CMP Industries Limited

Consolidated Profit and Loss Account

Eleven months ended 31 March, 2004

	Note	2004	12 months to 30 April 2003
Income	4	12,776	34,642
Administrative and general expenses		10,098	18,858
OPERATING PROFIT		2,678	15,784
Bank and loan interest, net		171	9,224
PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEM	5	2,507	6,560
Exceptional item	6	-	(71,689)
		2,507	(65,129)
Taxation	7	1,514	217
NET PROFIT/(LOSS) ATTRIBUTABLE TO STOCKHOLDERS		993	(65,346)
EARNINGS PER ORDINARY STOCK UNIT			
Basic	8	$0.05	($3.21)

Consolidated Balance Sheet

31 March, 2004

		GROUP		COMPANY	
			30 April		30 April
		2004	2003	2004	2003
	Note	$'000	$'000	$'000	$'000
ASSETS					
NON-CURRENT ASSETS					
Fixed Assets	9	458	2,931	458	553
Investment property	10	70,097	154,162	70,076	71,880
		70,555	157,093	70,534	72,433
INTEREST IN SUBSIDIARY COMPANIES					
Shares at cost		-	-	2,490	2,662
CURRENT ASSETS					
Receivables	11	1,090	1,928	1,090	1,147
Taxation recoverable		215	931	216	-
Cash and bank balances		2,657	5,526	2,657	3,024
		3,962	8,385	3,963	4,171
		74,517	165,478	76,987	79,266
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES					
Share capital	12	10,169	10,169	10,169	10,169
Capital reserves	13	140,360	244,700	52,837	52,837
Accumulated loss		(111,541)	(250,118)	(106,745)	(108,729)
		38,988	4,751	(43,739)	(45,723)
NON-CURRENT LIABILITIES					
Interest in Subsidiaries		-	-	85,818	86,088
Long term liability	14		114,949	-	-
Deferred tax liability	15	22,267	20,753	22,267	20,753
		22,267	135,702	108,085	106,841
CURRENT LIABILITIES					
Payables and accruals	16	4,731	18,739	4,110	11,862
Short term borrowings	17	8,531	6,286	8,531	6,286
		13,262	25,025	12,641	18,148
		74,517	165,478	76,987	79,266

Approves on behalf of the board of directors by:

Noel Levy

Stephen Holland

Consolidated Statement of Changes in Equity

Eleven months ended 31 March, 2004

	Note	Share Capital	Share Premium	Capital Reserve	Retained Earnings	Total
		$'000	**$'000**	**$'000**	**$'000**	**$'000**
Eleven months ended 31 March 2004						
Balance at 1 May 2003		10,169	453	244,247	(250,118)	4,751
Disposal of subsidiary	18	-	-	(104,340)	137,584	33,244
Net profit					993	993
Balance at 31 March 2004		**10,169**	**453**	**139,907**	**(111,541)**	**38,988**
Year ended 30 April 2003-						
Balance at 1 May 2002 as previously stated		10,169	453	269,002	(188,991)	90,633
Adoption of International Accounting Standards (note 21)		-	-	(24,755)	4,219	(20,536)
Balance at 1 May 2002 as restated		10,169	453	244,247	(184,772)	70,097
Restated net loss for the year (note 21)		-	-	-	(65,346)	(65,346)
Balance at 30 April 2003		**10,169**	**453**	**244,247**	**(250,118)**	**4,751**

Consolidated Statement of Cash Flows

Eleven months ended 31 March, 2004

	2004 $'000	12 months to 30 April 2003 $'000
CASH RESOURCES WERE PROVIDED BY/(USED IN):		
OPERATING ACTIVITIES		
Net profit/(loss)	993	(65,346)
Items not affecting cash resources		
Gain on disposal of shares	(8)	-
Disposal of subsidiary	117,891	-
Depreciation	1,899	4,627
Deferred tax	1,514	217
	122,289	(60,502)
Changes in operating assets/(liabilities):		
Receivables and prepayments	838	540
Payables and accruals	(14,008)	(9,508)
Taxation	716	(17)
Net cash provided by/(used in) operating activities	109,835	(69,487)
INVESTMENT ACTIVITIES		
Purchase of fixed assets	-	(2,548)
Net cash used in investing activities	-	(2,548)
FINANCING ACTIVITIES		
Proceeds of short term loan	4,798	114,949
Long term loans repaid	(117,502)	(33,740)
Net cash (used in)/provided by financing activities	(112,704)	81,209
(DECREASE)INCREASE IN NET CASH BALANCES	(2,869)	9,174
Net cash balances at beginning of year	5,526	(3,648)
NET CASH BALANCES AT END OF YEAR	2,657	5,526
Represented by:		
Cash and bank balances	2,657	5,526

Notes to the Financial Statements Eleven months to 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 these significant accounting policy changes 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 years ended March 31, 2004. All intra-group transactions, unrealized profits and balances have been eliminated.

The subsidiaries consolidated are as follows:

CMP Consumer Products Limited
CMP Sales Limited
CMP Envelopes Limited
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 a revaluation carried out in the year 2000 by Property Consultants Limited licensed Real Estate Dealers and Appraisers, on 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%
Computers	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 the revaluation of certain non-current assets. The 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 recognized as it accrues unless collectability is in doubt. Income excludes General Consumption Tax.

(h) Foreign currency translations

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

(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 statements are discussed 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. PROFIT BEFORE TAXATION

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

		30 April
	2004	**2003**
	$'000	**$'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

		30 April
	2004	**2003**
	$'000	**$'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 offset against any assessed tax profits for the financial year. Subject to agreement with the Commissioner of Tax Audit and Assessment. Losses of approximately $67,780,000 (2003 - $209,300,000) are available for set-off against future profits.

	2004 $'000	30 April 2003 $'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 and vehicles	Furniture and fixtures	Computer equipment	Total
(a) GROUP	**$'000**	**$'000**	**$'000**	**$'000**
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)
31 March, 2004	20	579	1,459	2,058
Carrying value				
31 March, 2004	-	458	-	458
30 April, 2003	2,378	553	-	2,931

(b) 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
31 March, 2004	20	579	1,459	2,058
Carrying value				
31 March, 2004	-	458	-	458
30 April, 2003	1	552	-	553

10. INVESTMENT PROPERTY

(a) GROUP	**$'000**
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

(a) **COMPANY**

	$'000
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, licensed Real Estate Dealers and Appraisers. The revalued amount has been deemed to be the assets 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 $109 million to $115 million.

11. RECEIVABLES

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

12. SHARE CAPITAL

		2004	**30 April 2003**
		$'000	**$'000**
(a)	Authorised		
	30,000,000 ordinary shares of 50c each	15,000	15,000
	Issued and fully paid		
	20,337,960 ordinary stock units of 50c each	10,169	10,169

13. CAPITAL RESERVES

	Realised $'000	Unrealised $'000	Share Premium & Forfeited Shares $'000	Total $'000
(a) 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
(b) COMPANY				
1 May, 2003				
As restated	1,609	50,775	453	52,837
31 March, 2004	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 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 April 30 2003 $'000	Charge to Profit & Loss $'000	Balance 31 March 2004 $'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

	2004	30 April 2003	2004	30 April 2003
	GROUP		COMPANY	
	$'000	$'000	$'000	$'000
Demand loan CMP Holdings Limited	4,798	-	4,798	-
Short term loan Caribbean Basin Investors Ltd	3,733	3,733	3,733	3,733
Short term loan Caribbean Equity Partners Ltd	-	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 September 16 2004. All other short-term loans are unsecured and interest free and are due for repayment 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 December 31, 2004 was exercised on March 8, 2004. The subsidiary in question is no longer a part of the CMP Group since the shares were transferred before March 31, 2004 and as such, does not form part of these consolidated financial statements.

19. CONTINGENCIES

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 changes in foreign rates. The net foreign currency exposure at March 31 is as follows:

		30 April
	2004	**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 $	Retained Earnings $	Total $
(a) 2002: Reconciliation of equity - IAS 12 Income taxes (Note c)	(24,754,781)	4,219,449	(20,535,332)

(b) 2003: Reconciliation of net loss -

Net loss for, the year as previously reported	(65,129,005)
Effect on first-time adoption of IFRS - IAS 12 Income taxes (note c)	(217,511)
As restated	(65,346,516)

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