

JAMAICA BROILERS GROUP LIMITED

Directors' Report

The Directors present their annual report with the financial statements for the year ended 29 April 1995.

RESULT OF OPERATIONS

Turnover

The Group's turnover for the year amounted to \$3,384,103,000 as compared with \$2,718,502,000 for the previous year.

Profit and Dividends

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Group profit after taxation and minority interests in results of subsidiaries.	171,740,000
Profits brought forward from previous years were	201,642,000
To give an amount of	373,382,000
Bonus Shares issued	32,175,000
Interim Dividend declared	13,513,500

Second Interim Dividend declared	21,235,500
Making total appropriations for the year of	66,924,000
Thereby leaving profits to be carried forward of	306,458,000

The Directors do not recommend the payment of a Final Dividend.

Directors

Directors retiring in accordance with Regulation 90 of the Articles of Association are Mr. R. Danny Williams, Dr. David M. Wildish, Messrs. Robert E. Levy, Andrew A. Wildish, Charles J. M. Clarke and Philip E. Levy, all of whom being eligible, offer themselves for re-election.

Auditors

Price Waterhouse will continue in office as Auditors in accordance with the provisions of section 153 (2) of the Companies Act.

BY ORDER OF THE BOARD

STEPHEN A. VIRTUE
SECRETARY

Chairman's and President's Review

Against the background of a relatively stable exchange rate and lower inflation, we have much to be thankful for at Jamaica Broilers Group Limited, as once again our results remain satisfactory.

Sales of animal feeds, poultry, fish, beef, and farm products all showed an increase in volume and contributed to our turnover being up by 24% to J\$3.384 billion for the year ending 29 April, 1995, continuing the trend over the last four years.

Profits before tax and exceptional items are up 40% to J\$231 million, and net profits attributable to shareholders of the group are up 42.5% to J\$171.7 million, again continuing the positive trend for the last four years.

Capital expenditures were J\$232.3 million (1994 J\$97.0 million), and investments were J\$41.5 million (1994 J\$7.5 million). Net current assets were down by 35.9% to J\$168.3 million. Loan and bank interest expense, less interest earned, was down from J\$25.2 million to J\$5.2 million, and the year closed with a net cash balance of J\$100 million (1994 J\$96 million).

As the largest producers of protein food products in Jamaica, we are constantly aware of the economic pressures which Jamaican consumers face and, guided by our organizational mandate "to become internationally competitive", we are committed to continually improving our internal efficiencies and to producing high quality products at reasonable prices.

Price movement from May 94 to April 95

			April 1994 cents	May 1995 cents	% Increase
Bread	Whole wheat	22 oz loaf	1819.4	2223.2	22.2
	Hard dough	32 oz loaf	2621.2	2980.6	13.7
Milk	Condensed	Tin 14 oz	2387.9	2772.2	16.1
	Skimmed	Pk 2.8 oz	921.6	1184.0	28.5
Vegetables	Carrot	Lb	1675.1	2510.4	49.9

	Cabbage	Lb	1185.4	1913.4	61.4
	Banana	Doz	2637.9	3496.6	32.6
Chicken		Lb	3421.9	3461.0	1.1
Gas	Cooking	Cyl. 25lb	25166.7	27366.0	8.7
Petrol			4579.3	4901.8	7.04
Water		6000 gals	24907.0	53941.0	116.6

N.B. Please note these prices are quoted in cents

For example, the above table and bar chart show the movement of some prices between the period of May 94 to April 95 as reported by the Statistical Institute of Jamaica.

This control in price was realized by increasing efficiencies and reducing costs.

Capital Expenditures

The major projects accounting for the expenditure of J\$232.3 million were as follows:

Fixed Assets Expenditure

At Master Blend feed mill, we are upgrading operations to improve efficiency. This includes rewiring of the plant, installation of new production equipment, and a new computer control system.

At Best Dressed Chicken poultry processing plant, we have started an expansion programme to supply our customers with a new line of fresh portioned chicken. New equipment and handling systems are being installed for this project.

At Content, a hamburger forming machine and on line freezer are being installed.

These will produce beef burgers to international standards, and allow us to competitively supply burgers to fast food outlets in the Caribbean.

At Aquaculture, we are continuing our three-year programme to increase production by 300%, we achieved an increase of 92% in this past year.

Information on International Poultry Breeders is given under Investments and Overseas Operations.

These projects will further increase the volume of our products for the market, and introduce new products in 1995-96.

Investments and Overseas Operations

Our investment of J\$7.6 million in Capital and Credit Holdings Limited, reported to you last year, has already started to make a contribution to our profit and loss account to the extent of J\$6.9 million. Funds under management by the bank have grown from J\$25 million to over J\$500 million.

During the financial year, the company entered into two overseas joint ventures. The first was International Poultry Breeders, located at Norman Park, Georgia USA, owned 60% by Jamaica Boilers Group Ltd. and 40% by Avian Farms Inc., the largest primary breeder in the USA. This operation is for the production of fertile hatching eggs.

International Poultry Breeders will market hatching eggs through Wincorp International Inc. (an overseas subsidiary of Jamaica Broilers) into Jamaica, the Caribbean and Central and South America. With approximately 50% of its initial production being sold to Best Dressed Chicken. International Poultry Breeders will have a strong market base to be internationally competitive.

The second joint venture is in England with SJD Humphrey Holding Ltd., one of the UK's largest producers of table eggs. JPH Investments, formed on a 50/50 basis, purchased Pershore Poultry in Worcestershire, a well established operation that processes and sells broilers.

It is too soon to realize financial results from these investments, but it is a significant beginning in diversifying our base of operations outside of Jamaica.

It is also a credit, that industry leaders in both the USA and UK should see in Jamaica Broilers, your Jamaican company, the quality of people and operations, and possible future synergies, to interest them in investing with us in their countries.

The teamwork by the executives and their support staff responsible for the success in starting our international undertakings must be commended.

Exports

As a result of a review of our overseas market opportunities, we have entered into a relationship with Loblaw's Supermarket Ltd. to market our freshwater Tilapia fish.

Loblaw's is to Ontario what the Sainsbury chain is to the UK, where we have already developed a good relationship for the sale of our fish. We are confident that we have the capability of building these relationships for the export of our fish and possibly other products.

A further encouraging export development is the recent sale of our Content beef products into Antigua and St. Lucia. Customer feedback is favourable, and we anticipate repeat orders.

Finance and Administration

The Group's financial position remains healthy. Your Board of Directors and Executives are pursuing a policy of development without having to borrow long term funds. The only exception contemplated is the borrowing of long term funds to finance a new offloading and storage facility, to enable us to transport and handle our grain more efficiently and economically.

This will be a major investment for our Group, and our final decision must ensure long-term benefits to the Company.

The Company continues to pay serious attention to the area of staff training. One such programme was a retreat for executives and senior managers of the Group led by professors from Regent University. The themes of this retreat were: 'The Seven Habits of Highly Effective People', 'Paradigm Shifts', and 'Better People

Make Better Managers'.

We have also committed ourselves to an extensive customer satisfaction training programme to develop and promote the reputation of Jamaica Broilers Group as a customer oriented company.

Dividends & Bonus issue

As was promised at our last Annual General Meeting, your Directors have carefully reviewed our dividend policy. We feel that it is wise and prudent to continue our present policy of paying cash dividends of approximately twenty percent of annual after-tax profits.

During the year, the Directors declared two interim dividends aggregating J\$34.749 million, 18 cents per stock unit (prior year \$J24.453 million, 12.66 cents per stock unit). No payment of a final dividend is recommended by the Directors.

The Directors have recommended a bonus issue of three stock units for each five units held, to be paid for out of Retained Earnings. This will require the approval of our stockholders at the next Annual General Meeting.

The future

The Board and Executives have set as our number one objective for this year:

"To identify targets and measure their progress to achieve international competitiveness and customer satisfaction."

Jamaica Broilers Group has entered into an agreement with Agri Stats, a US firm specializing in the gathering of detailed statistics on operating costs from the top poultry companies in the USA. Information is collected on a highly confidential basis and is distributed to clients for their use in comparing the efficiency of their operations in relation to that of their competitors.

Jamaica Broilers is the first non-US company to be included in their report. This information now puts us in a position to compare every aspect of our costs against US producers, and to measure our performance as we improve. This

process has now begun, and is becoming a great challenge for all of us to become more efficient and effective.

Perhaps the most exciting project for the future is the challenge to develop a new vision and specific plans to compete for the future.

This work commenced in April 1995 as the Board of Directors tried to look forward to the year 2015. It has developed into eight work teams of approximately eight members each, which include representatives at all levels of the organization. A study of the business environment and all aspects of the company is being worked on, asking the question "So what are the implications for our Company?". We are drawing conclusions that will enable us to develop specific plans for our future direction. It is hard but exciting work.

Nevertheless, all of us feel privileged to be working at Jamaica Broilers Group at this time, and our commitment to our customers, shareholders, contractors, employees, and the community at large, continues to grow, and provides exciting challenges for us all.

Dr. David M. Wildish, MB. BS. (Lon) CD.
Chairman

Robert E. Levy
President & CEO