

# The Jamaica Livestock Association Limited 1996

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## DIRECTORS' REPORT

The Directors of The Jamaica Livestock Association Limited take pleasure in submitting their Report and Audited Financial Statements for the year ended November 30, 1996.

At the Board meeting held on September 10, 1996, Dr. John Masterton was unanimously re-elected Chairman.

At the last Annual General Meeting the following Directors, who were due for retirement, were unanimously re-elected:

Mr. G.K.G. Sharp, Mr. Joseph Hendricks,  
Mr. Arthur E Barrett, Dr. Keith Roache.

The following Directors are due for retirement pursuant to the Company's Articles of Association and, being eligible, will be proposed for re-election:

Dr. Karl Wellington,  
Dr. Franklin Johnston,  
Mr. Martin Hopwood,  
Mr. Alexander V. Hamilton.

Mr. Richard Lake, having been appointed since the last Annual General Meeting, ceases to hold office, and being eligible, offers himself for re-election.

The number of meetings of the Board and its committees which took place during the year was as follows:

Board of directors 7	Poultry 7
Annual General Meeting 1	Beef 6
Dairy 7 ( + Special 1)	Pig 6 ( + Special 1)

### **COMMERCIAL OPERATIONS**

Sales in 1996 were \$503.4 million, an increase of 41% over 1995 sales of \$357.9 million, almost the same increase of 1995 over 1994. Operating profit before taxation was \$13.7 million compared to a loss of \$11.9 million in 1995. Profit after taxation and including capital gains was \$15.2 million compared to a loss of \$0.8 million, and earnings per stock unit was 87 cents compared to a loss of 4 cents in the previous year.

While administrative expenses for the group increased by 26%, financial expenses increased by 78%, an indication of the high level and cost of borrowing during the year.

The wharf was completed just after the year end, net income from its operation is not expected to be significant in 1997 but should improve in 1998.

## **Branch Operations**

The company sold its premises in Savanna La Mar and now operates from a store owned by Jamaica Agricultural Society on the same street, in a joint venture agreement. It exercised its option to purchase the Linstead premises housing the hardware/farm store, and in August opened a branch in St. Thomas, extending its network islandwide to 12 locations.

## **Additional Equity**

A rights issue which was initiated towards the end of the accounting year and actually closed on January 3, 1997, enabled the company to raise \$60 million in equity by issuing 40 million \$1.00 preference shares at \$1.50 each. The funds were used to reduce short-term borrowings and improve working capital, and, together with the present trend towards declining interest rates, should go a long way towards reducing interest charges and increasing profitability in the 1997 fiscal year.

## **Other**

The current stability in the exchange rate is welcome and, while it lasts, removes some of the uncertainty from foreign exchange transactions. The encouraging trends of interest and exchange rates are balanced however, by the challenges in the agricultural industry in general and the livestock industry in particular, caused in part by a lack of strategic planning for the sector, high production costs and low productivity.

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