

Dyoll Group Limited 1998

Auditors' Report

To the Members of
DYOLL GROUP LIMITED

We have audited the financial statements as set out, and have obtained all the information and explanations which we required. The financial statements are the responsibility of the directors and management. In preparing the financial statements the directors and management are required to select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, follow applicable accounting standards and apply them on a going concern basis, unless it is inappropriate to presume that the company will continue in business for the foreseeable future. The directors and management are responsible for keeping proper accounting records, for safeguarding the assets of the company, and for the prevention and detection of fraud and other irregularities. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audit in accordance with Standards on Auditing issued by the Institute of Chartered Accountants of Jamaica. Those standards require that we plan and perform the audit to obtain all the information and explanations which we consider necessary to provide us with reasonable assurance that the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the directors and management, and evaluating the overall financial statements presentation. We believe our audit provides a reasonable basis for our opinion.

As disclosed in note 10, during the year, the company provided liquidity support in the amount of \$47,752,084 to an associated company. The company in conjunction with this associated company and one of its subsidiaries has initiated litigation against parties involved in an aborted merger transaction [see note 31(b)] in order to recover amounts advanced on these parties' behalf. The associated company's ability to repay these advances is dependent on the successful outcome of the litigation. We do not express an opinion on the recoverability of these advances.

In our opinion, proper accounting records have been kept and the financial statements, which are in agreement therewith and have been prepared in accordance with generally accepted accounting principles give, except for the effects, if any, of the matters described in the preceding paragraph, a true and fair view of the state of the affairs of the company and the group as at December 31, 1998 and of the loss and cash flows of the group for the year then ended and comply with the provisions of the Companies Act.

Without qualifying our opinion, we draw attention to note 2. We do not express an opinion as to the ability of the group and the company to obtain continued financing and, ultimately, to attain future profitable operations.

KPMG Peat Marwick
June 25, 1999.
