CARIBBEAN METAL PRODUCTS

NOTES TO THE FINANCIAL STATEMENTS

ELEVEN MONTHS ENDED 31 MARCH 2004

---

1. GROUP 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.

The Group changed its year-end to 31 March with effect from 12 February 2004. These financial statements relate to operations for the eleven months May 2003 to March 2004.

2. REPORTING CURRENCY:

These financial statements are expressed in Jamaican dollars.

3. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of preparation -

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the inclusion of investment property at deemed cost. The company has adopted IFRS and the financial effect of this adoption is reported in the statement of changes in equity. As a result of this significant accounting policy change as well as those accounting policy changes detailed below, certain comparative amounts have been restated to conform to current year's presentation based on these standards.

(b) Consolidation -

The group accounts incorporate the accounts of the parent company and all its subsidiaries with financial periods ended 31 March 2004. All intra-group transactions, unrealised profits and balances have been eliminated.

The subsidiaries consolidated are as follows:

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

(c) Use of estimates -

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(d) Investment property -

Investment property, comprised of office buildings and warehouses, is held for long term rental yields and is not occupied by the company. Investment property is stated at deemed cost less accumulated depreciation and any impairment losses.

Deemed cost is based on revaluation carried out in 2000 by Property Consultants Limited, licenced Real Estate Dealers and Appraisers, on an open market basis.

Depreciation is calculated on the straight-line method to write off the deemed cost of the assets, to their residual values over their estimated useful lives. Annual rate is as follows:

Building	2 1/2%

Land (i.e. land without building) is not depreciated as it is deemed to have an indefinite life.

Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in operating profit.

(e) Fixed assets -

Fixed assets are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated on the straight-line method to write off the cost of each asset to its residual value over its estimated useful life. Annual rates are as follows:

Plant and machinery	10%
Furniture and fixtures	10%
Computer equipment	25%
Motor vehicles	12 1/2%

(f) Deferred income taxes -

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The currently enacted tax rate is used to determine deferred tax.

Under the liability method the company is required to make provision for deferred taxes on the revaluation of certain non-current assets acquired and their tax bases.

The principal temporary differences arise from depreciation on property, plant and equipment, and revaluation of certain non-current assets. Deferred tax asset related to carry forward of unused tax losses are recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized.

(g) Revenue recognition -

Income is recognised as it accrues unless collectibility is in doubt. Income excludes General Consumption Tax.

(h) Foreign currency translation -

Balances in foreign currencies are translated at the rate of exchange ruling at balance sheet date. Transactions during the year are converted at the exchange rates prevailing at the dates of the transactions. Gains or losses on translation are dealt with in the profit and loss account.

(i) Fair value of financial instruments -

Financial instruments carried on the balance sheet include cash and bank balances, receivables, payables and borrowing facilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The fair values of the company's financial instruments are disclosed in note 14.

(j) Comparative information -

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year. In particular, the comparatives have been adjusted or extended to take into account requirements on adoption of International Financial Reporting Standards.

4. INCOME:

This represents earnings from property rental.

5. OPERATING PROFIT:

This is stated after charging/(crediting) the following -

	2004 $'000	12 Months to 30/04/03 $'000
Depreciation	1,899	4,627
Emoluments of directors of the parent company:		
Fees	72	144
Auditors' remuneration -		
Current year	310	460
Prior year under-provision	57	405
	=====	=====

6. EXCEPTIONAL ITEM:

	2004 $'000	12 Months to 30/04/03 $'000
Loss on restructuring of subsidiary companies	-	71,689
	=====	======

7. TAXATION:

No taxation is charged in these financial statements as the group has tax losses brought forward which are available for off-set against any assessed tax profits for the financial year. Subject to agreement with the Commissioner of Taxpayer Audit and Assessment losses of approximately $67,780,000 (2003 - $209,300,000) are available for set-off against future profits.

	2004 $'000	12 Months to 30/04/03 $'000
Deferred taxation	1,514	217
	=====	===

8. EARNINGS PER ORDINARY STOCK UNIT:

The calculation of earnings per ordinary stock unit is based on the group profit after taxation and on 20,337,960 stock units in issue during the year.

9. FIXED ASSETS:

	Plant & Machinery $'000	Furniture & Fixtures $'000	Computer Equipment $'000	Total $'000
GROUP				
At cost/valuation -				
1 May 2003	2,567	1,037	1,459	5,063
Disposal	(2,547)	-	-	(2,547)
31 March 2004	20	1,037	1,459	2,516
Depreciation -				
1 May 2003	190	484	1,459	2,133
Charge for the period	-	95	-	95

Disposal	(170)	-	-	(170)
	20	579	1,459	2,058
Carrying value				
31 March 2004	-	458	-	458
30 April 2003	2,378	553	-	2,931

COMPANY				
At cost/valuation -				
1 May 2003	20	1,037	1,459	2,516
31 March 2004	20	1,037	1,459	2,516
Depreciation -				
1 May 2003	20	484	1,459	1,963
Charge for the period	-	95	-	95
	20	579	1,459	2,058
Carrying value				
31 March 2004	-	458	-	458
30 April 2003	1	552	-	553

10. INVESTMENT PROPERTY:

	$'000
GROUP	
At cost -	
1 May 2003	5,822
Disposal	(316)
	5,506
At valuation -	
1 May 2003	163,763
Disposal	(89,498)
	74,265
Total	79,771
Depreciation -	
1 May 2003	15,423
Charge for the period	1,804

Disposal	(7,553)
31 March 2004	9,674
Carrying value -	
31 March 2004	70,097
30 April 2003	154,162

COMPANY

At cost -	
1 May 2003	5,485
At valuation -	
1 May 2003	74,265
Total	79,750
Depreciation -	
1 May 2003	7,870
Charge for the period	1,804
31 March 2004	9,674
Carrying value	
31 March 2004	70,076
30 April 2003	71,880

The property was revalued in the year 2000 at open market value by Property Consultants Limited, licenced Real Estate Dealers and Appraisers. The revalued amount has been deemed to be the asset's cost upon first time adoption of IFRS. The previously reported surplus arising on revaluation is included in capital reserve. The rental income earned from the property and related expenses are shown in the profit and loss account.

The fair value of the property as at 31 March 2004 was estimated by the directors in the range of $109 million to $115 million.

11. RECEIVABLES AND PREPAYMENTS:

Group receivables are stated after provision for doubtful accounts of $540,065 (2003 - nil).

12. SHARE CAPITAL:

	2004 $'000	30 April 2003 $'000
Authorised -		
30,000,000 ordinary shares of 50 cents each	15,000	15,000
Issued and fully paid -		
20,337,960 ordinary stock units of 50 cents each	10,169	10,169

13. CAPITAL RESERVE:

	Realised $'000	Unrealised $'000	Share Premium & Forfeited Shares $'000	Total $'000
GROUP				
1 May 2003				
As restated	71,647	172,600	453	244,700
Disposal of subsidiary	(17,451)	(86,889)	-	(104,340)
31 March 2004	54,196	85,711	453	140,360
COMPANY				
1 May 2003 and 31 March 2004				
As restated	1,609	50,775	453	52,837

14. LONG-TERM LIABILITY:

	2004 $'000	30 April 2003 $'000
(a) 15% mortgage loan	-	40,000
(b) Other advances	-	74,949
	-	114,949

(a) The lender entered into a Capital Restructuring agreement with CMP Industries Limited (the parent company) pursuant to which the lender agreed to make a loan facility of up to $40,000,000 available to the company. This loan was secured on the real estate of the company. The loan carried an interest rate of 15%.

(b) In consideration of the lender's agreement to make available the above loan facility to the company, the parent company agreed to sell and the lender agreed to purchase the company's indebtedness to the parent company.

15. DEFERRED TAX LIABILITY:

Deferred income tax is calculated on all temporary differences under the liability method using a principal tax rate of 33 1/3%.

The movement on the deferred income tax account is as follows:

	Balance 30/04/03 $'000	Charge to Profit/Loss $'000	Balance 31/03/04 $'000
Deferred tax liability	20,753	1,514	22,267

16. PAYABLES AND ACCRUALS:

	2004 $'000	30 April 2003 $'000
Trade payables	673	1,604
Other payables	4,058	17,135
	4,731	18,739

17. SHORT TERM BORROWINGS:

	GROUP		COMPANY	
	2004 $'000	2003 $'000	2004 $'000	2003 $'000
Demand loan - CMP Holdings Limited	4,798	-	4,798	-
Short term loan - Caribbean Basin Investors Limited	3,733	3,733	3,733	3,733
Short term loan - Caribbean Equity Partners Limited	-	2,553	-	2,553
	8,531	6,286	8,531	6,286

The demand loan from CMP Holdings Limited is designated in US dollars and is supported by a promissory note executed by CMP Industries Limited. The demand loan bears an interest rate of 9% and is due to be repaid by 16 September 2004. All other short-term loans are unsecured and interest fee and are due for re-payment within a year.

18. DISPOSAL OF SUBSIDIARY:

Consequent to a restructuring agreement of the group whereby an option was granted to an unconnected entity to purchase the shares of a subsidiary, the option which had an expiry date of 31 December 2004, was exercised on 8 March 2004. The subsidiary in question is no longer a part of the CMP Group since the shares were transferred before 31 March 2004 and as such, does not form part of these consolidated financial statements.

19. CONTINGENT LIABILITIES:

There were no contingencies at 31 March 2004 (2003 - nil).

20. FINANCIAL INSTRUMENTS:

(a) Currency risk -
Currency risk is the risk that the value of a financial instrument will fluctuate due to charges in foreign rates. The net foreign currency exposures at 31 March is as follows:

	2004	**30 April 2003**
	$'000	**$'000**
United States $		
Demand loan	75	-
	===	===

(b) Credit risk -
The company has no significant concentration of credit risk. Cash at bank is placed with substantial financial institutions.

(c) Fair values -
The amounts included in the financial statements for cash and bank balances, receivables and payables reflect their approximate fair values because of the short term maturity of these instruments.

21. EFFECT OF FIRST-TIME ADOPTION OF IFRS:

The effect of first-time adoption of IFRS and consequent changes in accounting policies, relate to the following standards:

	Capital Reserve $'000	Retained Earnings $'000	Total $'000
(a) 2002: Reconciliation of equity - IAS 12 Income taxes (note c)	(24,755)	4,219	(20,536)

(b) 2003: Reconciliation of net loss -

	$'000
Net loss for the year as previously reported	(65,129)
Effect on first-time adoption of IFRS - IAS 12 Income taxes (note c)	(217)
As restated	(65,346)

(c) The deferred taxation liability arose primarily on the surplus on revaluation of fixed assets, which was not previously recognised. under Jamaican GAAP.