

GENERAL MANAGER'S STATEMENT

AMG Packaging & Paper Company Limited (AMG) is pleased to present our unaudited financial statements for the 9 month period ending May 31, 2015. AMG has continued its positive performance with an increase in key financial matrices for the nine-month period. Revenues for the period to May 31, 2015 increased by 4.51% to \$462.32 million over the prior year period. The improvement in revenues and manufacturing expenses decreasing 1.08% to \$352.60 million allowed Gross Profit to grow 27.65%, to \$109.91 million. Administrative expenses for the 9 month period increased 30.82% which still resulted in AMG producing Net profit of \$52.29 million up 42.18% from the corresponding prior year period (\$36.78 million)

	9 months ending May 31, 2015	9 months ending May 31, 2014
Total Revenues	462,320,257	442,353,365
Gross Profit	109,909,488	86,101,631
Profit	52,295,673	36,779,951
Total Assets	557,126,489	506,019,621

Revenues for the three-month period ending May 31, 2015 increased by 6.01% to \$160.64 million as compared to the same time period last year. An increase in Administrative expenses of 25.64% still resulted in AMG producing Net profit of \$20.67 million up 55.85% from the corresponding prior year period (\$13.26 million).

An ISO 9001-2008 surveillance audit was conducted on May 15, 2015. From this audit, it was recommended that AMG retain its certification.

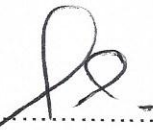
The increase of over 6% on paper costs on the world market and the continuous erratic movement of the US Dollar continues to make it a challenge to contain costs. As challenging as this is, the management teams main goal is to strategically contain costs wherever possible as shown in the financials.

The management team remains focused to continue its positive trend. Continually seeking new strategies to contain costs, providing excellent customer service and producing high quality products will be the driving force going into the fourth quarter.

We continuously seek support from our local manufacturers as this is the key to growth for both AMG and the countries manufacturing sector. AMG is committed to build brand Jamaica.

The entire staff at AMG Packaging believes in our Quality Policy, which states,

The Management and Staff of AMG Packaging & Paper Company Ltd. is committed to implementing and continually improving the effectiveness of our Quality Management System through providing products that satisfy our customer's needs and expectations. We achieve this through our cadre of competent staff, effective teamwork and communication.



.....
Michael P. Chin
General Manager

AMG Packaging Paper Company Limited
Unaudited Statement of Comprehensive Income

**9 months
to May 31, 2015**

	3 months to May 31, 2015	9 months to May 31, 2015	3 months to May 31, 2014	9 months to May 31, 2014
Turnover	\$ 160,645,654	\$ 462,320,257	\$ 151,537,108	\$ 442,353,365
Cost of Inventories	(98,609,670)	(285,729,269)	(93,541,054)	(282,093,418)
Direct Expenses	(21,824,535)	(66,681,500)	(26,850,700)	(74,158,315)
Total Manufacturing Costs	(120,434,205)	(352,410,770)	(120,391,754)	(356,251,734)
Gross Profit	40,211,449	109,909,488	31,145,354	86,101,631
Expenses:				
Administrative	(13,453,121)	(38,268,997)	(10,707,803)	(29,252,378)
ISO 9001 Project	(293,687)	(1,560,115)	(986,172)	(1,894,903)
Financial	(2,400,637)	(7,275,206)	(2,864,360)	(7,681,209)
Directors Fees	(626,667)	(2,586,667)	(560,000)	(2,860,000)
Depreciation	(3,241,655)	(9,702,193)	(3,136,146)	(8,810,862)
Profit Before Tax	20,195,682	50,516,311	12,890,874	35,602,281
Other Income	482,167	1,779,362	376,528	1,177,671
(Loss) Profit, Total Comprehensive Income for the period	20,677,849	52,295,673	13,267,402	36,779,951
No. of Shares Issued	102,378,857	102,378,857	102,378,857	102,378,857
EPS	\$ 0.20	\$ 0.51	\$ 0.13	\$ 0.36

AMG Packaging Paper Company Limited
Unaudited
Statement of Financial Position
May 31, 2015

		May 2015	May 2014	<u>Audited</u> August 2014
ASSETS EMPLOYED				
	<u>Notes</u>	\$	\$	\$
Property, Plant & Equipment	5	231,814,135	241,539,984	239,599,772
Current Assets				
Inventories	6	159,562,920	174,412,748	117,598,639
Accts Receivable Net Allowance	7	73,508,889	81,101,260	80,999,913
Related Parties	13	4,000,000	1,039,731	-
Deposit on Equipment		11,732,175	-	-
Cash & Cash Equivalents	9	76,508,370	7,925,898	21,866,726
Total Current Assets		325,312,354	264,479,637	220,465,278
Total Assets		<u>557,126,489</u>	<u>506,019,621</u>	<u>460,065,050</u>

EQUITY & LIABILITIES

Capital & Reserves:

Authorised Share Capital - JMD140,000,000

Share Capital	10	63,250,028	63,250,028	63,250,028
Revaluation Reserve	11	48,928,537	48,928,537	48,928,537
Retained Earnings		237,724,976	195,040,554	203,857,498
Total Capital		349,903,541	307,219,119	316,036,063

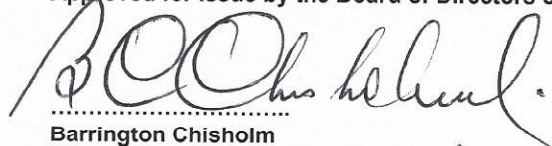
Long-Term Liabilities

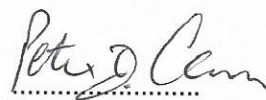
Loans	12	141,508,536	54,990,015	51,619,545
Related Parties	13	-	5,075,388	3,421,358
Total Long-Term Liabilities		141,508,536	60,065,403	55,040,903

Current Liabilities

Current Portion of Long Term Loan	12	13,481,880	13,481,880	17,681,880
Accounts Payable & Accruals	14	52,232,532	125,253,219	71,306,204
Total Current Liabilities		65,714,412	138,735,099	88,988,084
Total Liabilities & Capital		<u>557,126,489</u>	<u>506,019,621</u>	<u>460,065,050</u>

Approved for issue by the Board of Directors on and signed on its behalf by:


.....
Barrington Chisholm
Chairman, Audit Committee


.....
Peter Chin
Director

AMG Packaging Paper Company Limited
Statement of Changes in Stockholders' Equity
May 31, 2015

		2015			
		Share Capital	Revaluation Reserves	Retained Earnings	Total
		\$	\$	\$	\$
	<u>Notes</u>				
Balance at September 01, 2014		63,250,028	48,928,537	203,857,498	316,036,063
Profit, being total Comprehensive					
Dividend	17			(18,428,195)	(18,428,195)
Income for the period		-	-	52,295,673	52,295,673
Balance at May 31, 2015		63,250,028	48,928,537	237,724,976	349,903,541

		2014			
		Share Capital	Revaluation Reserves	Retained Earnings	Total
		\$	\$	\$	\$
Balance at September 01, 2013		63,250,028	48,928,537	178,736,374	290,914,939
Profit, being total Comprehensive					
Dividend	17			(20,475,771)	-
Income for the period		-	-	36,779,951	(20,475,771)
Balance at May 31, 2014		63,250,028	48,928,537	195,040,554	307,219,119

AMG Packaging Paper Company Limited
Unaudited Statement of Cash Flow
9 months ending
May 31, 2015

	9 months to May 31, 2015	9 months to May 31, 2014
Cash Flows from operating activities		
Net Income	52,295,673	36,779,951
Items not affecting cash	9,702,193	8,810,862
Total Adjustments	<u>61,997,866</u>	<u>45,590,813</u>
Changes in non cash working capital components	(68,381,315)	(38,951,477)
Net Cash provided(used) by Operations	<u>(6,383,450)</u>	<u>6,639,336</u>
Cash Flows used in investing activities	<u>(1,916,555)</u>	<u>(1,174,736)</u>
Cash Provided by/(used)- Operating and Investing Activities	<u>(8,300,005)</u>	<u>5,464,601</u>
Cash Flows (used)/ Provided by financing activities	62,941,649	(31,669,494)
Net (Decrease)/IncreaseCash and Cash Equivalents	54,641,644	(26,204,893)
Cash and Cash Equivalents at beginning of year	<u>21,866,726</u>	<u>34,130,791</u>
Cash and Cash Equivalents at end of period	<u>76,508,370</u>	<u>7,925,898</u>

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2015

1 Identification and principal activities

AMG Packaging & Paper Company Limited "the company"

- (a) The company was incorporated on the 26th of September 2005, under the Jamaica Companies Act and is a wholly owned Jamaican company. It's registered office is located at 9 Retirement Crescent, Kingston 5.

The company was re-registered in July 2011 under the Companies Act 2004 as a public company

- (b) The company is engaged primarily in the manufacturing, distribution and retailing of cartons of varying sizes

(c) **Stock Exchange Listing**

The company has been listed on the Jamaica Junior Stock Exchange since July 14, 2011

2 Reporting Currency

The amounts in these financial statements are expressed in Jamaican dollars, which is the primary currency in the country which it operates.

3 Statement of Compliance, Basis of Preparation and Significant Accounting Policies

(a) **Statement of compliance**

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretation adopted by the International Accounting Standards Board, and have been prepared under the historical convention.

(b) **Basis of Preparation and Significant Accounting Policies**

IFRS 7, Financial Instructions: Disclosures led to some changes in the qualitative and quantitative disclosures relating to credit risk. In particular, disclosure of the amount of the company's 'maximum exposure to credit risk without considering any collateral held' is now made only if the carrying amount of the financial assets does not already reflect such exposure.

Revised IAS 24, Related Party Disclosures introduced changes to related party disclosure requirements for government-related entities and amends the definitions of a related party. Aside from the change of the definition of a related party in note 3(g), this revision did not have any impact on the financial statements.

IAS 1, Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income is effective for annual periods beginning on or after July 1, 2012. It has been amended to require an entity to present separately the items of other comprehensive income (OCI) that may be classified to profit or loss in the future from those that would never be reclassified to profit or loss. Consequently, an entity that presents items of OCI before related tax effects will also have to allocate the aggregated tax amount between the sections. The existing option to present the profit or loss and other comprehensive income in two statements has not changed. The title of the statement has changed from Statement of Comprehensive Income to Statement of Profit or loss and Other Comprehensive Income. However, an entity is still allowed to use other titles.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2015

(ii) **Basis of Preparation and Significant Accounting Policies continued**

IFRS 9, Financial instruments (effective January 1, 2013). It introduces new requirements for classifying and measuring financial instruments. The standard also amends some of the requirements of *IFRS 7* financial instruments: disclosures

- Including added disclosures about investments in equity instruments through other comprehensive income.

IFRS 12, Disclosure of Interest on Other Entities is effective for annual reporting periods beginning on or after January 1, 2013. It contains disclosure requirements for entities that have interests in subsidiaries, joint arrangements, associates and /or unconsolidated structured entities. These require disclosures aim to provide information to enable users to evaluate the nature of, and risks associated with, an entity's interests in other entities and effects of those interests on the entities' financial position, financial performance and cash flows.

IFRS 13, 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2013). The standard explains how to measure fair value for financial reporting. It defines fair value; sets out in a single IFRS a framework for measuring fair value; and requires value measurements. This standards applies to those standards that require or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

The Accounting Policies of the Company have remained unchanged from those set out in the annual Financial Statement as at August 31, 2014

(c) **Use of estimates**

The preparation of the financial statements to conform to IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities at the date of the statement of Financial Position, and the income and expenses for the year then ended. Actual amounts may vary from the estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period of the revision and future periods if the revision affects both current and future periods.

(d) **Judgement in evaluation of contingencies**

For a contingent liability to qualify for recognition there must be a present obligation and the probability of an outflow of economic benefits to settle that obligation. In recognising contingent liabilities of the company, management determines the possibility of an outflow of resources and makes estimates of expenditure required to settle the present obligation at the reporting date.

No provision is made if management considers the possibility of any outflow in settlement to be remote.

(e) **Inventories**

Inventories are stated at the lower of cost and net realisable value and have been calculated on the First- In First -Out basis

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2015

(ii) **Basis of Preparation and Significant Accounting Policies continued**

(f) Depreciation

Depreciation is charged on the straight line basis at rates designed to write off the cost or valuation of assets over their useful lives. The first year is pro-rated based on date of acquisition. Rates are as follows:

Buildings	2.5%
Equipment	10%
Computer & Equipment	20%
Furniture & Fixtures	10%

(g) Related Parties

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

A party is related to the company, if:

- (i) directly or indirectly through one or more intermediaries, the party :
 - (a) is controlled by, or is under common control with, the company (this includes parties, subsidiaries and fellow subsidiaries)
 - (b) has an interest in the company that gives it significant influence over the entity: or
 - (c) has joint control over the company;
- (ii) the party is an associate of the company
- (iii) the party is a joint venture in which the company is a venturer;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post -employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the entity.

The company has related party relationship with it's directors and key management personnel.

(h) Investments

Investment is carried in the financial statements at fair value. Gains and losses arising in changes in the market value of the investment is recorded in the Statement of Comprehensive Income in the period in which they arise.

(i) Tax Exemption Status

The company is currently listed on the Jamaica Junior Stock Exchange. This listing renders the company exempt from Income Tax for five years from the original listing in July 2011, with the proviso that the company remains on the Stock Exchange for at least fifteen years.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2015

(ii) **Basis of Preparation cont'd**

(j) **Foreign Currency Transaction**

Foreign currency transactions are converted and included in the financial statements at the prevailing rate of exchange at the transaction date. Deposits held and liabilities in foreign currency at the date of the statement of financial position are adjusted to reflect the Jamaican equivalent as at that date. Exchange differences arising from settling income transactions are reflected in the statement of comprehensive income.

(k) **Trade Receivables**

A trade receivable is carried at invoiced amounts less provision made for impairment losses. Provision for impairment of trade receivable is established when there is sufficient evidence that the company will not be able to recover the full amounts in accordance with the original terms of the transaction.

(l) **Borrowings & Borrowing costs**

Borrowings are recognised initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost and any difference between proceeds and redemption value is recognised in the Statement of Comprehensive income over the period of the borrowings. Borrowing costs are recognised in the period in which they are incurred.

(m) **Cash & Cash Equivalents**

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of the Statement of Cash flows, this is comprised of deposits, cash at bank and cash in hand.

(n) **Share Capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

(o) **Revenue Recognition**

Revenue is recognised in the income statement when it is probable that future economic benefit associated with the items of revenue will flow to the company and is able to be reliably measured. Revenue from the sale of goods are measured at fair value of the consideration received or receivable net of discounts and allowances.

(p) **Interest Income**

Interest income is recognised in the statement of comprehensive income for all interest bearing instruments on the accruals basis.

(q) **Dividends**

Dividends are recognised when they become legally payable
Interim dividends payable to shareholders are approved by the directors, while final dividends have to be approved by the equity shareholders at the Annual General Meeting

AMG PACKAGING & PAPER COMPANY LTD

NOTES TO FINANCIAL STATEMENTS

May 31, 2015

4 Financial Instruments and Risk Management

A Financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another. Financial assets carried in the Statement of Financial Position include accounts receivable and cash. Bank overdraft and accounts payable are deemed financial liabilities.

(a) Interest Rate Risk

Interest rate risk arises when the value of a financial instrument fluctuates during a specified period due to changes in market interest rates.

The company is exposed to interest rate risk regarding loans and it's bank balances as at May 31, 2015

(b) Credit Risks

Credit risk is the risk of exposure occasioned by one party to financial instruments when the other party fails to discharge an obligation thus causing the other party to suffer a financial loss. The company has policies in place to ensure that sale of products and services are made to customers with an appropriate credit history. The company is exposed to credit risks in respect of its receivables from other companies and individuals.

The maximum exposure to credit risk at the reporting date is represented by the carrying value amount of each financial asset as follows:

	<u>Carrying Amount</u>	
	<u>2015</u>	<u>2014</u>
Cash equivalents	\$ 76,508,370	\$ 7,925,898
Receivables	73,508,889	81,101,260
	<u>150,017,259</u>	<u>89,027,158</u>

(c) Foreign Currency Risk

A foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in the foreign exchange rates.

The company has direct exposure to foreign currency risk regarding United States dollar denominated savings account and foreign payables.

(d) Cash Flow Risk

Monetary financial instrument will fluctuate in amount. The company manages this risk by budgetary measure, ensuring that fluctuations in cash flows relating to the monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

(e) Liquidity Risk

Liquidity risk is that risk which a company faces when it encounters difficulty in raising funds to meet commitments associated with its financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities.

At May 31, 2015 the company faced liquidity risks as indicated below:

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2015

(e) Liquidity Risk cont'd

	<u>2015</u>				
	<u>Assets</u>	Within 3 months	3 to 12 months	1 to 5 years	Total
	\$	\$	\$	\$	
Cash Resources	76,508,370				76,508,370
Other	64,157,948	16,116,182			80,274,129
Total	140,666,318	16,116,182		-	156,782,500
	<u>Liabilities</u>				
Loans	3,370,470	10,111,410	141,508,536		154,990,416
Payables	52,232,532	-	-		52,232,532
Total	55,603,002	10,111,410	141,508,536		207,222,947
Total Liquidity GAP	85,063,317	6,004,772	(141,508,536)		(50,440,447)
Cumulative GAP	85,063,317	91,068,089	(50,440,447)		-
	<u>2014</u>				
Total Liquidity GAP	(67,440,799)	20,362,472	(54,990,015)		(102,068,342)
Cumulative GAP	(67,440,799)	(47,078,327)	(102,068,342)		

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2015

5 Property, Plant & Equipment

<u>At cost</u>	Land	Building	Equipment	Motor Cycle	Computer & Equipment	Furniture & Fixtures	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at September 1, 2014	29,600,000	156,036,704	80,172,977	180,258	1,979,452	5,033,414	273,002,805
Additions	-	-	458,825	-	196,389	1,261,342	1,916,557
Balance as at May 31, 2015	<u>29,600,000</u>	<u>156,036,704</u>	<u>80,631,802</u>	<u>180,258</u>	<u>2,175,841</u>	<u>6,294,756</u>	<u>274,919,362</u>
<u>Accumulated depreciation</u>							
Balance as at September 1, 2014	-	10,254,119	20,974,066	45,064	618,408	1,511,377	33,403,034
Current year charges	-	2,925,688	6,056,770	16,900	247,953	454,883	9,702,193
Balance as at May 31, 2015	<u>-</u>	<u>13,179,807</u>	<u>27,030,836</u>	<u>61,964</u>	<u>866,361</u>	<u>1,966,260</u>	<u>43,105,227</u>
<u>Net Book Value</u>							
May 31, 2015	<u>29,600,000</u>	<u>142,856,897</u>	<u>53,600,966</u>	<u>118,294</u>	<u>1,309,481</u>	<u>4,328,496</u>	<u>231,814,135</u>
May 31, 2014	<u>29,600,000</u>	<u>146,757,815</u>	<u>61,203,236</u>	<u>140,827</u>	<u>541,017</u>	<u>3,297,089</u>	<u>241,539,984</u>

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2015

6 Inventories	<u>2015</u>	<u>2014</u>
	\$	\$
Raw Materials	151,680,199	172,158,725
Finished Goods	3,444,664	2,254,023
Goods in transit	4,438,056	-
	<u>159,562,920</u>	<u>174,412,748</u>

7 Accounts Receivable	<u>2015</u>	<u>2014</u>
	\$	\$
Trade Receivables	70,831,541	73,146,370
Provision for bad debts	<u>(2,765,241)</u>	<u>(1,798,211)</u>
	68,066,300	71,348,159
Other Receivables	5,442,588	9,753,102
	<u>73,508,889</u>	<u>81,101,260</u>

	Aged Trade Receivables			Carrying Value
	Within 1 Months	31 to 60 Days	Over 60 Days	
	\$	\$	\$	\$
Balance at				
May 31, 2015	<u>57,773,643</u>	<u>2,384,304</u>	<u>10,673,593</u>	<u>70,831,541</u>
May 31, 2014	<u>52,177,260</u>	<u>5,862,021</u>	<u>15,107,089</u>	<u>73,146,370</u>

8 Tax Recoverable

Amount represents General Consumption Tax (GCT) recoverable from the collectorate based on the company's input tax in excess of it's output tax.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2015

9 Cash & Cash equivalent	2015	2014
	\$	\$
Bank of Nova Scotia Ja Ltd		
- Current accounts	8,895,051	5,280,823
- Savings account (US dollar denominated)	1,237,283	308,634
National Commercial Bank Limited		
- Current accounts	1,491,738	624,289
Alliance Financial Services Limited		
- Cash Securities(denominated in United States Dollars)	63,216,593	71,821
- Repurchase Agreement	997,176	984,304
JN Fund Managers		
- Repurchase Agreement	640,330	625,827
Petty Cash	30,200	30,200
	<u>76,508,370</u>	<u>7,925,898</u>

10 Share Capital	2015	2014
	\$	\$
Authorised:		
140,000,000 (2010 - 15,000,000) ordinary shares no par value		
Capital issued and fully paid-		
102,387,857 ordinary shares at no par value	63,250,028	63,250,028

(i) The company's authorised share capital was increased by five million dollars to 20 million dollars by the creation of 5 million ordinary shares of \$1.00 each. The new shares are to rank pari-passu with the existing shares.

(ii) By resolution on May 31, 2011, each ordinary share has been sub-divided into 7 ordinary shares such that the total issued shares of 20 million is now multiplied by 7 making a total of 140 million shares.

11 Revaluation Reserves

Revaluation reserve results from the difference between the revaluation of land, building and equipment and their carrying value at February 12, 2011. The valuation was carried out by professional appraisers Valerie Levy & Associates Limited and Stellar Caribbean (Ja.) Limited

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2015

12 Loans	2015	2014
	\$	\$
Bank of Nova Scotia Jamaica Limited		
Loan 1	2,938,715	5,651,375
Loan 2	52,051,300	62,820,520
Loan 3	70,000,401	-
Loan 4	30,000,000	-
Total loans	154,990,416	68,471,895
Current portion of loans	13,481,880	13,481,880
Long-term portion of loans	141,508,536	54,990,015

- (i) Loan 1 has a duration of 5 years and a moratorium period of four (4) months on the principal payments. This loan is at an interest rate of 8.95% per annum.
- (ii) Loan 2 has a duration of 7 years with a six (6) months moratorium on the principal repayments. This Loan has a Fixed Interest rate of 9.25% for five (5) years, thereafter the Weighted Average (180 days) Treasury Bill Yield (WATBY), plus 3.25% per annum.
- (iii) Loan 3- has a duration of 5 years, inclusive of a 6 months moratorium on principal repayments (to be funded by the Development Bank of Jamaica (DBJ) with the Bank of Nova Scotia Jamaica Limited as the approved Financial Institution).
Interest rate: The DBJ authorised lending rate, present effective all in rate -10% per annum
- (iv) Loan 4 has a duration of 5 years, inclusive of a 6 months moratorium on principal repayments. This Loan has a Fixed Interest rate of 11% for Three (3) years, thereafter the bank Base Lending Rate (currently 15.75% per annum) in effect from time to time minus 3.5% per annum.
Current effective rate 12.25% per annum.

Securities:

Bank of Nova Scotia Jamaica Limited

- (1) Assignment of Commercial All Risks policy in favour of the bank to cover replacement value of the machinery equipment
- (2) Second legal mortgage stamped an aggregate of \$25,600,000 and registered over commercial property located at lot # 30,10 Retirement Crescent, Kingston 5 and Lot B Collins Green, Kingston 5. Volume 1094 Folio 743 and Volume 1402 Folio 431 respectively. Appraised value of Real Estate pledged \$80,000,000 as at 1 March 2011.
- (3) Bill of sale stamped \$25,600,000, collateral to 2nd legal mortgage over the above property, and over the following machinery & equipments:
 - i) Model: 2003 Dock stocker DSX40
 - ii) SG-3 Semi-auto gluing machine L1400x W2800mm; MS Strapping machine; Pallet jacks
 - iii) Two colors printer and rotary die cutting machine chain feeding.
 - iv) Machine spare parts

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2015

12 cont'd

(4) Joint and several Demand Debenture to be stamped \$202,000,000 from AMG Packaging and Paper Company Limited, creating a first Charge over fixed assets, and a floating charge over other assets of the company supported by:—

- First, Second and Third Legal Mortgages to be stamped \$202,000,000 jointly over Commercial Premises located at (a) 9B Retirement Crescent registered in the name AMG Packaging and Paper Company Limited. (b) 10 Retirement Crescent registered in the name of AMG Packaging and Paper Company Limited and collateral to the aforementioned Demand Debenture

(5) Assignment of "All Risk" insurance coverage over 9B Retirement Crescent for the full replacement (covers over building, inventory, furniture, fixtures and equipment owned by the company)

<u>13 Related Parties</u>	<u>2015</u>	<u>2014</u>
Director's Loan	-	5,075,388
This is a vendor's mortgage for balance owing to a director for land sold to the company		
Director Current account	4,000,000	1,039,731

<u>14 Accounts Payable & Accruals</u>	<u>2015</u>	<u>2014</u>
Trade Payables	\$ 33,438,621	\$ 115,060,920
Accruals	7,047,896	4,634,765
Other Payables	9,897,248	1,671,427
Statutories Payable	1,605,537	1,308,811
Dividends	243,230	2,577,296
	<u>52,232,532</u>	<u>125,253,219</u>

<u>Balance at</u>	<u>Aged Trade Payables</u>			
	<u>Within 1</u> <u>Months</u>	<u>31 to 60</u> <u>Days</u>	<u>Over 60</u> <u>Days</u>	<u>Amount</u> <u>Due</u>
May 31, 2015	\$ 32,230,253	\$ 40,000	\$ 1,168,368	\$ 33,438,621
May 31, 2014	79,145,341	28,268,291	7,647,287	115,060,920

15 Taxation

Taxation is comprised of company tax at 25% on the profit for the year after adjustments for tax purposes.

16 Turnover

Turnover represents total sales net of discounts and General Consumption Tax (GCT)

17 Dividend

On January 20, 2015, The Board of Directors declared a dividend of \$0.18 per share payable on March 31, 2015 to shareholders on record as at February 17, 2015

AMG PACKAGING & PAPER COMPANY LIMITED

TOP 10 SHAREHOLDERS AT 31 MAY 2015

		Issued Ordinary shares
		102,378,857
SHAREHOLDERS	SHAREHOLDINGS	%
RANKINSTON LIMITED	32,351,718	31.600
GEORGE HUGH HOLDINGS LIMITED	24,263,792	23.700
HEISS HOLDINGS LIMITED	24,263,792	23.700
JCSD TRUSTEE SERVICES SIGMA VENTURE FUND	1,915,428	1.871
HAROLD SOLTAU	1,361,605	1.330
GERALD W. PURDY	1,092,456	1.067
SJLIC FOR SCOTIABRIDGE RETIREMENT SCHEME	860,371	0.840
JCSD TRUSTEE SERVICES SIGMA OPTIMA	847,629	0.828
GUARDIAN LIFE LIMITED GUARDIAN EQUITY FUND	643,896	0.629
JAMAICA STOCK EXCHANGE PENSION FUND	601,440	0.587
	88,202,127	86.153
NO. OF SHAREHOLDERS AT 31/05/2015	JCSD	307
	MAIN REGISTER	2
	TOTAL	309

**AMG PACKAGING & PAPER COMPANY LIMITED
DIRECTORS SHAREHOLDINGS**

DIRECTORS' NAMES	SHAREHOLDING	CONNECTED PARTY
ANTONIA HUGH	32,351,718	RANKINSTON LIMITED
MARK CHIN/PAUL CHIN	24,263,792	HEISS HOLDINGS LIMITED
GEORGE HUGH	24,263,792	GEORGE HUGH HOLDINGS LTD
PETER D. CHIN	332,370	
MICHAEL FRASER	382,913	
BARRINGTON CHISHOLM	76,583	
	81,671,168	

SENIOR MANAGERS

MICHAEL P. CHIN	394,487
LESLIE MCPHERSON	38,291
CHRISTOPHER HENDRIKS	1,249
	434,027