

THE GLEANER COMPANY LIMITED

CONSOLIDATED TWELVE MONTHS FINANCIAL REPORT

DECEMBER 31, 2001

| | 2001 \$ (000) | 2000 \$ (000) |
|--|--------------------|------------------|
| Revenue | 2,010,456 | 1,744,545 |
| Cost of sales | <u>(1,117,672)</u> | <u>(996,596)</u> |
| Gross profit | 892,784 | 747,949 |
| Other operating income | <u>152,796</u> | <u>147,255</u> |
| | <u>1,045,580</u> | <u>895,204</u> |
| Distribution costs | (292,926) | (256,634) |
| Administration expenses | (318,219) | (249,239) |
| Other operating expenses | <u>(180,785)</u> | <u>(163,010)</u> |
| | <u>(791,930)</u> | <u>(668,883)</u> |
| Profit from operations | 253,650 | 226,321 |
| Finance cost | (33,238) | (17,528) |
| Share of (Ioss)/profit in associated companies | (1,009) | 3,301 |
| | <u>12,435</u> | <u>43,291</u> |
| Exceptional items | 231,838 | 255,385 |
| Profit before taxation | <u>(62,314)</u> | <u>(66,247)</u> |
| Taxation | 169,254 | 189,138 |

| | | |
|--|----------------|----------------|
| Minority interest | <u>1,163</u> | <u>-</u> |
| Profit attributable to stockholders of parent company | <u>170,687</u> | <u>189,138</u> |
| Dealt with in the, financial statements; | | |
| Parent company | 133,405 | 151,892 |
| Subsidiary companies | 38,272 | 35,223 |
| Associated companies | (990) | 2,023 |
| Earnings per Stock unit on profit after taxation attributable to stockholders of parent company (see note 7) | <u>19.98c</u> | <u>22.15c</u> |

Consolidated Balance Sheet

December 31, 2001

| | 2001 \$ (000) | 2000 \$ (000) | 2001 \$ (000) | 2000 \$ (000) |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Non-current assets | | | | |
| Property, plant and equipment | 349,997 | 349,752 | 293,230 | 306,168 |
| Long-term receivables | 7,689 | 8,101* | 340 | 1,112 |
| Investments | <u>92,443</u> | <u>66,739</u> | <u>10,406</u> | <u>60,821</u> |
| | <u>450,121</u> | <u>417,700</u> | <u>397,630</u> | <u>368,101</u> |
| Current assets | | | | |
| Cash resources | 359,485 | 371,147 | 337,318 | 350,052 |
| Trade and other receivables | 395,537 | 296,071* | 368,065 | 309,741 |

| | | | | |
|--|------------------|------------------|------------------|----------------|
| Prepaymerrs | 12,441 | 6,745 | 11,762 | 6,235 |
| Inventories and Goods in-transit | 203,830 | 148,036 | 47,228 | 32,938 |
| Securities purchased under agreement for resale | 185,150 | 238,766 | 137,960 | 146,306 |
| | <u>1,156,443</u> | <u>1,067,057</u> | <u>902,333</u> | <u>845,272</u> |
| Current liabilities | | | | |
| Bank overdraft | 1,972 | 1,081 | - | 1,081 |
| Trade and other payables | 282,258 | 280,651 | 215,349 | 198,758 |
| Taxation | 11,712 | 35,284 | 10,600 | 24,434 |
| Current Portion of long-term liabilities | 7,640 | 8,917 | 7,640 | 8,917 |
| Deferred income | 4,790 | 3,827 | - | - |
| | <u>308,372</u> | <u>329,760</u> | <u>233,589</u> | <u>233,190</u> |
| Working capital | <u>848,071</u> | <u>737,897</u> | <u>668,744</u> | <u>612,082</u> |
| Net assets | <u>1,298,200</u> | <u>1,155,597</u> | <u>1,066,374</u> | <u>980,183</u> |
| | ===== | ===== | ===== | ===== |
| Financed by: | | | | |
| Stockholders' Equity | | | | |
| Share capital | 427,041 | 349,397 | 427,041 | 349,397 |
| Capital reserve | 241,133 | 251,464 | 173,765 | 200,316 |
| Retained profits | 58,146 | 528,138 | 437,269 | 403,872 |
| | <u>1,251,320</u> | <u>1,128,999</u> | <u>1,038,075</u> | <u>953,585</u> |
| | ===== | ===== | ===== | ===== |
| Non-current Liabilities | | | | |
| Minority interest | 15,317 | - | - | - |
| Long-term liabilities | 18,203 | 13,393 | 14,939 | 13,393 |
| Deferred taxation | 13,360 | 13,205 | 13,360 | 13,205 |
| | <u>46,880</u> | <u>26,598</u> | <u>28,299</u> | <u>26,598</u> |
| | ===== | ===== | ===== | ===== |
| | <u>1,298,200</u> | <u>1,155,597</u> | <u>1,066,374</u> | <u>980,183</u> |
| | ===== | ===== | ===== | ===== |

*Restated to conform with 2001 presentation

GROUP STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Year ended December 31, 2001

| | Share Capital \$ (000) | Capital Reserves \$ (000) | Retained Profits \$ (000) | Total \$ (000) |
|--|------------------------------|---------------------------------|---------------------------------|-------------------|
| Balances at December 31, 1999 | 262,048 | 210,275 | 506,968 | 979,291 |
| Net profit for the year | | - | 189,138 | 189,138 |
| Issue of bonus shares | 87,349 | - | (87,349) | - |
| Appropriation in respect of bonus shares issued in subsidiaries | - | 17,940 | (17,940) | - |
| Appropriation in respect of capital distribution | - | (20,964) | 20,964 | - |
| Dividends paid (gross) | - | - | (39,307) | (39,307) |
| Gain of disposal of fixed assets transferred | - | 43,136 | (43,136) | - |
| Currency translation difference on foreign subsidiaries | - | (123) | - | (123) |
| Appropriation in respect of bonus shares issued by an associated company | - | 1,200 | 1,200 | - |
| | <u>349,397</u> | <u>251,464</u> | <u>528,118</u> | <u>1,128,999</u> |
| Balances at December 31, 2000 | 349,397 | 251,464 | 528,118 | 1,128,999 |
| Net profit for the year | | | 170,687 | 170,687 |
| Issue of bonus shares | 77,644 | - | (77,644) | - |
| Appropriation in respect of bonus shares in subsidiaries | - | 14,486 | (14,486) | - |
| Appropriation in respect of capital distribution | - | (38,434) | 38,434 | - |
| Dividends paid (gross) | - | - | (48,916) | (48,916) |
| Gain on disposal of fixed assets transferred | - | 12,216 | (12,216) | - |

| | | | | |
|---|----------------|----------------|----------------|------------------|
| Adjustment arising on consolidation of subsidiary company | - | 2,226 | - | 2,226 |
| Adjustment arising on the change of an associated company to a subsidiary | - | (1,297) | - | (1,297) |
| Prior year adjustment by subsidiary company | - | | (851) | (851) |
| Currency translation difference on foreign subsidiaries | - | 472 | | 472 |
| Balances at December 31, 2001 | <u>427,041</u> | <u>241,133</u> | <u>585,146</u> | <u>1,251,320</u> |
| Retained in the financial statements of. | | | | |
| The Company | 427,041 | 173,765 | 437,269 | 1,038,075 |
| Subsidiary Companies | - | 65,950 | 142,213 | 208,163 |
| Associated Companies | - | 1,418 | 3,664 | 5,082 |
| Balances at December 31, 2001 | <u>427,041</u> | <u>241,133</u> | <u>583,146</u> | <u>1,251,320</u> |
| | ===== | ===== | ===== | ===== |
| The Company | 349,397 | 200,316 | 403,872 | 953,585 |
| Subsidiary Companies | - | 46,963 | 119,612 | 166,575 |
| Associated Companies | - | 4,185 | 4,654 | 8,839 |
| Balances at December 31, 2001 | <u>349,397</u> | <u>251,464</u> | <u>583,146</u> | <u>1,251,320</u> |
| | ===== | ===== | ===== | ===== |

GROUP STATEMENT OF CASH FLOWS

Year ended December 31, 2001

| | 2001 \$ (000) | 2000 \$ (000) |
|---|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit attributable to stockholders | 170,687 | 189,138 |
| Adjustments to reconcile profit to net cash provided by operating activities: | | |
| Depreciation | 58,923 | 53,721 |
| Deferred taxation | 155 | 655 |
| Share of (loss)/profit in associated companies | 990 | (2,032) |
| Gain on disposal of fixed assets | (12,435) | (43,291) |
| Minority interest share of loss | <u>1,163</u> | <u>-</u> |
| | 219,483 | 198,200 |
| | | |
| (Increase)/decrease in current assets: | | |
| Trade and other receivables | (99,466) | (33,157) * |
| Prepayments | (5,696) | (1,666) |
| Inventories | (55,794) | (18,858) |
| Securities purchased under agreements for resale | 53,616 | 44,032 |
| | | |
| Increase/(decrease) in current liabilities: | | |
| Trade and other payables, | 1,607 | 82,151 |
| Taxation | (23,572) | 4,723 |
| Defferred income | <u>963</u> | <u>(205)</u> |
| Net cash provided by operating activities | <u>91,141</u> | <u>275,220</u> |
| | | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Exchange gain on investments and fixed assets | (277) | (179) |
| Addition to fixed assets | (46,650) | (58,149) |
| Adjustment to fixed assets relating to the acquisition of Independent Radio Company Limited | (15,077) | - |
| Proceeds from disposal of fixed assets | 15,271 | 46,247 |

| | | |
|---|-----------------|-----------------|
| Investments | (26,144) | (40,678) |
| Minority interest | <u>14,154</u> | <u>-</u> |
| Net cash used by investing activities | <u>(58,723)</u> | <u>(52,759)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Bank Overdraft | 891 | (672) |
| Long-term receivable | 412 | (7,557) * |
| Long-term liabilities | 3,533 | (1,957) |
| Dividends paid | <u>(48,916)</u> | <u>(39,307)</u> |
| Net cash used by financing activities | <u>(44,080)</u> | <u>(49,493)</u> |
| Net/(decrease)/increase in cash resources | (11,662) | 172,968 |
| Cash resources at the beginning of the year | <u>371,147</u> | <u>198,179</u> |
| Cash resources at end of the year | <u>359,485</u> | <u>371,147</u> |
| | ===== | ===== |

*Restated to conform with 2001 presentation

Notes to the Annual Financial Report

We hereby present the Report of the Group for the twelve month ended December 31, 2001.

- 1 The Group Financial Accounts for the twelve months ended December 11, 2001, show, before taxation but after exceptional items, a profit of approximately \$232M with a profit of approximately \$255M for the same period for 2000.
- 2 The Group Profit., after taxation, for the twelve months of 2001 approximately 169M compared with a profit of approximately \$189M for the same period for 2000.
- 3 In comparing the profits for the twelve months period ending December 11, 2001, with those of the previous year, the following facts should be considered:

- (a) The profit from operations in 2001 was adversely affected by a Substantial increase in the cost of newsprint particularly in the first part of the year over the previous year. The price fell later in the year.
- (b) The twelve months for the year 2000 included exceptional items of \$45.2M arising from sale of fixed assets. For the comparable period for 2001, the exceptional items amounted to \$12M.
- 4 There were no significant changes to the Group's operations for the period under review (see, however, note 9).
- 5 The Group Financial Accounts for the twelve months ended December 31, 2001, include the Company's ten (2000: nine) subsidiaries - Associated Enterprise Limited, Popular Printers Limited, Sangster's Book Store Limited, The Book Shop Limited, The Gleaner Online limited, Selectco Publications Limited, Independent Radio Company Limited (see note 9) and overseas subsidiaries. The Gleaner Company (NA) Limited, The Gleaner Company (NA) Incorporated. The Gleaner Company (UK) Limited.
- 6 The revenue represents sale by the Group before commission payable but excluding returns
- 7 The calculations of earnings for 2001 and 2000 (after taxation) per stock unit are arrive at by dividing profit after taxation by 854,082,186 stock unit which is the number of stock unit issued at December 31, 2001.
- 8 The same accounting policies and methods of computation are followed as those used for the December 31, 2000 audited financial statements.
- 9 Independent Radio Company Limited changed from a 47% (associated company) to a subsidiary on February 28, 2001. The company's accounts have been appropriately included in the Group's consolidated Profit and Loss Account and Balance Sheet for the Year.

Dividends

An interim capital distribution of 5 cents per stock unit (less transfer tax 7 1/2%) was paid on

March 31, 2001, to shareholders on record at close of business on February 23, 2001.

A second interim capital distribution of 2.0 cents per stock unit (less transfer tax of 7 1/2%) and ordinary capital dividend of 1.5 cents per stock unit less income tax was paid on August 14, 2001 to shareholders on record at the close of business on July 27, 2001.

Bonus Issue

An Extraordinary General Meeting was held on December 13, 2001 for the issue of 2 bonus shares for every 9 stock units held by stockholders at the close of business on the 28th day of December 2001

Libel Cases

The company's lawyer have advised that they are of the opinion that the provision in the company's accounts is a reasonable provision for the purpose of covering all reasonable and probable judgements and the costs for existing libel actions against the Company.
