



GENERAL MANAGER'S REPORT

AMG Packaging & Paper Company Limited (AMG) is pleased to present its financial statements for the 6 months ended February 28, 2013. AMG has continued its positive performance with an increase in key financial matrices for the six month period. Revenues for the period ending February 28, 2013 increased by 25.5% to \$204.41 million over the prior year period, as a result of an increase in units sold up 24.2% (8.7 million). The improvement in revenues allowed Gross Profit to increase by 47.51%, to \$55.20 million in spite of a 18.9% increase in total manufacturing costs. There was an increase in administrative expenses for the 6 month period, up 48.44% which still resulted in AMG producing Net Profit of \$29.63 million up 84.41% from the corresponding prior year period (\$16.07 million).

| | 6 months Feb 28, 2013 | 6 months Feb 29, 2012 |
|---------------------|--------------------------|--------------------------|
| Total Revenues | 204,406,697 | 162,854,821 |
| Gross Profit | 55,197,575 | 37,418,975 |
| Profit | 29,632,559 | 16,068,983 |
| Total Assets | 349,630,741 | 288,708,560 |

Management continues to focus on managing manufacturing expenses as this performance was achieved in spite of increases in some areas. Most of the increases were unavoidable, as they relate directly with the increase in sales such as fuel expenses up 23.54%. The roof repairs as well as repairs to our equipments had to be addressed at this time.

Our new warehouse facility is completed and in operation. The approximately 10,000 square feet warehouse will allow us additional space to stock both raw materials and finished products as well as expand our production capacity. The facility boasts loading bays which will enable us to load and unload containers minimizing damage to the rolls. We can now store our raw materials in a secure proper environment as is the standard!

I am happy to now report that the new clamp forklift is also in the warehouse and in operation. This will enable us to move our paper rolls in a more efficient manner and also help to minimize paper roll damages. The new bay and forklift allows us to unload containers in a few minutes with one operator as compared to using 4 to 5 persons. This also allows us to cease unloading containers on the road which created major traffic issues.



.....
Michael Chin
General Manager

AMG Packaging Paper Company Limited
 Unaudited Statement of Comprehensive Income
6 months
to February 2013

| | 3 months to February 28, 2013 | 6 months to February 28, 2013 | 3 months to February 29, 2012 | 6 months to February 29, 2012 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Turnover | 98,592,250 | 204,406,697 | 73,482,409 | 162,854,821 |
| Cost of Sales | (54,349,767) | (109,191,065) | (43,673,453) | (95,754,144) |
| Direct Expenses | (18,989,180) | (40,018,057) | (14,313,895) | (29,681,703) |
| Total Manufacturing Costs | (73,338,947) | (149,209,122) | (57,987,348) | (125,435,847) |
| Gross Profit | 25,253,304 | 55,197,575 | 15,495,061 | 37,418,975 |
| Expenses: | | | | |
| Administrative | (10,041,336) | (19,551,131) | (8,682,031) | (15,026,628) |
| Financial | (713,798) | (1,507,433) | (1,003,949) | (2,641,671) |
| Directors Fees | (210,000) | (730,000) | (260,000) | (1,320,000) |
| Depreciation | (2,031,095) | (3,900,837) | (1,649,634) | (3,016,746) |
| Profit Before Tax | 12,257,075 | 29,508,173 | 3,899,447 | 15,413,930 |
| Other Income | 18,618 | 124,386 | 108,620 | 655,053 |
| Taxation | - | - | - | - |
| (Loss) Profit, Total Comprehensive Income for the period | 12,275,693 | 29,632,559 | 4,008,067 | 16,068,983 |
| No. of Shares Issued | 102,378,857 | 102,378,857 | 102,378,857 | 102,378,857 |
| EPS | 0.12 | 0.29 | 0.04 | 0.16 |

AMG Packaging Paper Company Limited
Unaudited
Statement of Financial Position
February 28, 2013

| <u>ASSETS EMPLOYED</u> | <u>Notes</u> | <u>February 2013</u> \$ | <u>February 2012</u> \$ | <u>Audited</u> <u>August 2012</u> \$ |
|---------------------------------|--------------|----------------------------|----------------------------|--|
| Property, Plant & Equipment | 2(e) & 9 | 187,159,479 | 123,748,615 | 128,116,037 |
| Investments | 2(g) & 4 | 775,479 | 7,324,939 | 7,320,588 |
| Deposit on Property & Equipment | 5 | 21,807,628 | 45,526,954 | 53,622,892 |
| Current Assets | | | | |
| Inventories | 2(d) & 6 | 80,826,873 | 60,070,247 | 74,887,770 |
| Accts Receivable Net Allowance | 2(j) & 7 | 50,623,839 | 43,621,537 | 34,799,805 |
| Related Parties | 8 | 700,000 | 587,939 | - |
| Taxation Recoverable | 10 | - | 670,635 | 947,591 |
| Cash & Bank | 2(l) & 11 | 7,737,443 | 7,157,694 | 10,108,140 |
| Total Current Assets | | 139,888,155 | 112,108,052 | 120,743,306 |
| Total Assets | | 349,630,741 | 288,708,560 | 309,802,823 |

EQUITY & LIABILITIES

Capital & Reserves:

Authorised Share Capital - JMD140,000,000

| | | | | |
|----------------------|-----------|--------------------|--------------------|--------------------|
| Share Capital | 2(m) & 12 | 63,250,028 | 63,250,028 | 63,250,028 |
| Revaluation Reserve | 13 | 48,928,537 | 48,928,537 | 48,928,537 |
| Retained Earnings | | 158,937,203 | 97,707,537 | 129,304,644 |
| Total Capital | | 271,115,768 | 209,886,102 | 241,483,209 |


Long-Term Liabilities

| | | | | |
|------------------------------------|----|------------------|------------------|-------------------|
| Loans | 14 | 6,329,540 | 9,042,200 | 15,233,019 |
| Total Long-Term Liabilities | | 6,329,540 | 9,042,200 | 15,233,019 |

Current Liabilities

| | | | | |
|--|----|--------------------|--------------------|--------------------|
| Current Portion of Long Term Loan | 14 | 19,168,185 | 21,259,810 | 14,149,670 |
| Accounts Payable & Accruals | 15 | 53,017,248 | 44,442,267 | 38,936,925 |
| Corporate Tax | | - | 4,078,180 | - |
| Total Current Liabilities | | 72,185,433 | 69,780,257 | 53,086,595 |
| Total Liabilities & Capital | | 349,630,741 | 288,708,559 | 309,802,823 |

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


 Mark Chin
 Chairman

AMG PACKAGING & PAPER CO. LTD.
 10 Retirement Crescent
 Kingston 5


 Barrington Chisholm
 Chairman, Audit Committee

AMG Packaging Paper Company Limited
Statement of Changes in Stockholders' Equity
February 28, 2013

2013

| | Share Capital | Revaluation Reserves | Retained Earnings | Total |
|--|-------------------|-------------------------|----------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Balance at September 01, 2012 | 63,250,028 | 48,928,537 | 129,304,644 | 241,483,209 |
| Profit, being total Comprehensive Income for the period | - | - | 29,632,559 | - |
| Balance at February 2013 | 63,250,028 | 48,928,537 | 158,937,203 | 271,115,768 |

2012

| | Share Capital | Revaluation Reserves | Retained Earnings | Total |
|--|-------------------|-------------------------|----------------------|--------------------|
| | \$ | \$ | \$ | \$ |
| Balance at September 01, 2011 | 63,250,028 | 48,928,537 | 81,638,554 | 193,817,119 |
| Profit, being total Comprehensive Income for the period | - | - | 16,068,983 | - |
| Balance at February 2012 | 63,250,028 | 48,928,537 | 97,707,537 | 209,886,102 |

AMG Packaging Paper Company Limited
Unaudited Statement of Cash Flow
6 months ending
February 28 2013

| | 6 months to February 28, 2013 | 6 months to February 29, 2012 |
|---|--|--|
| Cash Flows from operating activities | | |
| Net Income | 29,632,559 | 16,068,983 |
| Items not affecting cash | 3,900,837 | 3,016,749 |
| Total Adjustments | <u>33,533,396</u> | <u>19,085,732</u> |
| Changes in non cash working capital components | (11,336,060) | (1,112,157) |
| Net Cash provided(used) by Operations | <u>22,197,336</u> | <u>17,973,575</u> |
| Cash Flows used in investing activities | <u>(27,228,178)</u> | <u>(18,818,382)</u> |
| Cash Provided by/(used)- Operating and Investing Activities | <u>(5,030,842)</u> | <u>(844,807)</u> |
| Cash Flows (used)/ Provided by financing activities | 2,660,145 | - |
| Net (Decrease)/IncreaseCash and Cash Equivalents | (2,370,697) | (844,807) |
| Cash and Cash Equivalents at beginning of year | <u>10,108,140</u> | <u>8,002,501</u> |
| Cash and Cash Equivalents at end of period | <u>7,737,443</u> | <u>7,157,694</u> |

AMG PACKAGING & PAPER COMPANY LTD

NOTES TO FINANCIAL STATEMENTS

February 28, 2013

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. Its 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 has been listed on the Jamaica Junior Stock Exchange since July 14, 2011

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

(i) **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.

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 2(ii) (f), this revision did not have any impact on the financial statements.

At the date of the financial statements there were standards which are in issue, but not yet effective. Those considered relevant to the company are 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.

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.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 28, 2013

(ii) **Basis of preparation**

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.

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, 2012

(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) **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.

(c) **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.

(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

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 28, 2013

(ii) **Basis of Preparation Continued**

(e) **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% |

(f) **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.

(g) **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.

(h) **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
February 28, 2013

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

(i) **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.

(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 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) **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.

(m) **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.

(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.

(o) **Interest Income**

Interest income is recognised in the statement of comprehensive income for all interest bearing instruments on the accruals 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 in 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
February 28, 2013

(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 its bank balances as at February 28, 2013

(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>2013</u> | <u>2012</u> |
| Cash equivalents | \$ 7,737,443 | \$ 7,157,694 |
| Receivables | 50,623,839 | 43,621,537 |
| Due from related parties | 700,000 | 587,939 |
| | <u>59,061,282</u> | <u>51,367,170</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 February 28, 2013, the company did not face any liquidity risks as indicated below:

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 28, 2013

(e) Liquidity Risk cont'd

| <u>Assets</u> | <u>2013</u> | | | <u>Total</u> |
|----------------------------|----------------------------|---------------------------|-------------------------|---------------------|
| | <u>Within 3 months</u> | <u>3 to 12 months</u> | <u>1 to 5 years</u> | |
| Cash Resources | 7,737,443 | | | 7,737,443 |
| Investments | 775,479 | | | 775,479 |
| Other | 50,623,839 | | | 50,623,839 |
| Total | 59,136,761 | - | - | 59,136,761 |
| <u>Liabilities</u> | | | | |
| Loans | | 19,168,185 | 6,329,540 | 25,497,725 |
| Payables | 53,017,248 | - | - | 53,017,248 |
| Taxation | | - | | - |
| Total | 53,017,248 | 19,168,185 | 6,329,540 | 78,514,972 |
| Total Liquidity GAP | 6,119,514 | (19,168,185) | (6,329,540) | (19,378,211) |
| Cumulative GAP | 6,119,514 | (13,048,671) | (19,378,211) | - |
| <u>2012</u> | | | | |
| Total Liquidity GAP | 13,661,903 | (21,259,810) | (9,042,200) | (16,640,107) |
| Cumulative GAP | 13,661,903 | (7,597,907) | (16,640,107) | |

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 28, 2013

| | | |
|---|----------------|------------------|
| 4 Investment | <u>2013</u> | <u>2012</u> |
| | \$ | \$ |
| Stocks and Securities Limited | | |
| BOJ Fixed Certificate of Deposit (5.75%), 2011 (6%) | <u>775,479</u> | <u>7,324,939</u> |

This represents net proceeds from public issue of shares on July 14, 2011

| | | |
|--|-------------------|-------------------|
| 5 Deposit on Property & Equipment | <u>2013</u> | <u>2012</u> |
| | \$ | \$ |
| Land & Building - 9 Retirement Crescent | - | 40,000,000 |
| WIP -Warehouse | 21,640,949 | 509,475 |
| Equipment | 166,679 | 5,017,479 |
| | <u>21,807,628</u> | <u>45,526,954</u> |

| | | |
|----------------------|-------------------|-------------------|
| 6 Inventories | <u>2013</u> | <u>2012</u> |
| | \$ | \$ |
| Raw Materials | 79,674,153 | 59,419,917 |
| Finished Goods | 1,152,720 | 650,330 |
| | <u>80,826,873</u> | <u>60,070,247</u> |

| | | |
|------------------------------|-------------------|-------------------|
| 7 Accounts Receivable | <u>2013</u> | <u>2012</u> |
| | \$ | \$ |
| Trade Receivables | 49,167,349 | 37,660,754 |
| Provision for bad debts | (1,798,211) | (1,483,811) |
| | 47,369,137 | 36,176,943 |
| Other Receivables | 3,254,701 | 7,444,594 |
| | <u>50,623,839</u> | <u>43,621,537</u> |

| | Aged Trade Receivables | | | Carrying Value |
|-------------------|------------------------|------------------|------------------|-------------------|
| | Within 1 Months | 31 to 60 Days | Over 60 Days | |
| Balance at | \$ | \$ | \$ | \$ |
| February 28, 2013 | <u>39,088,475</u> | <u>3,704,140</u> | <u>6,374,734</u> | <u>49,167,349</u> |
| February 29, 2012 | <u>31,832,523</u> | <u>379,702</u> | <u>5,448,529</u> | <u>37,660,754</u> |

| | | |
|----------------------------|----------------|----------------|
| 8 Related Parties | <u>2013</u> | <u>2012</u> |
| | \$ | \$ |
| Directors' Current Account | 700,000 | 587,939 |
| | <u>700,000</u> | <u>587,939</u> |

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS

February 28, 2013

9 Property, Plant & Equipment

| | Land \$ | Building \$ | Equipment \$ | Motor Cycle \$ | Computer & Equipment \$ | Furniture & Fixtures \$ | Total \$ |
|---------------------------------|------------|----------------|-----------------|----------------------|----------------------------------|-------------------------------|-------------|
| At cost | | | | | | | |
| Balance as at August 31, 2012 | 18,000,000 | 65,086,704 | 53,548,127 | 180,258 | 585,780 | 2,646,653 | 140,047,522 |
| Additions | 11,600,000 | 46,400,000 | 4,887,455 | | 22,833 | 33,991 | 62,944,279 |
| Balance as at February 28, 2013 | 29,600,000 | 111,486,704 | 58,435,582 | 180,258 | 608,613 | 2,680,644 | 202,991,801 |
| Accumulated depreciation | | | | | | | |
| Balance as at August 31, 2012 | - | 3,161,867 | 7,797,634 | - | 291,493 | 680,491 | 11,931,485 |
| Current year charges | - | 910,250 | 2,786,232 | 11,266 | 59,339 | 133,749 | 3,900,837 |
| Balance as at February 28, 2013 | - | 4,072,117 | 10,583,866 | 11,266 | 350,832 | 814,240 | 15,832,322 |
| Net Book Value | | | | | | | |
| February 28, 2013 | 29,600,000 | 107,414,587 | 47,851,716 | 168,992 | 257,781 | 1,866,404 | 187,159,479 |
| February 29, 2012 | 18,000,000 | 61,327,063 | 42,228,951 | - | 259,524 | 1,933,077 | 123,748,615 |

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 28, 2013

10 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.

11 Cash & Cash equivalent

| | <u>2013</u> | <u>2012</u> |
|---|-------------|-------------|
| | \$ | \$ |
| Bank of Nova Scotia Ja Ltd | | |
| - Current account | 3,579,678 | 3,838,528 |
| - Savings account (US dollar denominated) | 323,171 | 310,566 |
| National Commercial Bank Limited | | |
| - Current account | 206,834 | 206,834 |
| - Payroll account | 671,745 | 268,351 |
| Petty Cash | 30,200 | 30,200 |
| | 4,811,628 | 4,654,479 |
| Deposit: | | |
| Alliance Investment Management Ltd - General accounts | 2,925,816 | 2,503,215 |
| | 7,737,443 | 7,157,694 |

12 Share Capital

| | <u>2013</u> | <u>2012</u> |
|--|-------------|-------------|
| | \$ | \$ |
| 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 | 69,354,803 |
| Less: Transaction costs of issued shares | - | (6,104,775) |
| | 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.

13 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
February 28, 2013

| 14 Loans | 2013 | 2012 |
|---|-------------------|-------------------|
| | \$ | \$ |
| Bank of Nova Scotia Jamaica Limited | | |
| Loan 1 | 8,908,375 | 11,000,000 |
| Loan 2 | 9,042,200 | 11,754,860 |
| | <u>17,950,575</u> | <u>22,754,860</u> |
| Alliance Investment Management Limited | <u>7,547,150</u> | <u>7,547,150</u> |
| Total loans | <u>25,497,725</u> | <u>30,302,010</u> |
| Current portion of long -term loan | <u>19,168,185</u> | <u>21,259,810</u> |
| Long-term portion of loan | <u>6,329,540</u> | <u>9,042,200</u> |

- (i) Loan 2 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 1 is a revolving loan and is expected to be repaid within 90 days, at an interest rate of 15% 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

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.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 28, 2013

15 Accounts Payable & Accruals

| | <u>2013</u> | <u>2012</u> |
|-----------------------------|-------------------|-------------------|
| | \$ | \$ |
| Trade Payables | 38,315,539 | 41,849,456 |
| Accruals | 2,453,842 | 1,794,842 |
| Other Payables | 562,335 | 58,594 |
| Statutories Payable | 1,105,164 | 739,375 |
| Vendor - Purchased Property | 10,580,367 | - |
| | <u>53,017,248</u> | <u>44,442,267</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> | |
| | \$ | \$ | \$ | \$ |
| February 28, 2013 | 37,013,911 | 9,000 | 1,292,628 | 38,315,539 |
| February 29, 2012 | 19,359,695 | 7,784,737 | 14,705,024 | 41,849,456 |

16 Taxation

Taxation is comprised of company tax at 33 1/3% on the profit for the year after adjustments for tax purposes.

17 Turnover

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

18 Other Income

| | <u>2013</u> | <u>2012</u> |
|-----------------|---------------|----------------|
| | \$ | \$ |
| Interest income | 18,618 | 655,053 |
| | <u>18,618</u> | <u>655,053</u> |

AMG PACKAGING & PAPER COMPANY LIMITED

TOP 10 SHAREHOLDERS AT 28 FEBRUARY 2013

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 |
| MF&G TRUST AND FINANCE SIGMA VENTURE FUND | 1,915,428 | 1.871 |
| HAROLD SOLTAU | 1,361,605 | 1.330 |
| GERALD W. PURDY | 850,000 | 0.830 |
| GUARDIAN LIFE LIMITED GUARDIAN EQUITY FUND | 643,896 | 0.629 |
| VMBS A/C CONTRIBUTORY PENSION SCHEME | 597,293 | 0.583 |
| P.A.M. LTD SUPER CLUBS RESORT P/PLAN | 597,293 | 0.583 |
| METRY SEAGA | 552,555 | 0.540 |
| | 87,397,372 | 85.367 |
| NO. OF SHAREHOLDERS AT 28/02/2013 | JCSD | 334 |
| | MAIN REGISTER | 1 |
| | TOTAL | 335 |

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

| DIRECTORS' NAMES | SHAREHOLDING | CONNECTED PARTY |
|-------------------------|---------------------|--------------------------|
| MARK CHIN | 24,263,792 | HEISS HOLDINGS LIMITED |
| PAUL CHIN | " | HEISS HOLDINGS LIMITED |
| GEORGE HUGH | 24,263,792 | GEORGE HUGH HOLDINGS LTD |
| PETER CHIN | 332,370 | |
| MICHAEL FRASER | 382,913 | |
| BARRINGTON CHISHOLM | 76,583 | |
| ANTONIA HUGH | - | |
| | 49,319,450 | |

SENIOR MANAGERS

| | |
|----------------------|----------------|
| MICHAEL CHIN | 394,487 |
| LESLIE MCPHERSON | 38,291 |
| CHRISTOPHER HENDRIKS | 11,249 |
| | 444,027 |