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AMG has continued its positive performance with an increase in key financial matrices for the nine-month period ended May 31, 2011. Revenues for the nine-month period to May 31, 2011 increased by 41.97% to \$226.52 million over the prior year period, as a result of an increase in units sold to 9,656,610, up 65.91%. This improvement in revenues allowed Gross Profit to grow by 15.11%, to \$46.60 million, in spite of a significant increase in total manufacturing costs (51.13%). The increase in administrative expenses for the 9 month period was limited to 3.21% resulting in AMG producing Net income of \$18.9 million, an increase of 37.59%.

	Nine month period ended May 31. 2011	Nine month period ended May 31. 2010	Change
Total Revenue	226,518,749	159,529,173	41.97%
Gross Profit	46,596,366	40,476,552	15.11%
Profit before Tax	27,009,833	21,498,382	25.63%
Total Assets	192,830,673	119,808,958	60.95%
Total Shareholder's Equity	134,064,211	53,043,443	152.74%

The management team remains focused on limiting increases in costs, however most of them were unavoidable as they relate directly with the increase in sales, such as electricity (up 32.4%) and fuel expenses (up 89.46%). Other increases in the year on year nine-month performance were related to the addition of a second shift which was necessary given the increase in our sales. During the period, we also experienced major repairs to two major pieces of equipment (the boiler and corrugator) that resulted in an increase in our overtime wages as well as increasing our repairs and maintenance cost by approximately \$1.5 million.

Revenues for the three-month period to May 31, 2011 increased by 29.80% as a result of an increase in units sold to 3,502,532 units or 38.6%. Profit before tax decreased by 35.91% as a result of increases in both manufacturing costs (49.79%) and administrative expenses (31.64%).

During the fourth quarter a number of significant milestones have occurred. Firstly, we successfully launched our IPO which resulted in raising much needed equity. Those funds will be used for working capital and expansion purposes, which includes investing in additional space, providing storage for raw materials and finished products, and for productivity improvements.

We have already purchased a new die cut machine which will automate much of this process, as our existing machines are manual. The new machine is expected to reduce our processing time as well as labour costs. We have also purchased a number of replacement parts for the


corrugator machine as well as a new accessory that, when added to the corrugator, will eliminate much of the waste being experienced. We are excited about these enhancements to our equipment and expect they will be completely installed by the end of the first quarter.

Our improved working capital position will allow us to increase the variety of paper we order to increase the type of products we can make as well as make sure we have a continuous supply of paper readily available. Historically, we have had a significant amount of wastage, partially as a result of not having the correct size paper in stock. We have also been constrained in what products we can produce as our focus was limited to brown paper products. The new machinery, as well as the additional working capital, will allow us to offer our clients new products (e.g. point of sale displays, shirt boxes, filing boxes).

The proceeds from the IPO will also assist us in addressing the issue of storage space. The Company has identified a property in close proximity to the factory and negotiations are in process for the purchase. This additional space, approximately 10,000 – 15,000 square feet, will allow us to stock both raw materials and finished products.

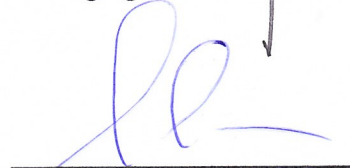
Historically, we have been cautious when passing increases onto its customers, given the likely effect on our business model and key customer relationships. During the fourth quarter we advised our clients of an increase in our prices that became effective on September 1, 2011. The publicity surrounding the IPO also generated considerable interest in our business some of which we have already benefitted from and we are currently in negotiations with other prospective clients.

We are optimistic about the future given the significant enhancements planned for our operations. These changes to our business processes will allow us to better control our manufacturing expenses and should therefore increase our margins. These enhancements will also increase our production capabilities for both existing and prospective clients.



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George Hugh  
Managing Director



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Michael Chin  
General Manager



**AMG Packaging Paper Company Limited**  
**Unaudited**  
**Statement of Financial Position**  
**May 31, 2011**

	May 2011	Aug 2010	May 2010
<b>ASSETS EMPLOYED</b>			
<b>Property and Equipment</b>			
Property, Plant & Equipment	109,347,401	54,435,951	55,201,574
Total Property and Equipment	109,347,401	54,435,951	55,201,574
<b>Current Assets</b>			
Inventories	43,561,079	26,697,061	26,951,098
Accts Receivable Net Allowance	32,764,631	36,718,570	33,431,406
Cash & Bank	7,157,562	4,747,963	4,224,880
Total Current Assets	83,483,272	68,163,594	64,607,384
Total Assets	<b>192,830,673</b>	<b>122,599,545</b>	<b>119,808,958</b>
 <b>EQUITY &amp; LIABILITIES</b>			
<b>Capital &amp; Reserves:</b>			
<b>Authorised Share Capital - JMD140,000,000</b>			
Issued & Fully Paid Shares	11,554,086	11,554,086	11,554,086
Revaluation Reserve	53,246,932	0	0
Retained Earnings	69,263,193	50,373,162	41,489,357
Total Capital	134,064,211	61,927,248	53,043,443
<b>Current Liabilities</b>			
Revolving Loan	7,547,150	7,547,150	7,547,150
Accounts Payable & Accruals	38,263,812	30,657,676	29,621,287
Short Term Payable	3,995,515	13,020,204	19,885,588
Corporate Taxes	8,959,985	9,447,267	9,711,489
Total Current Liabilities	58,766,462	60,672,297	66,765,515
Total Liabilities & Capital	<b>192,830,673</b>	<b>122,599,545</b>	<b>119,808,958</b>

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

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**Mark Chin**  
**Chairman**

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**Barrington Chisholm**  
**Chairman, Audit Committee**

## **AMG Packaging & Paper Company Limited**

Notes to the Financial Statements  
Period ended May 31, 2011

### 1. Identification

AMG Packaging & Paper Company Limited ("the company") is incorporated and domiciled in Jamaica. Its principal activity is the manufacture and supply of Cartons.

The company's registered office is located at 9 Retirement Crescent, Kingston 5.

### 2. Basis of Preparation, Statement of Compliance and significant accounting policies

The Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards (IASB), and comply with the provisions of the Companies Act.

The Financial Statements are presented in Jamaican Dollars.

The Financial Statements have been prepared under the Historical Cost Convention.

#### **(a) Inventories:**

Inventories are determined on the First –In First-Out basis.

#### **(b) Fixed Assets**

- (i) Property, Plant & Equipment are stated at revalued cost less accumulated depreciation, the cost of replacing part of an item of property, plant and equipment (PPE) is recognised in the carrying amount of the item if it is probable that the future economic benefits will flow to the company and its cost can be measured reliably. Day-to-day servicing of PPE is recognized in the income statement.

Depreciation:

- (ii) Depreciation is charged on a Straight Line basis at rates designed to write off the cost of the Assets over their expected useful lives. No depreciation is charged on Freehold Land. Annual depreciation rates are as follows:

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

**(c) Accounts Receivable:**

Trade and Other receivables are stated at amortised cost, less impairment losses.

**(d) Cash and Cash Equivalents:**

Cash and cash equivalents comprise cash and bank balances, short-term investments and other monetary instruments for 31 day periods

**(e) Accounts Payable:**

Trade and other payables are stated at amortised cost.

**(f) Revolving Loan:**

This represents obligation owed to Country Park Limited for Equipment Leased for Production

This obligation bears no interest and is payable in One(1) year

**(g) Revenue:**

Revenue from the sale of goods is recognized in the Income Statement when the significant risk and rewards of ownership have been transferred to buyer.

**(h) Income Tax:**

Taxation is comprised of Company Income Tax @ 33 1/3% on the Profit for the year adjusted for Tax purposes.

AMG Packaging Paper Company Limited  
 Unaudited Statement of Comprehensive Income  
**9 months to May 31, 2011**

	3 months to May 31, 2011	9 months to May 31, 2011	3 months to May 31, 2010	9 months to May 31, 2010
<b>Turnover</b>	79,496,101	226,518,749	61,238,774	159,529,173
Cost of Sales	(50,722,684)	(148,322,339)	(35,010,811)	(95,641,062)
Direct Expenses	(12,145,313)	(31,600,044)	(6,961,014)	(23,411,559)
<b>Total Manufacturing Costs</b>	<b>(62,867,997)</b>	<b>(179,922,383)</b>	<b>(41,971,825)</b>	<b>(119,052,621)</b>
<b>Gross Profit</b>	16,628,104	46,596,366	19,266,949	40,476,552
<b>Expenses:</b>				
Administrative	(7,252,265)	(18,038,812)	(6,241,016)	(18,652,240)
IPO related	(722,866)	-	-	-
Financial	(357,801)	(1,547,721)	(88,949)	(325,930)
<b>Profit Before Tax</b>	<b>8,295,172</b>	<b>27,009,833</b>	<b>12,936,984</b>	<b>21,498,382</b>
Other Income	3,391	147,234	11,069	21,839
Taxation	(3,167,036)	(8,267,036)	(4,521,933)	(7,791,210)
<b>(Loss) Profit, Total Comprehensive Income for the period</b>	<b>5,131,527</b>	<b>18,890,031</b>	<b>8,426,120</b>	<b>13,729,010</b>



**AMG Packaging Paper Company Limited**  
**Unaudited Statement of Cash Flow**  
**For the nine Months Ended May 31, 2011**

	<b>9 months to May 31, 2011</b>	<b>9 months to May 31, 2010</b>
Cash Flows from operating activities		
Net Income	18,890,031	13,729,010
Items not affecting cash	(2,184,626)	1,853,645
Total Adjustments	<u>16,705,406</u>	<u>15,582,655</u>
Changes in non cash working capital components	(15,315,995)	(11,823,062)
Net Cash provided(used) by Operations	<u>1,389,410</u>	<u>3,752,790</u>
Cash Flows used in investing activities	<u>1,020,189</u>	<u>(3,992,580)</u>
cash Provided by/(used)- Operating and Investing Activities	<u>2,409,599</u>	<u>(239,790)</u>
Cash Flows (used)/ Provided by financing activities	-	(1,379,624)
Net (Decrease)/IncreaseCash and Cash Equivalents	2,409,599	(1,619,414)
Cash and Cash Equivalents at beginning of year	<u>4,747,963</u>	<u>5,844,294</u>
Cash and Cash Equivalents at end of period	<u>7,157,562</u>	<u>4,224,880</u>

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**AMG Packaging Paper Company Limited**  
**Statement of Changes in Stockholders' Equity**  
**May 31, 2011**

2011

	Share Capital	Revaluation Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at September 01, 2010	11,554,086	-	50,373,162	<b>61,927,248</b>
Added		53,246,932		<b>53,246,932</b>
Profit, being total Comprehensive Income for the period	-	-	18,890,031	-
	<u>11,554,086</u>	<u>53,246,932</u>	<u>69,263,193</u>	<u><b>134,064,211</b></u>

2010

	Share Capital	Revaluation Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at September 01, 2009	11,554,086	-	27,767,000	<b>39,321,086</b>
Profit, being total Comprehensive Income for the period	-	-	22,606,162	-
	<u>11,554,086</u>	<u>-</u>	<u>50,373,162</u>	<u><b>61,927,248</b></u>