

Dyoll Group Limited 1999

Chairman's Statement

On behalf of the Directors and Executive of Dyoll Group I am pleased to announce the return of Dyoll Group and its subsidiaries to profitability, as at year ended December 31, 1999, declaring a net profit after tax and extraordinary items of \$46,771,919, compared with the 1998 loss recorded of \$17,090,100. This net profit represents earnings per share unit of 76.77 cents for 1999 compared with the 1998 loss per share of 28.05 cents. Gross Group revenue for 1999 was \$685,021,123 an increase of 7% over the 1998 revenue of \$635,406,396, while expenses were essentially flat at \$713,549,167, a mere 2.6% over the consolidated expenses for 1998 of \$694,655,706.

The Journey for Dyoll continues as the Group strives to consolidate and improve the profit of its core business. In mid 1999, the posts of Group CEO and that of the head of the Insurance company were merged and Mr. Paul Bicknell was appointed Chief Executive Officer of both entities. The Group also restructured its offices resulting in savings in space occupied. The refurbished offices were reopened in November 1999 by the Minister of Finance, Dr. The Honourable Omar Davies, M.P.

The Board also introduced a new sub committee to deal with legal and oversight matters as one of the steps in assisting and improving the accountability and management of the Group. This increased the number of Board sub committees that assist in the running of the Group to three. The other two committees being the Audit and the Finance and Information Technology committees - all three are chaired by non executive members of the Board. This last sub committee led the Group through its rigorous Y2K program that went smoothly as the Group crossed into the new millennium. Following the success of this project the Group has now embarked on a long term project to upgrade the information technology capabilities of the companies within the Group. It is expected that this project will take 12-18 months to complete and will substantially add to the efficiency of customer service and data retrieval.

As mentioned in my last report, we continue to safeguard share holder value, and to this end in 1999, Dyoll placed all the subsidiaries of Buck Securities Partners Ltd. into voluntary liquidation. This difficult decision now closes our financial services arm. The Group has also begun to provide for the advances made to Dyoll Caribbean Financial Services Ltd., despite the litigation in progress. We have also initiated suit against our former business partners, Drax Hall Holdings Ltd. and Drax Hall Ltd. to recover monies due by them.

SUBSIDIARIES

Dyoll Insurance Company Ltd., the mainstay of the Group recorded Gross written premium of \$665,334,176 an increase of 9% over 1998 Gross written premiums of \$612,853,703. The company was able to improve its operating profit to \$56,369,168 (1998 \$6,349,183) due to the intensive reunderwriting and claims exercise started in 1998. The insurance company executives are to be commended for their diligence in making tough decisions to improve the overall loss ratio for the company in a very competitive market place. The restructuring of the insurance company continues and is expected to be completed in year 2000. Our associated company Cayman Insurance Centre continues to thrive and posted profit of CI\$320,447 for 1999, our share of which has been consolidated into the Insurance revenue.

Dyoll Wataru Coffee Company Ltd. recorded profit for the year of \$1,900,580, an increase of 6% over the 1998 profit of \$1,785,694. This was a substantial achievement for this small farm, in a year when the industry was ravaged by rain, windstorm and political controversy. Our Japanese partners continue to be strong supporters of our joint venture and visited with us twice during the financial year. With their help we are hoping to expand our product offerings from the farm shortly as we have applied to the Coffee Industry Board for a licence to have an Estate Brand. Our Executive Director for 14 years, Mr. J.C. Thwaites retired in December 1999. He had been the lynchpin in redeveloping our property after Hurricane Gilbert to its profitable state today. Mr. Thwaites has been invited to the Board of Dyoll Wataru and will continue to work with us to continue to improve operations. We thank him very much for his years of dedicated and valuable service. Mr. J.C. Thwaites was succeeded by Mr. Mark Thwaites as Executive Director and we welcome him to the Wataru family.

Associated Companies

National Building Society of Cayman had a tough year. The company had gross 1999 revenue of CI\$740,530 (1998 CI\$710,036), however it recorded a loss of CI\$14,407 (1998 CI\$36,552), due to a fraud of CI\$59,574. The matter is in the hands of the insurers and the Police and it is expected that this loss will be recovered.

Seville Development Corporation Ltd. is another associated company that owns commercial lands in St. Catherine. This investment yielded profit to the Group in 1999 through the sale of lands for development of a shopping centre outside of Spanish Town.

Overall, 1999 was a year of consolidation, as at both the policy making and operational levels within the Group, we stayed the course to improve the sustainability and profitability of the core business in a stagnant economy. Our strategy for 2000 will be to continue to prune unprofitable business lines and to find the right balance between short term profitability and long term sustainability.

On behalf of the Board and Executive we would like to thank all our employees for helping us to become stronger and better able to offer quality service. To our shareholders and business partners in particular we say thank you for your continued commitment to Dyoll.
