

**The Jamaica Directory of Personalities 2001-2002**

On January 18, 2002, a subsidiary company, Selectco Limited, commenced delivery to various Sangster's Book Stores outlets copies of the seventh edition of the Jamaica Directory of Personalities. The sale of this book has gone well but there are still some copies of this book available from our North Street offices or any branch of Sangster's Book Stores and The Bookshop Limited.

**4 DIVIDENDS, BONUS ISSUE & STOCK PRICES**

Your Company made the following Interim Distributions during the year.

	<b>Amount per Stock unit (Cents)</b>	<b>Record Date</b>	<b>Payments Date</b>
1st Interim Capital	3.5	23.02.01	13.03.01
2nd Interim Capital	2.0	27.07.01	14.08.01
Interim Ordinary	1.5	27.07.01	14.08.01

No final dividend is recommended for the year.

Your directors, at an Extraordinary General Meeting held on December 13, 2001, were authorised to issue to stockholders on record at the close of business on December 28, 2001 two bonus shares for every nine stock units held. This was done and it increased the number of issued stock units to 854 million.

The Company's stock unit price on the Jamaica Stock Exchange, adjusted for the bonus issue, closed the year at \$1.80. This was 23% higher than the opening price of \$1.46 in January 2001.

For 2002, your directors have approved the payment of an Interim Ordinary Dividend of 3.5 cents per stock unit, payable to stockholders on record at March 22, 2002. Payment to be made on April 8, 2002.

**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 approximately 1.8 million textbooks for year 2001 to approximately 800 Primary Schools throughout the island. The project was satisfactorily completed. Your Company has tendered for the 2002 project.

**(b) PALS Jamaica**

During 2001, PALS Jamaica continued its work of training teachers island wide in the knowledge and skills of conflict resolution, increased its cadre of part-time trainers, and began its work in the Canadian International Development Agency's Social Conflict and Legal Reform Project.

Peace Day was once more a success in the schools. Support from the wider public of the event was heartening.

PALS continued to face severe financial constraints, despite generous support from the Environmental Foundation of Jamaica during the year. It is currently reviewing its future operations which will be dependent on increased and continued financial assistance.

**(c) Sponsorships**

**(i) The Spelling Bee Championship** sponsored by the Children's Own Newspaper is in its 43rd year. 2001 Spelling Bee Champion Daniel Thomas of Ardenne High School, St. Andrew, participated in the Scripps Howard Spelling Bee Competition in Washington D.C. in May. Unfortunately, although he represented his country well, he 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 Jamaica National Building Society and a number of Building Societies, gives national exposure to the ordinary Jamaican who is an "unsung hero" in his/her community.

2001 marked the tenth year of these awards and, to celebrate, each recipient over the ten year period was invited to the county awards and presented with special pins. The presentation of the pins to the award winners for 2001 was held at Kings House on November 28, 2001.

**(iii) Gleaner Honour Award** - The Gleaner Honour Award is an annual recognition of the individual or body who has contributed significantly to improving Jamaica's quality of life. For its 22nd year, the Gleaner Company expanded the programme to include six category winners, one of whom was identified as the "Gleaner Man of the Year". The awards are as follows:

Man of the Year (Arts & Culture) - Prof. The Hon. Ralston

Business	- (Rex) Nettleford, O.M.
Entertainment	- William Clarke
Sports	- Orville "Shaggy" Burrell
Voluntary	- Marvin Anderson
Public Service	- Courtney Foster
Science & Technology	- Hon. Peter Phillips
	- Anthony Porter

A special presentation of a merit award was made to the Jamaica Cancer Society.

The Awards Luncheon was held on January 10, 2002.

**(iv) Newspaper in Education**

As part of our contribution to improving general knowledge and literacy, your Company distributes the Daily Gleaner to about 100 schools throughout the island free of cost.

**6 STAFF AND BOARD NEWS**

**(a) Industrial Relations**

During the year, the second part of the two year Collective Agreement, (7% wage increase) between the Company and the Bustamante Industrial Trade Union (BITU), University & Allied Workers Union (UAWU) and Union of Technical Administrative & Supervisory Personnel (UTASP) was implemented. All of these Collective Agreements are up for renegotiation in March and April 2002.

A new two-year Collective Agreement was also reached between the Company and the Newspaper Delivery Contractors' Association (NDCA) for a rate increase of 8 1/2% for 2001 and 2002 respectively.

There was no loss as no industrial action was taken during the year

**(b) Long Service Awards**

During the year, long service awards were made to forty-two members of staff at an awards function held on September 18, 2001, at the Hilton Kingston Hotel. Eleven employees received awards for 10 years service, four for 15 years, two for 25 years, sixteen for 30 years and two, Mr. Cosmo Grant and Mr. Harvey Josephs for 40 years.

**(c) Directors**

Mrs. M.T. Augusta Payne, a director for over fourteen years, retired in December 2001. The



directors wish to place on record their sincere appreciation for her invaluable service to the Gleaner and to wish her well on her retirement.

In December 2001, Dr. Carol Archer was called to the Board. Dr. Archer retires at this year's Annual General Meeting, in accordance with section 94 of your Company's Articles of Association and, being eligible, offers herself for re-election.

The directors retiring by rotation at this year's Annual General Meeting are Messrs. Joseph M. Matalon and Morin Seymour and Mrs. Lisa Johnston. All have played an important role on the Board and, being eligible, offer themselves for re-election.

**(d) Editor Emeritus**

It is with deep regret that we record the death of Dr. The Hon. Theodore Sealy, Editor Emeritus, who passed away on June 18, 2001. He served the Company for over 50 years.

**7 STOCKHOLDERS' BENEFITS**

The Company is pleased to continue to make available to stockholders, on request, discounts on classified advertisements and gift vouchers up to \$700.00 on 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 OF THE COMPANY**

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

**9 LOOKING FORWARD**

In 2001, our sales volume for both circulation and advertising showed increases, and it is expected that this trend will continue into 2002.

The substantial increase in newsprint cost which started in 2000 continued during most of 2001 and was a material factor in our financial results for 2001 not being better. Fortunately, during the latter part of 2001, and continuing in 2002, the price of newsprint has fallen.

Although newsprint price has fallen, other costs have been moving upwards, and we have had to increase the price of our Weekend Star by \$5 to \$20 from February 2002 after holding it at the same price from September 1999.

Independent Radio Company Limited, which became a subsidiary company in 2001, is now providing its listeners with far more news and news analyses with the introduction of its "Nation Wide" programme. It is expected that this, along with other programme changes, will result in more advertising and an improvement in profitability for the Company in 2002.

The Sangster's Group of Companies continues to play an important role in the financial results of the Gleaner Group of Companies.

For 2002, our Company is enclavouring to improve on the profitability of its core operations by even greater sales of our publications and increased advertising. Expenses will continue to be monitored closely. All of the subsidiary and associated companies are expected to make a positive contribution to the Group profit this year.

#### **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

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

March 14, 2002

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