

Seprod Limited 1997

Chairman's Statement

Despite the uncertainties and economic vicissitudes of 1997, the performance of the Seprod Group was very satisfactory and will be, I am sure, a source of considerable satisfaction for our over 1500 shareholders, not to mention the Minister of Finance whose income tax share of the profits amounts to some \$110 million.

I attribute these successful results to diversification, a prudent husbanding of financial resources and a nimble management team which is ready and able to foresee crises, to react to emergencies and to take advantage of opportunities as they arise.

The Seprod Group has achieved a commendable balance between manufacturing, distribution, property management and our Investment Portfolio. Additional operating income was earned from cash generated during the year by management's adroit control of inventories and receivables. Details of overall performance are set out in the statements of Dr. Ralph Thompson, our Managing Director, and Mr. Byron Thompson, our Deputy Managing Director.

I am particularly pleased that our on-going core business activities contributed 76% of our pretax profits and interest from our investments contributed the remaining 24%.

During 1997, we invested over \$50 million dollars to continue upgrading plant and

equipment at Caribbean Products Company Limited, our flagship subsidiary which produces cooking oils, margarines, shortenings and mayonnaise. This will enable us to produce more efficiently and cost effectively in meeting competition, whether local or foreign.

As a publicly owned Jamaican company, all Seprod's assets including cash reserves are invested in Jamaica and form part of the local economy. Accordingly, the Board of Directors and senior management continue to be alert to any sound investment opportunities that may present themselves.

We are not able to influence national economic policy but, without surrendering our right to criticise and to make suggestions, we are always prepared to give the Government the benefit of any doubt. It is on this basis that I hope 1998 will be better than 1997.

With the General Election now behind us, the administration has been presented with an historic opportunity to take decisions which are in the long-term interest of Jamaica rather than based on short-term political expediency. Without such a shift in priorities no economic growth will be possible, new investment capital will continue to elude us, unemployment will continue and crime and violence will continue to savage the quality of life for all our people.

When problems are identified, Government's response time in dealing with them must be swift and sure. Only a combination of vision and will power can move us forward to prosperity.

Within the context of what may happen to the Jamaican economy in 1998, Seprod is in good shape to meet any challenges which may arise. At the time of writing all our subsidiaries are operating profitably and we are emphasizing product enhancement and the promotion of new brands. I take this opportunity of thanking my fellow directors for their advice and assistance, Seprod's Management team and all our employees for a job well done.

A.D. Blades
Chairman
