

AMG Packaging Paper Company Limited
Unaudited
Statement of Financial Position
May 31, 2012

		May 2012	May 2011	Audited Aug 2011
ASSETS EMPLOYED				
Property, Plant & Equipment	2f & 8	129,406,988	109,347,401	109,222,843
Investments	2i & 4	6,739,082	-	51,576,032
Deposit on Property & Equipment	9	43,729,793	-	-
Current Assets				
Inventories	2e & 5	60,967,541	43,561,079	57,506,910
Accts Receivable Net Allowance	2k & 6	48,796,130	32,477,563	56,482,260
Related Parties	7	2,559,797	287,069	287,069
Taxation Recoverable	10	-	-	629,063
Cash & Bank	2l & 11	10,644,694	7,157,562	8,002,501
Total Current Assets		122,968,162	83,483,272	122,907,803
Total Assets		<u>302,844,025</u>	<u>192,830,673</u>	<u>283,706,678</u>

EQUITY & LIABILITIES

Capital & Reserves:

Authorised Share Capital - JMD140,000,000

Issued & Fully Paid Shares	12	63,250,028	11,554,086	63,250,028
Revaluation Reserve	13	48,928,537	53,246,932	48,928,537
Retained Earnings		114,195,508	68,084,827	81,638,555

Total Capital 226,374,073 132,885,845 193,817,120

Non- Current Liabilities:

Long-Term Loan 14 8,364,035 - 10,549,235

Current Liabilities

Current Portion of Long Term Loan	14	21,759,810	7,547,150	16,933,635
Accounts Payable & Accruals	16	42,267,926	38,446,110	57,087,296
Short Term Payable		-	3,995,515	-
Corporate Taxes		4,078,180	9,956,054	5,319,392

Total Current Liabilities 68,105,916 59,944,828 79,340,323

Total Liabilities & Capital 302,844,025 192,830,673 283,706,678

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



Mark Chin
Chairman



Barrington Chisholm
Chairman, Audit Committee

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

	3 months to May 31, 2012	9 months to May 31, 2012	3 months to May 31, 2011	9 months to May 31, 2011
Turnover	105,246,262	268,101,084	79,496,101	226,518,749
Cost of Sales	(66,733,034)	(165,281,978)	(50,722,684)	(148,499,137)
Direct Expenses	(13,552,247)	(40,446,571)	(12,145,313)	(31,605,544)
Total Manufacturing Costs	(80,285,281)	(205,728,549)	(62,867,997)	(180,104,680)
Gross Profit	24,960,982	62,372,535	16,628,104	46,414,069
Expenses:				
Administrative	(8,286,071)	(25,493,491)	(6,932,265)	(16,995,946)
IPO related	-	-	(722,866)	(722,866)
Financial	(861,737)	(3,558,547)	(357,801)	(1,547,721)
Directors Fees	(210,000)	(1,530,000)	(320,000)	(320,000)
Profit Before Tax	15,603,173	31,790,497	8,295,172	26,827,536
Other Income	111,403	766,457	3,391	147,234
Taxation	-	-	(3,087,702)	(9,263,105)
(Loss) Profit, Total Comprehensive Income for the period	15,714,576	32,556,953	5,210,861	17,711,665
No. of Shares Issued	102,378,857	102,378,857	80,878,602	80,878,602
EPS	0.15	0.32	0.06	0.22

AMG Packaging Paper Company Limited
Unaudited Statement of Cash Flow
For the Nine Months Ended May 31, 2012

	9 months to May 31, 2012	9 months to May 31, 2011
Cash Flows from operating activities		
Net Income	32,556,953	17,711,665
Items not affecting cash	4,832,026	(2,184,626)
Total Adjustments	<u>37,388,980</u>	<u>15,527,039</u>
Changes in non cash working capital components	(10,837,775)	(14,137,629)
Net Cash provided(used) by Operations	<u>26,551,205</u>	<u>1,389,410</u>
Cash Flows used in investing activities	<u>(23,909,011)</u>	<u>1,020,189</u>
Cash Provided by/(used)- Operating and Investing Activities	<u>2,642,193</u>	<u>2,409,599</u>
Cash Flows (used)/ Provided by financing activities	-	-
Net (Decrease)/IncreaseCash and Cash Equivalents	2,642,193	2,409,599
Cash and Cash Equivalents at beginning of year	<u>8,002,501</u>	<u>4,747,963</u>
Cash and Cash Equivalents at end of period	<u>10,644,694</u>	<u>7,157,562</u>

AMG Packaging Paper Company Limited
Statement of Changes in Stockholders' Equity
May 31, 2012

	2012			
	Share Capital	Revaluation Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at September 01, 2011	63,250,028	48,928,537	81,638,555	193,817,120
Profit, being total Comprehensive Income for the period	-	-	32,556,953	-
	<u>63,250,028</u>	<u>48,928,537</u>	<u>114,195,508</u>	<u>226,374,073</u>
	2011			
	Share Capital	Revaluation Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at September 01, 2010	11,554,086	-	50,373,162	61,927,248
Added		53,246,932		53,246,932
Profit, being total Comprehensive Income for the period	-	-	17,711,665	-
	<u>11,554,086</u>	<u>53,246,932</u>	<u>68,084,827</u>	<u>132,885,845</u>

AMG Packaging Paper Company Ltd
Notes to Financial Statements
for the Nine Months Ended
May 31, 2012

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 VARIOUS SIZES.
- (c) STOCK EXCHANGE LISTING

THE COMPANY HAD ITS APPLICATION TO THE JUNIOR STOCK EXCHANGE APPROVED AFTER IT'S SUCCESSFUL PUBLIC SHARE OFFERING 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 REPORTING STANDARDS (IFRS) AND THEIR INTERPRETATIONS ADOPTED BY INTERNATIONAL FINANCIAL 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 STANDARDS ALSO EXPANDS THE LIST OF TRANSACTIONS THAT REQUIRE DISCLOSURE.

IAS 1 (AMENDED)

IAS 1, PRESENTATION OF FINANCIAL STATEMENT-(effective January 1 2011) IS AMENDED TO 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
for the Nine Months Ended
May 31, 2012

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) THE ACCOUNTING POLICIES OF THE COMPANY HAVE REMAINED UNCHANGED FROM THOSE SET OUT IN THE ANNUAL FINANCIAL STATEMENTS AS AT AUGUST 31, 2011

(b) REPORTING CURRENCY

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

(c) THE STATEMENTS HAVE BEEN PREPARED UNDER THE HISTORICAL COST CONVENTION

(d) 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 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.

(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

(f) DEPRECIATION

DEPRECIATION IS CHARGED ON THE STRAIGHT LINE BASIS AT THE 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	2.50%
EQUIPMENT	10%
COMPUTER	20%
FURNITURE & FIXTURES	10%

AMG Packaging Paper Company Ltd
Notes to Financial Statements
for the Nine Months Ended
May 31, 2012

(g) 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 TRANSACTION ARE REFLECTED IN THE STATEMENT OF COMPREHENSIVE INCOME.

(h) 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 CONTROLL 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 REFERED 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 REFERED TO IN (iv) OR (v)

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

(i) 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.

AMG Packaging Paper Company Ltd
Notes to Financial Statements
for the Nine Months Ended
May 31, 2012

(j) TAXATION EXEMPTION STATUS

THE COMPANY WAS ACCEPTED ON THE JUNIOR STOCK EXCHANGE IN JULY 2011, THUS THE COMPANY BECAME ENTITLED TO TAX EXEMPTION ON ITS PROFITS FOR THE NEXT 5 YEARS FROM AUGUST 2011, PROVIDED THE COMPANY MAINTAINS ITS PRESENCE ON THE STOCK EXCHANGE.

(k) TRADE RECEIVABLES

A TRADE RECEIVABLE IS CARRIED AT INVOICED AMOUNTS LESS PROVISIONS MADE FOR IMPAIRMENT LOSSES. PROVISIONS FRO IMPAIRMENT OF TRADE RECEIVABLES 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) CASH AND CASH EQUIVALENT

CASH AND CASH EQUIVALENTS ARE CARRIED IN THE STATEMENTS 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.

(m) REVENUE RECOGNITION

REVENUE RECOGNISED IN THE INCOME STATEMENT WHEN IT IS PROBABLE THAT FUTURE ECONOMIC BENEFITS ASSOCIATED WITH THE ITEMS OF REVENUE WILL FLOW TO THE COMPANY AND IS ABLE TO BE RELIABLE MEASURED.
REVENUE FROM THE SALE OF GOODS ARE MEASURED AT FAIR VALUE OF THE CONSIDERATION RECEIVED OR RECEIVABLE NET OF DISCOUNTS AND ALLOWANCES.

(n) INTEREST INCOME

INTREST INCOME IS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME FOR ALL INTREST 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 ACCOUNT RECEIVABLES AND CASH. BANK OVERDRAFT AND ACCOUNTS PAYABLE ARE DEEMED FINANCIAL LIABILITIES.

AMG Packaging Paper Company Ltd
Notes to Financial Statements
for the Nine Months Ended
May 31, 2012

(a) CREDIT RISK

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 FINANCIAL LOSS.

THE COMPANY IS EXPOSED TO CREDIT RISK IN RESPECT OF ITS RECEIVABLES FROM OTHER COMPANIES AND INDIVIDUALS.

(b) INTEREST RATE RISK

INTEREST RATE RISK ARISES WHEN THE VALUE OF A FINANCIAL INSTRUMENT FLUCTUATES DURING A SPECIFIED PERIOD DUE TO CHANGES IN THE MARKET INTEREST RATES.

THE COMPANY IS EXPOSED TO INTEREST RATE RISK REGARDING LOANS AND BANK BALANCES AT May 31, 2012

(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 SAVING ACCOUNT AND FOREIGN PAYABLES.

(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.

AT May 31 2012, THE COMPANY DID NOT FACE ANY LIQUIDITY RISKS.

4 INVESTMENT

STOCKS AND SECURITIES LIMITED

BOJ FIXED RATE CERTIFICATE OF DEPOSIT

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

AMG Packaging Paper Company Ltd
Notes to Financial Statements
for the Nine Months Ended
May 31, 2012

5 INVENTORY

	<u>2012</u>	<u>2011</u>
	\$	\$
RAW MATERIAL	60,183,418	42,883,353
FINISHED GOODS	784,123	677,726
	60,967,541	43,561,079

6 ACCOUNTS RECEIVABLE

	<u>2012</u>	<u>2011</u>
	\$	\$
TRADE RECEIVABLES	44,448,687	31,363,403
OTHER RECEIVABLES	5,831,254	2,597,971
	50,279,941	33,961,374
Provision For Bad debts	(1,483,811)	(1,483,811)
	48,796,130	32,477,563

<u>BALANCE AT</u>	Aged Trade Receivables			
	WITHIN 1 MONTH	31 TO 60 DAYS	OVER 60 DAYS	CARRING VALUE
	\$	\$	\$	\$
31-May-12	34,827,902	4,744,785	4,876,000	44,448,687
31-May-11	28,322,814	744,209	2,296,379	31,363,403

7 RELATED PARTIES

	<u>2012</u>	<u>2011</u>
	\$	\$
DIRECTOR'S ACCOUNT	2,559,797	287,069

8 PROPERTY, PLANT & EQUIPMENT

	Land	Building	Equipment	Computer & Equipment	Furniture & Fixtures	TOTAL
AT COST	\$	\$	\$	\$	\$	\$
1-Sep-11	18,000,000	63,033,952	31,120,575	350,533	1,984,705	114,489,765
ADDITIONS	-	2,052,752	22,203,463	150,391	609,564	25,016,170
31-May-12	18,000,000	65,086,704	53,324,038	500,924	2,594,269	139,505,935
DEPRECIATION						
1-Sep-11	-	2,317,171	2,319,375	185,333	445,044	5,266,923
CHARGE FOR THE PERIOD	-	1,205,073	3,376,121	81,113	169,717	4,832,024
31-May-12	-	3,522,244	5,695,496	266,446	614,761	10,098,946
NET BOOK VALUE						
31-May-12	18,000,000	61,564,460	47,628,542	234,478	1,979,508	129,406,988
31-May-11	18,000,000	60,771,253	29,476,491	53,163	1,046,493	109,347,401

AMG Packaging Paper Company Ltd
Notes to Financial Statements
for the Nine Months Ended
May 31, 2012

9 DEPOSIT ON PROPERTY & EQUIPMENT

	<u>2012</u>	<u>2011</u>
PROPERTY-LOCATED AT 9 RETIREMENT CRESCENT	40,000,000	-
PURCHASE OF MACHINERY	3,729,793	-
	43,729,793	-

10 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

11 CASH AND CASH EQUIVALENT

	<u>2012</u>	<u>2011</u>
	\$	\$
BANK OF NOVA SCOTIA JA.LTD-CURRENT ACCOUNT	7,598,086	368,756
NATIONAL COMMERCIAL BANK-CURRENT ACCOUNT	206,834	1,201,779
NATIONAL COMMERCIAL BANK-PAYROLL ACCOUNT	845,954	285,498
US SAVINGS ACCOUNT	310,566	273,206
PETTY CASH	30,200	34,633
	8,991,640	2,163,871
DEPOSIT:		
ALLIANCE INVESTMENT MANAGEMENT LTD-GENERAL ACCOUNT	1,653,054	4,993,690
	10,644,694	7,157,562

12 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, 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.

	<u>2012</u>	<u>2011</u>
	\$	\$
AUTHORISED		
140,000,000 (2011-15,000,000) ORDINARY SHARES NO PAR VALUE		
CAPITAL ISSUED & FULLY PAID		
80,878,602 SHARES AT \$1 EACH	-	11,554,086
102,378,857 ORDINARY SHARES AT NO PAR VALUE	69,354,803	-
LESS: TRANSACTION COSTS OF SHARE ISSUE	(6,104,775)	-
	63,250,028	11,554,086

AMG Packaging Paper Company Ltd
Notes to Financial Statements
for the Nine Months Ended
May 31, 2012

13 REVALUATION RESERVE

REVALUATION RESERVE RESULTED FROM AN INCREASE IN THE VALUE OF LAND AND BUILDING AND EQUIPMENT BASED ON RECENT PROFESSIONAL VALUATIONS DONE BY VALERIE LEVY & ASSOCIATES LIMITED AND STELLER CARIBBEAN (JA.) LIMITED RESECTIVELY.

14 LOANS

	<u>2012</u>	<u>2011</u>
	\$	\$
BANK OF NOVA SCOTIA JAMAICA LIMITED		
LOAN 1	11,500,000	-
LOAN 2	<u>11,076,695</u>	<u>-</u>
	22,576,695	-
ALLIANCE INVESTMENT MANAGEMENT LIMITED	<u>7,547,150</u>	<u>7,547,150</u>
TOTAL LOANS	<u>30,123,845</u>	<u>7,547,150</u>
CURRENT PORTION OF LONG-TERM LOAN	<u>21,759,810</u>	<u>7,547,150</u>
LONG-TERM PORTION OF LOAN	<u><u>8,364,035</u></u>	<u><u>-</u></u>

LOAN 1 IS AT AN INTEREST RATE OF 15% AND IS EXPECTED TO BE REPAID WITHIN 90 DAYS. LOAN 2 HAS A DURATION OF 5 YEARS. THE LOAN HAS AN INTEREST RATE OF 8.95%

SECURED BY:

BANK OF NOVA SCOTIA JAMAICA LIMITED

- 1) SECOND LEGAL MORTGAGE STAMPED AN AGGREGATE OF \$25,600,00 AND REGISTERED OVER COMMERCIAL PROPERTY LOCATED AT 10 RETIREMENT CRESCENT, KINGSTON 5 AT VOLUME 1094 FOLIO 431. APPRAISAL 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 AND EQUIPMENT:
 - (i) MODEL:2003 DOCKSTOCKER DSX40
 - (ii) SG-3 SEMI-AUTO GLUING MACHINE L 1400xW2800mm; 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.

AMG Packaging Paper Company Ltd
Notes to Financial Statements
for the Nine Months Ended
May 31, 2012

15 LOANS CONT'D

ALLIANCE INVESTMENT MANAGEMENT LIMITED

LOANS AT ALLIANCE INVESTMENT MANAGEMENT LIMITED AT 9% PER ANNUM, SECURED BY LETTER OF UNDERTAKING FROM M F & G TRUST & FINANCE LIMITED. (M F & G TRUST & FINANCE LIMITED HAS FIRST MORTGAGE ON PROPERTY AT 10 RETIREMENT CRESCENT, KINGSTON 5. TO SECURE THE LETTER OF UNDERTAKING.)

16 ACCOUNTS PAYABLE AND ACCURALS

	<u>2012</u>	<u>2011</u>
	\$	\$
TRADE PAYABLE	38,819,625	36,180,466
ACCURALS	2,313,188	928,086
OTHER PAYABLE	321,365	636,296
STATUTORY PAYABLE	813,748	701,261
	42,267,926	38,446,110

AGED TRADE PAYABLE

<u>BALANCE AT</u>	WITHIN 1 MONTHS	31 TO 60 DAYS	OVER 60 DAYS	AMOUNT DUE
	\$	\$	\$	\$
31-May-12	35,141,607	0	3,678,018	38,819,625
31-May-11	18,841,182	18,645	17,320,638	36,180,466

17 LONG TERM PAYABLE

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

	<u>2012</u>	<u>2011</u>
	\$	\$
COUNTRY PARK LIMITED	-	3,995,515

18 TURNOVER

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

19 OTHER INCOME

THIS IS COMPRISED OF INTEREST INCOME

AMG PACKAGING & PAPER COMPANY LTD



AMG Packaging & Paper Company Limited is pleased to present its financial statements for the nine month period ended May 31, 2012. 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, 2012 increased by 18.35% to \$268.10 million over the prior year period, as a result of an increase in units sold to 11,198,743 up 16%. This improvement in revenues allowed Gross Profit to grow by 34.38%, to \$62.37 million, in spite of an increased 14.22% to \$205.72 million in total manufacturing costs. There was an increase in administrative expenses for the 9 month period, up 56.06%% which still resulted in AMG producing Net profit of \$32.55 million up 83.81% from the corresponding prior year period (\$17.71 million).

	Nine month period		Change
	ended May 31, 2012	ended May 31, 2011	
Total Revenue	268,101,084	226,518,749	18.35%
Gross Profit	62,372,535	46,414,069	34.38%
Profit	32,556,953	17,711,665	83.81%
Total Assets	302,844,025	192,830,673	57.05%
Total Shareholder's Equity	226,374,073	193,817,120	16.79%

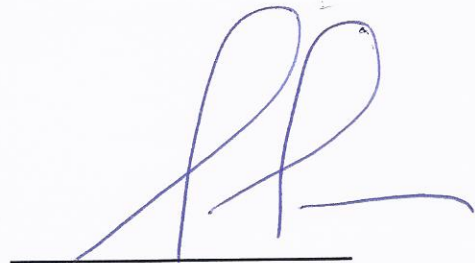
The management team remains focused on limiting increases in costs, however most of them were unavoidable as they relate directly with the increase in sales, such as electricity (up 32.0%) and fuel expenses (up 14.21%). During the period, we also continued updating and repairing our equipments which resulted in an increase in our overtime wages as well as increasing our repairs and maintenance cost by approximately \$1.2 million.

Revenues increased by 32.39% to \$105.24 million for the three-month period ending May 31, 2012. This was as a result of an increase in units sold to 4.1 million units up from 3.5 million units or 18.71%. Profit before tax increased by 88.1%.

The new rotary die cut machine which will automate much of the process, has now been installed. The new machine is expected to reduce our processing time as well as labour costs. The final payment on the new warehouse has been executed and it is estimated that the new facility will be completed by the end of September 2012. This additional space, approximately 10,000 – 15,000 square feet is critical, as it will allow us to stock both raw materials and finished products.

The factory has fully recovered from the fire incident in the second quarter. Stocks are back to normal and the factory is back to full capacity. We are currently sourcing newer and more efficient machinery to enable the factory to maximize efficiency.

We are optimistic about the future given the significant enhancements planned and already in place 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.

A handwritten signature in blue ink, consisting of two large, overlapping loops followed by a horizontal line extending to the right.

Michael Chin
General Manager