

CARIBBEAN METAL PRODUCTS

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, 1996 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	1996	1995
		\$'000	\$'000

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

Depreciation	7,481	6,915
Emoluments of directors of the parent company:		
Fees	332	336
Management remuneration	5,145	5,069
Auditors' remuneration	1,072	890
Foreign exchange (gains)/losses	(76)	397
Interest received	(599)	(415)

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 614,000 ordinary shares of 50 cents each under the company's share option scheme (note 12 (b)).

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, 1995	16,783	34,149	9,910	60,842
Additions	1,398	4,296	2,215	7,909
Disposals	<u>(281)</u>	<u>(1,651)</u>	<u>-</u>	<u>(1,932)</u>
April 30 1996	17,900	36,794	12,125	66,819
Depreciation				
May 1, 1995	4,081	15,409	5,461	24,951
Charge for the year	466	5,449	1,566	7,481
Released on disposals	<u>(281)</u>	<u>(690)</u>	<u>-</u>	<u>(971)</u>
April 30, 1996	4,266	20,168	7,027	31,461
Net book value				
April 30, 1996	13,634	16,626	5,098	35,358
April 30, 1995	12,702	18,740	4,449	35,891
(b) COMPANY				
At cost or valuation				
May 1, 1995	5,997	2,185	172	8,354
Additions	742	-	7	749
Disposals	<u>-</u>	<u>(1,093)</u>	<u>-</u>	<u>(1,093)</u>
April 30, 1996	6,739	1,092	179	8,010

Depreciation				
May 1, 1995	885	651	59	1,595
Charge for the year	89	496	38	623
Released on disposal	<u>-</u>	<u>(501)</u>	<u>-</u>	<u>(501)</u>
April 30, 1996	974	646	97	1,717
Net book value				
April 30, 1996	5,765	446	82	6,293
April 30, 1995	5,112	1,534	113	6,759
(c) Analysis of cost or valuation at April 30, 1996:				
Group				
At cost	4,722	36,794	12,125	53,641
At 1982 valuation	13,178	-	-	13,178
Company				
At cost	3,347	1,092	179	4,618
At 1982 valuation	3,392	-	-	3,392

7. INVENTORIES	1996	1995
	\$'000	\$'000
Raw materials and consumables	88,144	71,892
Work in progress	13,984	13,102
Finished goods	<u>85,681</u>	<u>58,450</u>
	187,809	143,444

8. RECEIVABLES

Group receivables are stated after provision for doubtful accounts of \$834,985 (1995 - \$1,119,736). \$2,669,282 (1995 - \$3,983,738) of group receivables are designated in foreign currencies.

9. PAYABLES AND PROVISIONS

Liabilities in foreign currencies at April 30, 1996 amounted to US\$544,245, STG79,774, CAN\$11,638 and DM 36,922 (1995 US\$746,860, STG148,785, CAN\$9,424 and DM120,522).

10. PROPOSED DIVIDEND

No dividend is proposed for the year ended April 30, 1996.

11. LOANS AND OVERDRAFT		1996	1995	1996	1995
	Repayable during	GROUP \$'000	\$'000	COMPANY \$'000	\$'000
Mortgage loan	1992/99	875	1,125	-	-
Secured equipment loans	1991/96	10,931	13,476	691	2,267
		11,806	14,601	691	2,267
DUE AFTER ONE YEAR		<u>2,796</u>	<u>4,669</u>	<u>-</u>	<u>1,564</u>
		9,010	9,932	691	703

Loans and overdrafts of which \$56,341,475 (1995 \$31,574,852) in the group are secured

DUE WITHIN ONE YEAR	<u>70,737</u>	<u>37,382</u>	<u>53,544</u>	<u>29,353</u>
	79,747	47,314	54,235	30,056

JA\$27,401,369 from the National Commercial Bank Jamaica Ltd. is designated in US dollars. Interest on borrowings is payable at market rates. Where stated, loans and overdrafts are secured on certain assets of the group companies concerned.

12. SHARE CAPITAL	1996	1995
	\$'000	\$'000
(A) Authorised 30,000,000 ordinary shares of 50 cents each	15,000	15,000
Issued and fully paid 20,022,960 ordinary stock units of 50 cents each	10,012	10,012

(b) 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, 1996 to subscribe for ordinary shares are as follows:

Period exercisable	No. of shares	Price per share
May 1, 1996 - September 14, 1999	315,000	\$1.50
May 1, 1996 - November 25, 2002	240,000	\$5.73
February 1, 1998 - January 31, 2005	59,000	\$9.50

13. CAPITAL RESERVES

	Realised	Unrealised	Share Premium & Forfeited Shares	Total
	\$'000	\$'000	\$'000	\$'000
(a) GROUP				
May 1, 1995	8,688	3,767	138	12,593
Gain on sale of fixed assets	<u>213</u>	<u>-</u>	<u>-</u>	<u>213</u>

April 30, 1996	8,901	3,767	138	12,806
(b) COMPANY				
May 1, 1995	1,270	-	138	1,408
Gain on sale of fixed assets	<u>178</u>	<u>-</u>	<u>-</u>	<u>178</u>
April 30, 1996	1,448	-	138	1,586

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 \$845,908 (1995 - \$887,995).

15. CONTINGENCIES

The parent company has guaranteed borrowings and financial commitments of certain subsidiaries amounting to \$8,360,162 at April 30, 1996 (1995 - \$15,282,468).