

BOGLE & COMPANY
CHARTERED ACCOUNTANTS

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June 11, 2012

*The Managing Director
AMG Packaging & Paper Company Ltd
10 Retirement Crescent
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Dear Sir

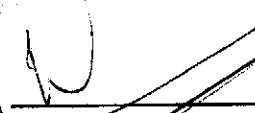
**RE: AUDITED FINANCIAL STATEMENTS FOR YEAR
ENDED AUGUST 31, 2011**

We herewith enclose audited financial statements as at August 31, 2011.

These statements are being resubmitted owing to the fact that the EPS on the previous statements were incorrect.

The requisite corrections have been done as recorded on pages 4 and 15 of the financial statements.

Yours truly
BOGLE AND COMPANY



WORRICK BOGLE

11/26/12

WORRICK BOGLE, FCCA FCA CPA

Email: info@bogleandcompany.com

AMG PACKAGING & PAPER
COMPANY LIMITED
FINANCIAL STATEMENT
AUGUST 31, 2011

AMG PACKAGING & PAPER COMPANY LTD
FINANCIAL STATEMENT
AUGUST 31, 2011

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AUDITORS' REPORT
TO THE MEMBERS
OF
AMG PACKAGING & PAPER COMPANY LIMITED

We have audited the financial statements for AMG Packaging & Paper Company Limited on pages 3-17 which comprise the statement of financial position as of August 31, 2011 and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

WORRICK BOGLE, FCCA FCA CPA

Email: info@bogleandcompany.com

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as of August 31, 2011 and of the financial performance and cash flows of the company for the period then ended accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.



BOGLE & COMPANY

October 24, 2011

AMG PACKAGING & PAPER COMPANY LTD
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2011

<u>ASSETS EMPLOYED</u>	<u>NOTES</u>	<u>2011</u> \$	<u>2010</u> \$
PROPERTY, PLANT & EQUIPMENT	2e & 8	109,222,843	54,435,951
INVESTMENTS	2h & 4	51,576,032	-
 <u>CURRENT ASSETS</u>			
INVENTORIES	2d & 5	57,506,910	26,697,061
ACCOUNTS RECEIVABLES NET OF ALLOWANCES	2f & 6	56,482,260	36,718,570
RELATED PARTIES	7	287,069	-
TAXATION RECOVERABLE	9	629,063	-
CASH & CASH EQUIVALENT	2k & 10	8,002,501	4,747,963
		<u>122,907,803</u>	<u>68,163,594</u>
TOTAL ASSETS		<u>283,706,678</u>	<u>122,599,545</u>
 <u>EQUITY & LIABILITIES</u>			
SHAREHOLDERS EQUITY:			
SHARE CAPITAL	11 & 1	63,250,028	11,554,086
REVALUATION RESERVE	12	48,928,537	-
RETAINED EARNINGS		<u>81,638,555</u>	<u>50,373,162</u>
		193,817,120	61,927,248
 <u>NON-CURRENT LIABILITIES:</u>			
LONG-TERM LOAN	13	10,549,235	-
 <u>CURRENT LIABILITIES:</u>			
CURRENT PORTION OF LONG-TERM LOAN	13	16,933,635	7,547,150
ACCOUNTS PAYABLE & ACCRUALS	14	57,087,296	30,657,677
LONG -TERM PAYABLE	15	-	13,020,204
TAXATION	16	5,319,392	9,447,267
		<u>79,340,323</u>	<u>60,672,298</u>
TOTAL EQUITY & LIABILITIES		<u>283,706,678</u>	<u>122,599,545</u>

 B. O. O'Hishele

 DIRECTORS

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS
 AND SHOULD BE READ IN CONJUNCTION THEREWITH.

AMG PACKAGING & PAPER COMPANY LTD
STATEMENT OF COMPREHENSIVE INCOME
AUGUST 31, 2011

	<u>NOTES</u>	<u>2011</u> \$	<u>2010</u> \$
<u>TURNOVER</u>	17	<u>308,921,086</u>	<u>231,846,328</u>
TRADING PROFIT AFTER CHARGING THE FOLLOWING:		41,984,183	32,405,890
DIRECTORS' REMUNERATION		4,825,356	4,225,356
DEPRECIATION		4,891,463	2,987,601
AUDITORS' REMUNERATION		850,000	650,000
OTHER INCOME	18	<u>602,783</u>	<u>2,099,550</u>
PROFIT BEFORE TAXATION		42,586,966	34,505,440
TAXATION		<u>11,321,573</u>	<u>11,899,278</u>
PROFIT AFTER TAXATION		31,265,393	22,606,162
<u>OTHER COMPREHENSIVE INCOME</u>			
GAIN ON REVALUATION		<u>48,928,537</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME		<u>80,193,930</u>	<u>22,606,162</u>
EARNINGS PER SHARE		\$0.38	\$0.28

THE EARNINGS PER SHARE IS ARRIVED AT BY DIVIDING THE NET PROFIT AFTER TAXATION BY THE WEIGHTED AVERAGE NUMBER OF SHARES IN ISSUE FOR THE YEAR OF 82,670,290 (2010 - 80,878,602 SHARES)

AMG PACKAGING & PAPER COMPANY LTD
STATEMENT OF CHANGES IN EQUITY
AUGUST 31, 2011

CHANGES IN EQUITY

	Share Capital	Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$	\$
BALANCE AS AT SEPTEMBER 01, 2009	11,554,086	-	27,767,000	39,321,086
NET PROFIT FOR THE YEAR	-	-	22,606,162	22,606,162
BALANCE AS AT AUGUST 31, 2010	11,554,086	-	50,373,162	61,927,248
BALANCE AS AT SEPTEMBER 01, 2010	11,554,086	-	50,373,162	61,927,248
PUBLIC ISSUE OF ORDINARY SHARES	51,695,942			51,695,942
REVALUATION SURPLUS	-	48,928,537	-	48,928,537
NET PROFIT FOR THE YEAR	-	-	31,265,393	31,265,393
BALANCE AS AT AUGUST, 2011	63,250,028	48,928,537	81,638,555	193,817,120

AMG PACKAGING & PAPER COMPANY LTD
STATEMENT OF CASHFLOWS
AUGUST 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
<u>CASHFLOW FROM OPERATING ACTIVITIES</u>		
NET PROFIT	31,265,393	22,606,162
ADJUSTMENT TO RECONCILE INCOME FOR YEAR TO NET CASH PROVIDED BY OPERATING ACTIVITIES.		
DEPRECIATION	<u>(3,745,325)</u>	<u>2,987,601</u>
	27,520,068	25,593,763
<u>(INCREASE)/DECREASE IN CURRENT ASSETS</u>		
TAXATION RECOVERABLE	(629,063)	-
INVENTORIES	(30,809,849)	(15,080,062)
RELATED PARTIES	(287,069)	28,303
RECEIVABLES	<u>(19,763,691)</u>	<u>(20,732,336)</u>
	(51,489,672)	(35,784,095)
<u>INCREASE/(DECREASE) IN CURRENT LIABILITIES</u>		
TAXATION	(4,127,875)	2,177,292
PAYABLES & ACCRUALS	26,429,623	13,215,682
LONG-TERM PAYABLE	<u>(13,020,204)</u>	<u>(558,287)</u>
	9,281,544	14,834,687
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(14,688,060)</u>	<u>4,644,355</u>
<u>CASHFLOWS FROM INVESTING ACTIVITIES</u>		
ACQUISITION OF FIXED ASSETS	(2,113,031)	(4,361,062)
INVESTMENT	<u>(51,576,032)</u>	<u>-</u>
NET CASHFLOW FROM INVESTING ACTIVITIES	<u>(53,689,063)</u>	<u>(4,361,062)</u>
<u>CASHFLOWS FROM FINANCING ACTIVITIES</u>		
LOAN ACQUISITION /(PAYMENTS)	19,935,720	(1,379,624)
PROCEEDS FORM SHARE ISSUE	51,695,942	-
NET CASHFLOW FROM FINANCING ACTIVITIES	<u>71,631,662</u>	<u>(1,379,624)</u>
NET INCREASE/ (DECREASE)CASH & CASH EQUIVALENT	3,254,538	(1,096,331)
CASH & CASH EQUIVALENT AT BEGINNING OF YEAR	<u>4,747,963</u>	<u>5,844,293</u>
CASH & CASH EQUIVALENT AT END OF YEAR	<u>8,002,501</u>	<u>4,747,962</u>
<u>REPRESENTED BY</u>		
CASH AND CASH EQUIVALENT (NOTE 10)	<u>8,002,501</u>	<u>4,747,963</u>

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

1 IDENTIFICATION AND PRINCIPAL ACTIVITIES

- (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.
UNDER THE COMPANIES ACT 2004 THE COMPANY WAS RE-REGISTERED AS A PUBLIC COMPANY IN JULY 2011.
- (b) THE COMPANY IS ENGAGED PRIMARILY IN THE MANUFACTURING, DISTRIBUTION AND RETAILING OF CARTONS OF VARYING SIZES.
- (c) STOCK EXCHANGE LISTING

THE COMPANY HAD ITS APPLICATION TO THE JUNIOR STOCK EXCHANGE APPROVED AFTER IT'S SUCCESSFUL PUBLIC SHARE OFFER OF ORDINARY SHARES ON JULY 14. 2011

2 STATEMENT OF COMPLIANCE, BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

(i) STATEMENT OF COMPLIANCE

THE FINANCIAL STATEMENTS ARE PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) AND THEIR INTERPRETATIONS ADOPTED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB)

A NEW IFRS AND INTERPRETATIONS OF AMENDMENTS TO EXISTING STANDARDS WHICH WERE IN ISSUE CAME INTO EFFECT FOR THE CURRENT YEAR AS FOLLOWS:

- *IAS 24, RELATED PARTY DISCLOSURES* REVISED (EFFECTIVE JANUARY 1, 2011) INTRODUCES CHANGES TO RELATED PARTY DISCLOSURE REQUIREMENTS FOR GOVERNMENT ENTITIES AND AMENDS THE DEFINITION OF A RELATED PARTY. THE STANDARD ALSO EXPANDS THE LIST OF TRANSACTIONS THAT REQUIRE DISCLOSURE.

IAS 1 (AMENDED)

STATE THAT FOR EACH COMPONENT OF EQUITY A RECONCILIATION FROM THE OPENING TO THE CLOSING BALANCES IS REQUIRED TO BE PRESENTED IN THE STATEMENT OF CHANGES IN EQUITY, SHOWING SEPARATELY CHANGES ARISING FROM ITEMS RECOGNISED IN PROFIT OR LOSS IN

OTHER COMPREHENSIVE INCOME AND FROM TRANSACTIONS WITH OWNERS ACTING IN THEIR CAPACITY AS OWNERS.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

STATEMENT OF COMPLIANCE CONT'D

AT THE DATE OF THE FINANCIAL STATEMENT THERE IS A STANDARD WHICH IS IN ISSUE BUT NOT YET EFFECTIVE. IT IS CONSIDERED RELEVANT TO THE COMPANY. IT IS AS FOLLOWS:

- *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.

(ii) **BASIS OF PREPARATION**

(a) **REPORTING CURRENCY**

THE AMOUNTS IN THESE FINANCIAL STATEMENTS ARE EXPRESSED IN JAMAICAN DOLLARS, WHICH IS THE PRIMARY CURRENCY IN THE COUNTRY WHICH IT OPERATES.

(b) **THE STATEMENTS HAVE BEEN PREPARED UNDER THE HISTORICAL COST CONVENTION**

(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 AMOUNT OF ASSETS AND LIABILITIES, CONTINGENT ASSETS AND CONTINGENT LIABILITIES AT THE DATE OF THE STATEMENT OF FINANCIAL POSITION, AND THE INCOME AND EXPENSE FOR THE YEAR THEN ENDED. ACTUAL AMOUNTS MAY VARY FROM THE ESTIMATES. THE ESTIMATES AND UNDERLYING ASSUMPTIONS ARE REVIEWED ON AN ONGOING BASIS. REVISIONS TO ACCOUNTING ESTIMATES ARE RECOGNISED IN THE PERIOD IN WHICH THE ESTIMATE IS REVISED IF THE REVISION AFFECTS ONLY THAT PERIOD OR IN THE PERIOD OF THE REVISION AND FUTURE PERIODS IF THE REVISION AFFECTS BOTH CURRENT AND FUTURE PERIODS.

(d) **INVENTORIES**

INVENTORIES ARE STATED AT THE LOWER OF COST AND NET REALISABLE VALUE AND HAVE BEEN CALCULATED ON THE FIRST-IN FIRST-OUT BASIS.

(e) **DEPRECIATION IS CHARGED ON THE STRAIGHT LINE BASIS AT RATES DESIGNED TO WRITE OFF THE COST OR VALUATION OF ASSETS OVER THEIR EXPECTED USEFUL LIVES. THE FIRST YEAR IS PRORATED BASED ON DATE OF ACQUISITION. RATES ARE AS FOLLOWS:**

BUILDING	2.5%
EQUIPMENT	10%
COMPUTER & EQUIPMENT	20%
FURNITURE & FIXTURES	10%

(f) **FOREIGN CURRENCY TRANSACTIONS**

FOREIGN CURRENCY TRANSACTIONS ARE COVERED AND INCLUDED IN THE FINANCIAL STATEMENT AT THE PREVAILING RATE OF EXCHANGE AT THE TRANSACTION DATES. DEPOSITS HELD AND LIABILITIES IN FOREIGN CURRENCY AT THE DATE OF THE STATEMENT OF FINANCIAL POSITION ARE THEREFORE ADJUSTED TO REFLECT THE JAMAICAN EQUIVALENT AS AT THAT DATE. EXCHANGE DIFFERENCES ARISING FROM SETTLEING TRANSACTIONS ARE REFLECTED IN THE STATEMENT OF COMPREHENSIVE INCOME.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

BASIS OF PREPARATION CONT'D

(g) RELATED PARTIES

A PARTY IS RELATED TO THE COMPANY, IF:

- (i) DIRECTLY OR INDIRECTLY THROUGH ONE OR MORE INTERMEDIARIES, THE PARTY :
 - a) IS CONTROLLED, OR IS UNDER COMMON CONTROL WITH THE COMPANY
 - 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 OF WHICH THE COMPANY IS A PARTY.
- (iv) THE PARTY IS A MEMBER OF THE KEY MANAGEMENT PERSONNEL OF THE COMPANY.
- (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 THAT IS 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).

THE COMPANY HAS RELATED PARTY RELATIONSHIP WITH ITS DIRECTORS AND KEY MANAGEMENT PERSONNEL REPRESENTING CERTAIN SENIOR OFFICERS OF THE COMPANY. A RELATED PARTY TRANSACTION IS A TRANSFER OF RESOURCES SERVICES OR OBLIGATIONS BETWEEN RELATED PARTIES REGARDLESS OF WHETHER A PRICE IS CHARGED

(h) INVESTMENT

INVESTMENT IS CARRIED IN THE FINANCIAL STATEMENT 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) TAXATION EXEMPTION STATUS

ON THE EVENT OF THE COMPANY BEING ACCEPTED ON THE JUNIOR STOCK EXCHANGE IN JULY 2011, THE COMPANY BECAME ENTITLED TO PROFITS TAX EXEMPTION FOR THE NEXT FOR THE FOLLOWING FIVE YEARS, PROVIDED THE COMPANY MAINTAINS ITS PRESENCE ON THE STOCK EXCHANGE FOR AT LEAST 15 YEARS.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

BASIS OF PREPARATION CONT'D

(j) **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.

(k) **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 THE 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.

(l) **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.

(m) **CASH & CASH EQUIVALENT**

CASH & CASH EQUIVALENTS ARE CARRIED IN THE STATEMENT OF FINANCIAL POSITION AT COST, FOR THE PURPOSE OF THE STATEMENT OF CASHFLOW , THIS IS COMPRISED OF THE DEPOSITS, CASH AT BANK AND CASH IN HAND.

(n) **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.

INTEREST INCOME

(o)

INTEREST INCOME IS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME FOR ALL

INTEREST BEARING INSTRUMENTS ON AN ACCRUAL BASIS.

3 FINANCIAL INSTRUMENTS

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 ON THE STATEMENT OF FINANCIAL POSITION INCLUDE ACCOUNTS RECEIVABLE AND CASH. BANK OVERDRAFT AND ACCOUNTS PAYABLE ARE DEEMED FINANCIAL LIABILITIES.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

(a) **CREDIT RISK**

CREDIT RISK IS THE RISK OF EXPOSURE EXPERIENCED BY ONE PARTY TO FINANCIAL INSTRUMENT 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 MANAGES IT CREDIT RISK BY SCREENING ITS CUSTOMER, ESTABLISHING CREDIT LIMITS AND THE RIGOROUS FOLLOW-UP OF RECEIVABLES AND ENSURING THAT INVESTMENTS ARE LOW-RISK OR, ARE HELD WITH REPUTABLE FINANCIAL INSTITUTIONS.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 AMOUNT OF EACH FINANCIAL ASSET AS FOLLOWS:

	<u>CARRYING AMOUNT</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
CASH AND CASH EQUIVALENT	8,002,501	4,747,963
RECEIVABLES	56,482,260	36,718,570
DUE FROM RELATED PARTIES	287,069	-
	<u>64,771,830</u>	<u>41,466,532</u>

(b) **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 BANK BALANCES AT AUGUST 31, 2011.

(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 CURRENCY EXCHANGE RATES.

THE COMPANY HAS DIRECT EXPOSURE TO FOREIGN CURRENCY RISK REGARDING UNITED STATES DENOMINATED SAVINGS ACCOUNT AND FOREIGN PAYABLES.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

(d) LIQUIDITY RISK

LIQUIDITY RISK IS THAT RISK WHICH THE COMPANY FACES WHEN IT ENCOUNTERS DIFFICULTIES 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 31 AUGUST 2011, THE COMPANY DID NOT FACE ANY LIQUIDITY RISKS AS INDICATED BELOW:

	<u>2011</u>			TOTAL
	WITHIN 3 MONTHS	3 TO 12 MONTHS	1 TO 5 YEARS	
CASH RESOURCES	8,002,501			8,002,501
INVESTMENTS	51,576,032			51,576,032
OTHER	56,769,329			56,769,329
TOTAL	116,347,862	-	-	116,347,862
LOANS	-	16,933,635	10,549,235	27,482,870
PAYABLES	57,087,296	-	-	57,087,296
TAXATION		5,319,392		5,319,392
TOTAL	57,087,296	22,253,027	10,549,235	89,889,558
TOTAL LIQUIDITY GAP	59,260,566	(22,253,027)	(10,549,235)	26,458,304
CUMULATIVE GAP	59,260,566	37,007,539	26,458,304	-
	<u>2010</u>			
TOTAL LIQUIDITY GAP	56,693,772	534,707	19,276,688	76,505,167
CUMULATIVE GAP	56,693,772	57,228,479	76,505,167	

(e) CASH FLOW RISK

MONETARY FINANCIAL INSTRUMENT WILL FLUCTUATE IN AMOUNT. THE COMPANY MANAGES THIS RISK THROUGH BUDGETARY MEASURES, ENSURING THAT FLUTUATIONS IN CASH FLOWS RELATING TO MONETARY FINANCIAL ASSETS AND LIABILITIES ARE MATCHED, TO MITIGATE ANY SIGNIFICANT ADVERSE CASH FLOWS.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

4 INVESTMENT

STOCKS AND SECURITIES LIMITED	\$
BOJ FIXED RATE CERTIFICATE OF DEPOSIT (6%)	<u>51,576,032</u>

THIS REPRESENTS NET PROCEEDS FROM PUBLIC ISSUE OF SHARES ON JULY 14, 2011

5 INVENTORY

	<u>2011</u>	<u>2010</u>
	\$	\$
RAW MATERIAL	54,585,116	25,511,292
FINISHED GOODS	455,154	811,429
STARCH	2,466,640	265,550
GOODS IN TRANSIT	-	108,790
	<u>57,506,910</u>	<u>26,697,061</u>

6 ACCOUNTS RECEIVABLE

	<u>2011</u>	<u>2010</u>
	\$	\$
TRADE RECEIVABLES	41,316,373	35,168,460
OTHER RECEIVABLES	16,649,698	2,533,841
	<u>57,966,071</u>	<u>37,702,301</u>
PROVISION FOR BAD DEBTS	<u>(1,483,811)</u>	<u>(983,731)</u>
	<u>56,482,260</u>	<u>36,718,570</u>

Aged Trade Receivables

<u>BALANCE AT</u>	<u>Within 1 Months</u>	<u>31 to 60 Days</u>	<u>Over 60 Days</u>	<u>Carrying Value</u>
	\$	\$	\$	\$
AUGUST 31, 2011	<u>36,548,727</u>	<u>1,728,316</u>	<u>3,039,330</u>	<u>41,316,373</u>
AUGUST 31, 2010	<u>31,708,605</u>	<u>1,250,814</u>	<u>2,209,041</u>	<u>35,168,460</u>

RELATED PARTIES

7	DIRECTOR'S ACCOUNT	\$
		<u>287,069</u>
		<u>287,069</u>

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

8 PROPERTY, PLANT & EQUIPMENT

	LAND \$	BUILDING \$	EQUIPMENT \$	COMPUTER & EQUIPMENT \$	FURNITURE & FIXTURES \$	TOTAL \$
AT COST						
SEPTEMBER 1, 2010	5,545,000	37,612,777	18,757,064	182,396	1,350,960	63,448,197
REVALUATION	12,455,000	24,387,223	12,086,315	-	-	48,928,538
ADDITIONS	-	1,033,953	277,196	168,137	633,745	2,113,031
AUGUST 31, 2011	18,000,000	63,033,953	31,120,575	350,533	1,984,705	114,489,765
DEPRECIATION						
SEPTEMBER 1, 2010	-	3,188,400	5,448,387	147,819	227,640	9,012,246
TRANSFER TO RESERVE	-	(3,188,400)	(5,448,387)	-	-	(8,636,787)
CHARGE FOR THE YEAR	-	2,317,171	2,319,375	37,514	217,404	4,891,463
AUGUST 31, 2011	-	2,317,171	2,319,375	185,333	445,044	5,266,923
NET BOOK VALUE						
AUGUST 31, 2011	18,000,000	60,716,782	28,801,200	165,200	1,539,662	109,222,843
AUGUST 31, 2010	5,545,000	34,424,377	13,308,676	34,577	1,123,320	54,435,951

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

9 TAX RECOVERABLE

THIS REPRESENTS TAX RECOVERABLE ON GENERAL CONSUMPTION TAX (GCT) FROM THE COLLECTORATE BASED ON THE COMPANY'S INPUT TAX IN EXCESS OF IT'S OUTPUT TAX

10 CASH & CASH EQUIVALENT

	<u>2011</u>	<u>2010</u>
	\$	\$
BANK OF NOVA SCOTIA JA. LTD - CURRENT ACCOUNT	1,995,390	2,870,673
NATIONAL COMMERCIAL BANK - CURRENT ACCOUNT	279,953	455,005
NATIONAL COMMERCIAL BANK - PAYROLL ACCOUNT	689,943	-
NATIONAL COMMERCIAL BANK JA. LTD - FOREIGN CURRENCY SAVINGS	310,566	871,766
PETTY CASH	30,200	32,100
	<u>3,306,052</u>	<u>4,229,544</u>
DEPOSIT:		
ALLIANCE INVEST MANAGEMENT LTD- GENERAL ACCOUNT	4,696,449	518,419
	<u>8,002,501</u>	<u>4,747,963</u>

11 SHARE CAPITAL

(i) THE COMPANY'S AUTHORISED SHARE CAPITAL WAS INCREASED BY 5 MILLION DOLLARS TO 20 MILLION DOLLARS BY THE CREATION OF 5 MILLION ORDINARY SHARES OF \$1.00 THE NEW SHARES ARE TO RANK PARRI PASSU WITH THE EXISTING SHARES.

(ii) BY RESOLUTION PASSED ON MAY 31, 2011 , EACH ORDINARY SHARE HAS BEEN SUBDIVIDED INTO 7 ORDINARY SHARES SUCH THAT THE TOTAL ISSUED SHARES OF 20 MILLION IS NOW MULTIPLIED BY 7 MAKING A TOTAL OF 140 MILLION.

SHARE CAPITAL

	<u>2011</u>	<u>2010</u>
	\$	\$
AUTHORISED:		
140,000,000 (2010 - 15,000,000) ORDINARY SHARES NO PAR VALUE		
CAPITAL ISSUED AND FULLY PAID -		
2010 - 11,554,086 ORDINARY SHARES SUBDIVIDED INTO 7 FOR 1 - 80,878,602 ORDINARY SHARES OF NO PAR VALUE.		
2011- 102,387,857 ORDINARY SHARES AT NO PAR VALUE	-	11,554,086
LESS: TRANSACTION COSTS OF SHARE ISSUE	69,354,803	-
	(6,104,775)	-
	<u>63,250,028</u>	<u>11,554,086</u>

12 REVALUATION RESERVE

REVALUATION RESERVE RESULTED FROM AN INCREASE IN THE VALUE OF LAND AND BUILDING AND EQUIPMENT BASED ON RECENT PROFESSIONAL APPRAISAL DONE BY VALERIE LEVY & ASSOCIATES LIMITED AND STELLAR CARIBBEAN (JA.) LIMITED RESPECTIVELY IN FEBRUARY 2011.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

<u>13 LOANS</u>	<u>2011</u>	<u>2010</u>
	\$	\$
BANK OF NOVA SCOTIA JAMAICA LIMITED		
LOAN 1	7,276,638	-
LOAN 2	12,659,082	-
	<u>19,935,720</u>	-
ALLIANCE INVESTMENT MANAGEMENT LIMITED	7,547,150	7,547,150
TOTAL LOANS	<u>27,482,870</u>	<u>7,547,150</u>
CURRENT PORTION OF LONG-TERM LOAN	16,933,635	7,547,150
LONG-TERM PORTION OF LOAN	<u>10,549,235</u>	<u>-</u>

LOAN 1 IS AT AN INTEREST RATE OF 17% AND IS EXPECTED TO BE REPAID WITHIN 90 DAYS .
 LOAN 2 HAS A DURATION OF 5 YEARS AND A MORATORIUM PERIOD OF FOUR MONTHS ON THE
 PRINCIPAL PAYMENTS, WHICH ENDS IN OCTOBER 2011. THIS LOAN IS AT AN INTEREST RATE
 OF 8.95%.

SECURITY:

BANK OF NOVA SCOTIA JAMAICA LIMITED

- 1} SECOND LEGAL MORTGAGE STAMPED AN AGGREGATE OF \$25,600,000 AND REGISTERED
 OVER COMMERCIAL PROPERTY LOCATED AT 10 RETIREMENT CRESCENT, KINGSTON 5 AT
 VOLUME 1094 FOLIO 743 AND VOLUME 1402 FOLIO 431. APPRAISED VALUE \$80,000,000.
 APPRAISAL REPORT MARCH 2011.

- 2} BILL OF SALE STAMPED \$25,600,000, COLLATERAL TO 2nd LEGAL MORTGAGE OVER THE
 ABOVE PROPERTY, AND OVER THE FOLLOWING MACHINERY & EQUIPMENT;
 - i) MODEL: 2003 DOCKSTOCKER DSX40
 - ii) SG-3 SEMI-AUTO GLUING MACHINE L1400x W2800mm; MS STRAPPING MACHINE;
 PALLETT JACKS
 - iii) TWO COLORS PRINTER AND ROTARY DIE CUTTING MACHINE CHAIN FEEDING
 - iv) MACHINE SPARE PARTS

- 3} ASSIGNMENT OF ALL RISK PERIL INSURANCE POLICIES IN FAVOUR OF THE BANK TO COVER
 THE REPLACEMENT VALUES OF BUILDING, MACHINERY, EQUIPMENT AND INVENTORY.

ALLIANCE INVESTMENT MANAGEMENT LIMITED

LOAN FROM ALLIANCE INVESTMENT MANAGEMENT LIMITED IS RENEWABLE EACH YEAR AND
 CARRIES AN INTEREST RATE OF 9% PER ANNUM, SECURED BY :
 LETTER OF UNDERTAKING FROM M F & G TRUST & FINANCE LIMITED WHO HAS FIRST
 MORTGAGE ON PROPERTY AT 10 RETIREMENT CRESCENT, KINGSTON 5. TO SECURE THE
 LETTER OF UNDERTAKING.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
AUGUST 31, 2011

14 ACCOUNTS PAYABLE & ACCRUALS

	<u>2011</u>	<u>2010</u>
	\$	\$
TRADE PAYABLES	54,117,725	28,610,230
ACCRUALS	1,417,282	463,721
OTHER PAYABLES	106,123	219,533
STATUTORY PAYABLE	877,971	664,193
AUDIT FEES PAYABLE	568,195	700,000
	<u>57,087,296</u>	<u>30,657,677</u>

<u>BALANCE AT</u>	<u>Aged Trade Payables</u>			<u>Amount Due</u>
	<u>Within 1 Months</u>	<u>31 to 60 Days</u>	<u>Over 60 Days</u>	
	\$	\$	\$	\$
AUGUST 31, 2011	<u>35,619,895</u>	<u>5,760,026</u>	<u>12,737,804</u>	<u>54,117,725</u>
AUGUST 31, 2010	<u>19,413,199</u>	<u>1,515,508</u>	<u>7,681,523</u>	<u>28,610,230</u>

15 LONG-TERM PAYABLE

THIS REPRESENTS OBLIGATION OWED TO COUNTRY PARK LIMITED FOR EQUIPMENT LEASED FOR PRODUCTION, THIS OBLIGATION BEARS NO INTEREST

	<u>2011</u>	<u>2010</u>
	\$	\$
COUNTRY PARK LIMITED	<u>-</u>	<u>13,020,204</u>

TAXATION

16 TAXATION IS COMPRISED OF COMPANY INCOME TAX AT 33 1/3% ON THE PROFIT FOR THE YEAR AFTER ADJUSTMENT FOR TAX PURPOSES. THIS CHARGE IS FOR ELEVEN MONTHS, AS THE COMPANY ACHIEVED TAX EXEMPTION STATUS FROM AUGUST 2011.

17 TURNOVER

TURNOVER REPRESENTS TOTAL SALES, NET OF DISCOUNTS AND GENERAL CONSUMPTION TAX.

18 THIS IS COMPRISED OF INTEREST INCOME AND RECOVERIES FROM BAD DEBT PROVISIONS.

19 STAFF COSTS

STAFF COSTS FOR THE YEAR TOTALLED \$40,337,193 WHILE THE TOTAL NUMBER OF EMPLOYEES DURING THE YEAR WAS SIXTY THREE. 2010-(43 EMPLOYEES)

	\$
I. STAFF COMPENSATION	38,634,805
II. STAFF WELFARE & TRAINING	1,702,388
	<u>40,337,193</u>

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ACCOUNTANTS' REPORT
ON THE ADDITIONAL INFORMATION
TO THE DIRECTORS
OF
AMG PACKAGING & PAPER COMPANY LIMITED

THE ADDITIONAL INFORMATION SET OUT ON PAGES 19-21 TAKEN FROM THE ACCOUNTING RECORDS OF THE COMPANY, HAS BEEN SUBJECTED TO THE TESTS AND OTHER AUDIT PROCEDURES APPLIED IN OUR EXAMINATION OF THE COMPANY'S FINANCIAL STATEMENTS FOR THE PERIOD ENDED AUGUST 31, 2011

IN OUR OPINION, THIS INFORMATION ALTHOUGH NOT NECESSARY FOR A FAIR PRESENTATION OF THE COMPANY'S STATE OF AFFAIRS, RESULTS OF OPERATIONS OR CHANGES IN FINANCIAL POSITION IS FAIRLY PRESENTED IN ALL MATERIAL RESPECTS IN RELATION TO THE FINANCIAL STATEMENTS TAKEN HAS A WHOLE.



BOGLE & COMPANY
October 24 2011

WORRICK BOGLE, FCCA FCA CPA

Email: info@bogleandcompany.com

AMG PACKAGING & PAPER COMPANY LTD
TRADING & PROFIT & LOSS ACCOUNT
AUGUST 31, 2011

	<u>2011</u> \$	<u>2010</u> \$
TURNOVER	308,921,086	231,846,328
<u>LESS</u>		
MANUFACTURING COSTS	<u>245,009,881</u>	<u>175,786,874</u>
GROSS PROFIT	63,911,205	56,059,455
LESS ADMINISTRATIVE EXPENSES	<u>21,927,022</u>	<u>23,653,565</u>
NET TRADING PROFIT	<u><u>41,984,183</u></u>	<u><u>32,405,890</u></u>

AMG PACKAGING & PAPER COMPANY LTD
MANUFACTURING ACCOUNT
AUGUST 31, 2011

	<u>2011</u> \$	<u>2010</u> \$
OPENING INVENTORIES	26,697,061	11,617,000
PURCHASES	<u>228,366,662</u>	<u>156,211,778</u>
	255,063,723	167,828,778
LESS CLOSING INVENTORIES	<u>57,506,910</u>	<u>26,697,061</u>
	<u>197,556,813</u>	<u>141,131,717</u>
 <u>DIRECT EXPENSES</u>		
SALARIES, WAGES & RELATED COSTS	22,964,343	14,462,622
MAINTENANCE EXPENSE	2,622,512	1,006,078
FUEL	11,228,798	6,567,881
DEPRECIATION	4,891,463	2,987,601
CASUAL LABOUR	442,882	1,374,088
ELECTRICITY	5,061,931	3,761,367
LOOSE TOOLS	82,075	-
EQUIPMENT LEASE & HIRAGE	<u>159,064</u>	<u>4,495,520</u>
	<u>47,453,068</u>	<u>34,655,157</u>
TOTAL MANUFACTURING COST	<u><u>245,009,881</u></u>	<u><u>175,786,874</u></u>

AMG PACKAGING & PAPER COMPANY LTD
ADMINISTRATIVE EXPENSES
AUGUST 31, 2011

	<u>2011</u>	<u>2010</u>
	\$	\$
DIRECTORS' EMOLUMENTS	4,825,356	4,225,356
SALARIES, WAGES & RELATED COSTS	10,845,106	9,065,106
HEART	471,572	414,522
BANK CHARGES	542,222	332,655
INTEREST	1,919,331	114,372
STATIONERY & PRINTING	427,487	282,278
ADVERTISING & PROMOTION	725,669	210,922
LEGAL & PROFESSIONAL FEES	1,603,091	370,999
COURIER EXPENSES	244,280	349,405
ENTERTAINMENT	455,465	31,333
AUDIT & ACCOUNTING FEES	952,100	700,000
AUDIT FEES OVER-PROVISION	(102,700)	-
DUES & SUBSCRIPTIONS	220,913	152,198
TELEPHONE	346,988	601,401
GENERAL INSURANCE	1,028,576	760,867
INDEMNITY INSURANCE	333,313	-
HEALTH INSURANCE	555,708	540,199
STAFF WELFARE	1,702,388	1,580,304
WATER	225,720	160,280
TRAVELLING	483,060	816,174
MOTOR VEHICLE EXPENSES	108,802	112,779
DONATIONS	121,177	287,108
PROVISION FOR BAD DEBT	643,923	-
ASSET TAX	35,000	35,000
CLEANING & SANITATION	1,665,769	577,696
COLLECTORS FEE	-	229,806
PROPERTY TAX	35,208	92,913
SECURITY	72,500	771,465
CASH (OVERAGE)/SHORTAGE	(173)	52
ANNUAL RETURN	20,100	14,843
GAIN ON FOREIGN EXCHANGE	(1,438,217)	(411,936)
DEPRECIATION CHARGED BACK	(8,636,788)	-
UNIFORM	36,092	-
MOTOR VEHICLE LEASE	1,420,405	1,206,452
REPAIRS & MAINTENANCE	37,579	29,017
	<u>21,927,022</u>	<u>23,653,565</u>