

Evaluation of listing on the Junior Stock Exchange

We have completed our first full fiscal year of being listed on the Junior Stock Exchange. We thought that it would be useful to evaluate the experience both for ourselves, as well as other companies that might be considering the move.

Listing has given the Company a new and valuable currency that can be used in a number of ways. We have in a short time frame, seen a series of considerable benefits that have accrued to the Company. We still have the currency that can be used to transact business if and when the Company shareholders so direct us to do. We speak here of the possibility to use shares as a means of transacting business particularly in acquiring income generating assets. Our initial decision to list, was influenced partly by our experience with the local debt financing. Lenders tended to be too cautious and slow to act and the interest rates offered were far too high. Listing on the Junior Exchange provided the Company with new long term funds. Since listing, we experienced a favourable desire for entities with funding, to look at us as a good vehicle for lending.

We have been able to obtain financing at better terms than we would have, prior to being listed. Listing has provided us with a higher profile and better public acceptance and this has facilitated investor offering with new business opportunities. Potential business partners also seem to have a greater confidence level in dealing with a publically listed company, as opposed to a private company. This should augur well for the long term prospects for the Company.

We find that as a result of the professionalism required of a public company and the presence of independent Directors on our Board, we have to improve as stewards of the Company ourselves. We have improved the quality of our reporting and are better at evaluating opportunities.

As a result of the tax benefit from listing, we have additional funds available to invest in new equipment, facilities and projects. This will result in faster growth of the Company than would have taken place otherwise.

Finally, the listing on the Exchange has allowed us to include our staff in the ownership of the Company. This in turn will hopefully lead to wealth creation for our employees, improved understanding of the business and better motivated employees.

The perceived negatives such as loss of privacy, additional operating costs and dilution of owner-

ship, have been minimal and are far out-weighted by the positives noted above. In fact, while there has been some dilution of ownership, the additional value created, has meant that the value of our ownership interest, is far more than it was prior to the listing.

We think that the other twelve companies that have so far listed on the Junior Exchange would share our sentiments. This probably helps to explain the high number of listings in a relatively short time frame.

The investment community has also responded favourably to the listing and all listings have been oversubscribed. This demonstrates the huge appetite by the investing community. Providing that this window is allowed to continue, we should see a continuation of companies coming to the market. This bodes well for the Jamaican economy in the long run.

