

CMP INDUSTRIES

Financial notes

1. IDENTIFICATION

The parent company and its subsidiaries, all of which are wholly owned, are incorporated in Jamaica. The shares of the parent company are quoted on the Jamaica Stock Exchange.

All amounts are stated in Jamaican dollars unless otherwise identified.

2. SIGNIFICANT ACCOUNTING POLICIES

- (a) The group accounts are prepared under the historical cost convention except that substantially all freehold land and buildings were revalued in 1982.
- (b) The group accounts incorporate the accounts of the parent company and all its subsidiaries with financial years ended April 30, 1995 and one subsidiary which makes up its accounts to the last Saturday in April. All intra-group transactions, unrealised profits and balances have been eliminated.

The subsidiaries consolidated are as follows:

CMP Metal Products Limited
CMP Electric Limited
CMP Consumer Products Limited
CMP Sales Limited
CMP Envelopes Limited
CMP Structures Limited (Dormant)

- (c) Inventories are valued on a consistent basis at the lower of cost (average and first-in-first-out) and net realisable value. The cost of finished goods and work in progress include an appropriate proportion of manufacturing overheads.
- (d) The Jamaican dollar equivalents of foreign currency assets and liabilities are based on exchange rates ruling at the balance sheet date. Foreign exchange gains and losses are credited or charged to trading profit.
- (e) Fixed assets are stated at cost or valuation less accumulated depreciation. Depreciation is calculated to write off the cost or valuation of fixed assets other than freehold land over their estimated useful lives. The depreciation rates are substantially as follows:
- | | |
|------------------------------|----------------------------|
| Buildings | - 2 1/2% per annum |
| Plant and machinery | - 10% per annum |
| Motor vehicles and computers | - 25% per annum |
| Furniture and fixtures | - 10% per annum |
| Leasehold improvements | - Over tenure of the lease |
- (f) Sales exclude General Consumption Tax.

3. PROFIT BEFORE TAXATION	1995	1994
	\$'000	\$'000
This is stated after charging/(crediting) the following:		
Depreciation	6,915	4,560
Emoluments of directors of the parent company:		
Fees	336	328
Management remuneration	5,069	3,676
Auditors' remuneration	890	620
Foreign exchange losses	397	12,319
Interest received	(415)	(639)

4. TAXATION

Taxation is based on the profit for the year adjusted for tax purposes and is computed at 33 1/3%

5. EARNINGS PER ORDINARY STOCK UNIT

The calculation of earnings per ordinary stock unit is based on:

- (a) The group profit after taxation and on 20,022,960 stock units in issue during the year.
- (b) The options to purchase 774,000 ordinary shares of 50 cents each under the company's share option scheme (note 12 (c)).

6. FIXED ASSETS

	Land and buildings	Plant & vehicles	Furniture, fixtures computers and leasehold improvements	Total
(a) GROUP	\$'000	\$'000	\$'000	\$'000
At cost or valuation				
May 1, 1994	17,480	26,825	8,378	52,683
Additions	295	7,867	2,030	10,192
Disposals	(992)	(543)	(498)	(2,033)
April 30 1995	16,783	34,149	9,910	60,842
Depreciation				
May 1, 1994	3,892	10,358	4,315	18,565
Charge for the year	310	5,187	1,418	6,915
Released on disposals	(121)	(136)	(272)	(529)
April 30, 1995	4,081	15,409	5,461	24,951
Net book value				
April 30, 1995	12,702	18,740	4,449	35,891
April 30, 1994	13,588	16,467	4,063	34,118

(b) COMPANY				
At cost or valuation				
May 1, 1994	5,740	473	104	6,317
Additions	295	1,712	82	2,089
Disposals	(38)	-	(14)	(52)
April 30, 1995	5,997	2,185	172	8,354
Depreciation				
May 1, 1994	833	111	37	981
Charge for the year	65	540	37	642
Released on disposal	(13)	-	(15)	(28)
April 30, 1995	885	651	59	1,595
Net book value				
April 30, 1995	5,112	1,534	113	6,759
April 30, 1994	4,907	362	67	5,336
(c) Analysis of cost or valuation at April 30, 1995:				
Group				
At cost	3,605	34,149	9,910	47,664
At 1982 valuation	13,178	-	-	13,178
Company				
At cost	2,605	2,185	172	4,962
At 1982 valuation	3,392	-	-	3,392

7. INVENTORIES

	1995	1994
	\$'000	\$'000
Raw materials and consumables	71,892	61,218
Work in progress	13,102	11,695
Finished goods	58,450	52,548
	143,444	125,461

8. RECEIVABLES

Group receivables are stated after provision for doubtful accounts of \$1,119,736 (1994-\$729,912). \$3,983,738 (1994-\$2,840,641) of group receivables are designated in foreign currencies.

9. PAYABLES AND PROVISIONS

Liabilities in foreign currencies at April 30, 1995 amounted to US\$746,860, Stg148,785, CAN\$9,424 and DM 120,522 (1994 - US\$558,126, Stg105,433, CAN\$55,158)

10. PROPOSED DIVIDEND

The proposed dividend for the year ended April 30, 1995 will be payable out of realised capital gains which are free of income tax but subject to transfer tax.

11. LOANS AND OVERDRAFTS	Repayable during	1995	1994	1995	1994
		\$'000	GROUP \$'000	COMPANY \$'000	\$'000
Mortgage loan	1992/99	1,125	1,375	-	-
Secured equipment loans	1991/96	13,476	9,866	2,267	-
		14,601	11,241	2,267	-
DUE AFTER ONE YEAR		4,669	5,160	1,564	-
		9,932	6,081	703	-
Loans and overdrafts of which \$31,574,852 (1994 \$46,341,000) in the group are secured					
DUE WITHIN ONE YEAR		37,382	54,341	29,353	28,174
		47,314	60,422	30,056	28,174

\$283,092 (1994-\$994,396) of short term loans from the Export Development Fund and \$26,554,851 from the National Commercial Bank Jamaica Ltd. are designated in US dollars. Short term loans of \$4,140,582 (1994-\$23,299,725) have fixed interest rates. Interest on other borrowings is payable at market rates. Where stated, loans and overdrafts are secured on certain assets of the group companies concerned.

12. SHARE CAPITAL

	1995	1994
	\$'000	\$'000

(a)	Authorised		
	30,000,000 ordinary shares of 50cents each	15,000	15,000
	Issued and fully paid		
	20,022,960 ordinary stock units of 50cents each	10,011	9,944

(b) (i) During the year two executives of the group exercised their option under the group's share option scheme and purchased 135,000 ordinary shares at \$1.50 per share.

(ii) A share premium of \$135,000 was generated. (Note 13)

(c) **Share option scheme**

Under the scheme, group employees including executive directors are granted options to subscribe under certain conditions for ordinary shares not exceeding in the aggregate 5% of the fully paid capital.

Options outstanding at April 30, 1995 to subscribe for ordinary shares are as follows:

Period exercisable	No. of shares	Price per share
May 1, 1995-September 14, 1999	315,000	\$1.50
November 25, 1995-November 25, 2002	270,000	\$5.73
February 1, 1998-January 31, 2005	189,000	\$9.50

13. CAPITAL RESERVES

	Realised	Unrealised	Share Premium & Forfeited Shares	Total
	\$'000	\$'000	\$'000	\$'000
(a) GROUP				
May 1, 1994	297	3,768	3	4,068
Transfer to profit and loss account	(1,747)	-	-	(1,747)
Transfer tax on capital distribution paid by subsidiaries	(143)	-	-	(143)
Gain on sale of fixed assets	10,281	-	-	10,281
Premium on shares issued (Note 12 b (ii))	-	-	135	135
April 30, 1995	8,688	3,768	138	12,594
(b) COMPANY				
May 1, 1994	25	-	3	28
Capital distribution from subsidiaries	1,763	-	-	1,763
Transfer to profit and loss account	(1,747)	-	-	(1,747)
Gain on sale of fixed assets	1,229	-	-	1,229
Premium on shares issued	-	-	135	135
April 30, 1995	1,270	-	138	1,408

14. PENSION SCHEME

The company and its subsidiaries participate in a contributory pension scheme for employees, which is managed by an outside agency. Benefits under the plan are based on average earnings over the last five years of employment.

Contributions to the scheme are made by the group and employees based on a percentage of the employees' pensionable earnings. The group's contribution to the scheme charged to profit and loss account amounted to \$887,995 (1994-\$538,245).

15. CONTINGENCIES

The parent company has guaranteed borrowings and financial commitments of certain subsidiaries amounting to \$15,282,468 at April 30, 1995 (1994-\$35,783,300).