

AMG Packaging Paper Company Limited  
Unaudited  
Statement of Financial Position  
February 28, 2014

		February 2014	February 2013	Audited August 2013
ASSETS EMPLOYED	Notes	\$	\$	\$
Property, Plant & Equipment	5	244,544,414	187,159,480	228,284,508
Deposit on Property		-	21,640,949	-
<b>Current Assets</b>				
Inventories	7	88,913,456	80,604,017	92,747,440
Accts Receivable Net Allowance	8	82,054,199	50,616,926	61,437,040
Related Parties	15	5,285,636	700,000	
Deposit on Equipment	9	-	166,679	20,902,241
Taxation Recoverable	10	1,491,281	-	-
Cash & Cash Equivalents	11	29,308,208	8,227,066	34,130,791
Total Current Assets		207,052,780	140,314,688	209,217,512
Total Assets		<b>451,597,194</b>	<b>349,115,117</b>	<b>437,502,020</b>

**EQUITY & LIABILITIES**

**Capital & Reserves:**

**Authorised Share Capital - JMD140,000,000**

Share Capital	12	63,250,028	63,250,028	63,250,028
Revaluation Reserve	13	48,928,537	48,928,537	48,928,537
Retained Earnings		182,056,476	157,929,386	178,736,374
Total Capital		294,235,041	270,107,951	290,914,939


**Long-Term Liabilities**

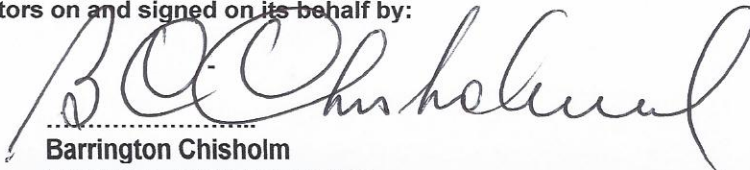
Loans	14	58,360,485	6,329,540	68,221,098
Related Parties	15	5,723,790	10,580,367	6,980,970
Total Long-Term Liabilities		64,084,275	16,909,907	75,202,068

**Current Liabilities**

Current Portion of Long Term Loan	14	38,481,880	19,168,185	9,464,772
Accounts Payable & Accruals	16	54,795,999	42,929,075	61,920,241
Total Current Liabilities		93,277,879	62,097,260	71,385,013
Total Liabilities & Capital		<b>451,597,194</b>	<b>349,115,117</b>	<b>437,502,020</b>

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  
**6 months**  
**to February 28, 2014**

	3 months to February 28, 2014	6 months to February 28, 2014	3 months to February 28, 2013	6 months to February 28, 2013
<b>Turnover</b>	\$ 138,892,868	\$ 290,811,828	\$ 98,592,250	\$ 204,406,697
Cost of Inventories	(92,185,723)	(188,552,365)	(54,391,813)	(109,233,113)
Direct Expenses	(25,092,021)	(47,439,872)	(19,371,414)	(40,451,164)
<b>Total Manufacturing Costs</b>	<b>(117,277,743)</b>	<b>(235,992,236)</b>	<b>(73,763,228)</b>	<b>(149,684,277)</b>
<b>Gross Profit</b>	<b>21,615,125</b>	<b>54,819,592</b>	<b>24,829,022</b>	<b>54,722,420</b>
<b>Expenses:</b>				
Administrative	(9,700,159)	(20,026,931)	(10,041,559)	(19,653,232)
Financial	(2,523,769)	(4,796,548)	(744,287)	(1,515,278)
Directors Fees	(906,667)	(1,326,667)	(470,000)	(1,150,000)
Depreciation	(3,076,646)	(5,674,716)	(2,031,095)	(3,900,837)
<b>Profit Before Tax</b>	<b>5,407,885</b>	<b>22,994,731</b>	<b>11,542,081</b>	<b>28,503,073</b>
Other Income	407,053	801,143	24,085	121,668
<b>(Loss) Profit, Total Comprehensive Income for the period</b>	<b>5,814,938</b>	<b>23,795,873</b>	<b>11,566,166</b>	<b>28,624,741</b>
No. of Shares Issued	102,378,857	102,378,857	102,378,857	102,378,857
EPS	\$ 0.06	\$ 0.23	\$ 0.11	\$ 0.28

**AMG Packaging Paper Company Limited**  
**Unaudited Statement of Cash Flow**  
**6 months ending**  
**February 28, 2014**

	<b>6 months to February 28, 2014</b>	<b>6 months to February 28, 2013</b>
Cash Flows from operating activities		
Net Income	23,795,873	28,624,741
Items not affecting cash	5,674,716	3,900,837
Total Adjustments	<u>29,470,589</u>	<u>32,525,578</u>
Changes in non cash working capital components	(43,980,969)	(17,293,627)
Net Cash provided(used) by Operations	<u>(14,510,379)</u>	<u>15,231,951</u>
Cash Flows used in investing activities	<u>(1,032,381)</u>	<u>(23,808,428)</u>
Cash Provided by/(used)- Operating and Investing Activities	<u>(15,542,760)</u>	<u>(8,576,477)</u>
Cash Flows (used)/ Provided by financing activities	10,720,177	6,695,403
Net (Decrease)/IncreaseCash and Cash Equivalents	(4,822,583)	(1,881,074)
Cash and Cash Equivalents at beginning of year	<u>34,130,791</u>	<u>10,108,140</u>
Cash and Cash Equivalents at end of period	<u>29,308,208</u>	<u>8,227,066</u>

**AMG Packaging Paper Company Limited**  
**Statement of Changes in Stockholders' Equity**  
**February 28, 2014**

		2014			
		Share Capital	Revaluation Reserves	Retained Earnings	Total
		\$	\$	\$	\$
	<u>Notes</u>				
Balance at September 01, 2013		63,250,028	48,928,537	178,736,374	290,914,939
Dividends	20			(20,475,771)	(20,475,771)
Profit, being total Comprehensive					-
Income for the period		-	-	23,795,873	23,795,873
Balance at February 2014		<u>63,250,028</u>	<u>48,928,537</u>	<u>182,056,476</u>	<u>294,235,041</u>

		2013			
		Share Capital	Revaluation Reserves	Retained Earnings	Total
		\$	\$	\$	\$
Balance at September 01, 2012		63,250,028	48,928,537	129,304,645	241,483,210
Profit, being total Comprehensive					-
Income for the period		-	-	28,624,741	28,624,741
Balance at February 2013		<u>63,250,028</u>	<u>48,928,537</u>	<u>157,929,386</u>	<u>270,107,951</u>



**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 28, 2014**

**1 Identification and principal activities**

AMG Packaging & Paper Company Limited "the company"

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

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

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

(c) **Stock Exchange Listing**

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

**2 Reporting Currency**

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

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

(a) **Statement of compliance**

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

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

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

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

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

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 28, 2014**

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

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

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

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

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

The Accounting Policies of the Company have remained unchanged from those set out in the annual Financial Statement as at August 31, 2013

**(c) Use of estimates**

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

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

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

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

**(e) Inventories**

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



**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
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**(ii) Basis of Preparation and Significant Accounting Policies continued**

**(f) Depreciation**

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

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

**(g) Related Parties**

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

A party is related to the company, if:

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

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

**(h) Investments**

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

**(i) Tax Exemption Status**

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

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
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(ii) **Basis of Preparation cont'd**

(j) **Foreign Currency Transaction**

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

(k) **Trade Receivables**

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

(l) **Borrowings & Borrowing costs**

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

(m) **Cash & Cash Equivalents**

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

(n) **Share Capital**

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

(o) **Revenue Recognition**

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

(p) **Interest Income**

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

(q) **Dividends**

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



**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4 Financial Instruments and Risk Management**

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

**(a) Interest Rate Risk**

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

The company is exposed to interest rate risk regarding loans and its bank balances as at February 28, 2014

**(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>2014</u>	<u>2013</u>
	\$	\$
Cash equivalents	29,308,208	8,227,066
Receivables	82,054,199	50,616,926
Due from related parties	5,285,636	700,000
	<u>116,648,042</u>	<u>59,543,992</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, 2014 the company did not face any liquidity risks as indicated below:

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
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(e) Liquidity Risk cont'd

		<u>2014</u>			
		<u>Within 3</u>	<u>3 to 12</u>	<u>1 to 5</u>	<u>Total</u>
<u>Assets</u>		<u>months</u>	<u>months</u>	<u>years</u>	
		\$	\$	\$	\$
Cash Resources		29,308,208			29,308,208
Other		53,479,018	37,150,309		90,629,327
Total		82,787,226	37,150,309	-	119,937,535
<u>Liabilities</u>					
Loans			38,481,880	58,360,485	96,842,365
Payables		54,795,999	-	-	54,795,999
Taxation		-	-		-
Total		54,795,999	38,481,880	58,360,485	151,638,363
Total Liquidity GAP		27,991,228	(1,331,571)	(58,360,485)	(31,700,828)
Cumulative GAP		27,991,228	26,659,657	(31,700,828)	-
		<u>2013</u>			
Total Liquidity GAP		5,086,468	(5,841,523)	(6,329,540)	(7,084,595)
Cumulative GAP		5,086,468	(755,055)	(7,084,595)	

## 5 Property, Plant & Equipment

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**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 28, 2014**

**6 Deposit on Property & Equipment**

	<u>2014</u>	<u>2013</u>
	\$	\$
Building structure/frames	-	21,640,949
	-	21,640,949

**7 Inventories**

	<u>2014</u>	<u>2013</u>
	\$	\$
Raw Materials	86,622,343	79,451,351
Finished Goods	1,450,976	1,152,666
Goods In Transit	840,138	-
	88,913,456	80,604,017

**8 Accounts Receivable**

	<u>2014</u>	<u>2013</u>
	\$	\$
Trade Receivables	74,871,842	49,167,349
Provision for bad debts	(1,798,211)	(1,798,211)
	73,073,631	47,369,138
Other Receivables	8,980,568	3,247,788
	82,054,199	50,616,926

	<u>Aged Trade Receivables</u>			
	<u>Within 1</u>	<u>31 to 60</u>	<u>Over 60</u>	<u>Carrying</u>
	<u>Months</u>	<u>Days</u>	<u>Days</u>	<u>Value</u>
	\$	\$	\$	\$
<b>Balance at</b>				
February 28, 2014	46,702,101	7,369,550	20,800,191	74,871,842
February 28, 2013	39,088,475	3,704,140	6,374,734	49,167,349

**9 Deposit on Equipment**

	<u>2014</u>	<u>2013</u>
	\$	\$
Equipment	-	166,679

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 28, 2014**

**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.

<b>11 Cash &amp; Cash equivalent</b>	<b>2014</b>	<b>2013</b>
	\$	\$
Bank of Nova Scotia Ja Ltd		
- Current account	1,209,080	3,579,678
- Savings account (US dollar denominated)	308,634	323,171
National Commercial Bank Limited		
- Current account	203,364	206,834
- Payroll account	729,532	671,745
Alliance Financial Services Limited		
- Cash Securities(denominated in United States Dollars)	25,225,737	2,650,521
- Repurchase Agreement	979,371	155,484
Stocks & Securities Limited		
- Repurchase Agreement	-	609,434
JN Fund Managers		
- Repurchase Agreement	622,291	-
Petty Cash	30,200	30,200
	<u>29,308,208</u>	<u>8,227,066</u>

<b>12 Share Capital</b>	<b>2014</b>	<b>2013</b>
	\$	\$
Authorised:		
140,000,000 (2010 - 15,000,000) ordinary shares no par value		
Capital issued and fully paid-		
102,387,857 ordinary shares at no par value	63,250,028	63,250,028

- (i) The company's authorised share capital was increased by five million dollars to 20 million dollars by the creation of 5 million ordinary shares of \$1.00 each. The new shares are to rank pari-passu with the existing shares.
- (ii) By resolution on May 31, 2011, each ordinary share has been sub-divided into 7 ordinary shares such that the total issued shares of 20 million is now multiplied by 7 making a total of 140 million shares.

**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**  
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<b>14 Loans</b>	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Bank of Nova Scotia Jamaica Limited</b>		
Loan 1	-	8,908,375
Loan 2	6,329,540	9,042,200
Loan 3	65,512,825	-
Loan 4	25,000,000	-
	<u>96,842,365</u>	<u>17,950,575</u>
<b>Alliance Financial Services Limited</b>	<u>-</u>	<u>7,547,150</u>
<b>Total loans</b>	<u>96,842,365</u>	<u>25,497,725</u>
<b>Current portion of long -term loan</b>	<u>38,481,880</u>	<u>19,168,185</u>
<b>Long-term portion of loan</b>	<u>58,360,485</u>	<u>6,329,540</u>

- (i) Loan 4 is a revolving loan and is expected to be repaid within 90 days, the interest rate is based on the Weighted Average (180 days)Treasury Bill Yield (WATBY), plus 3.5% per annum.
- (ii) Loan 3 has a duration of 7 years with a six (6) months moratorium on the principal repayments This Loan has a Fixed Interest rate of 9.25% for five (5) years, thereafter the Weighted Average (180 days)Treasury Bill Yield (WATBY), plus 3.25% per annum.
- (iii) Loan 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.
- (iv) Loan 1 is a revolving loan and is expected to be repaid within 90 days, the interest rate is based on the Weighted Average (180 days)Treasury Bill Yield (WATBY), plus 3.5% per annum.

**Securities:**

**Bank of Nova Scotia Jamaica Limited**

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



**AMG PACKAGING & PAPER COMPANY LTD**

**NOTES TO FINANCIAL STATEMENTS**

**February 28, 2014**

14 cont'd

(4) Joint and several Demand Debenture to be stamped \$102,000,000 from AMG Packaging and Paper Company Limited, creating a first Charge over fixed assets, and a floating charge over other assets of the company supported by:

- First and Third Legal Mortgages to be stamped \$102,000,000 jointly over Commercial Premises located at (a) 9B Retirement Crescent registered in the name AMG Packaging and Paper Company Limited. (b) 10 Retirement Crescent registered in the name of AMG Packaging and Paper Company Limited and collateral to the aforementioned Demand Debenture

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

**Alliance Financial Services Limited**

(formerly Alliance Investment Management Limited)

Loan from Alliance Financial Services 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.

15 <u>Related Parties</u>	2014	2013
Director's Loan	5,723,790	10,580,367
This is a vendor's mortgage for balance owing to a director for land sold to the company		
Director's Current account	5,285,636	700,000

16 <u>Accounts Payable &amp; Accruals</u>	2014	2013
	\$	\$
Trade Payables	29,201,614	38,315,539
Accruals	3,330,742	2,945,835
Other Payables	290,770	562,536.10
Statutory Payable	1,497,101	1,105,164
Dividends	20,475,771	-
	<u>54,795,999</u>	<u>42,929,075</u>

<u>Balance at</u>	<u>Aged Trade Payables</u>			
	<u>Within 1 Months</u>	<u>31 to 60 Days</u>	<u>Over 60 Days</u>	<u>Amount Due</u>
February 28, 2014	\$ 21,331,381	\$ 2,345,452	\$ 5,524,781	\$ 29,201,614
February 28, 2013	37,013,911	9,000	1,292,628	38,315,539

17 Taxation

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

18 Turnover

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

19 Other Income

	<u>2014</u>	<u>2013</u>
	\$	\$
Interest income	407,053	24,085
	<u>407,053</u>	<u>24,085</u>

20 Dividends

On January 24, 2014, The Board of Directors declared a dividend of \$0.20 per share payable on March 28, 2014 to shareholders on record as at February 17, 2014



## GENERAL MANAGER'S REPORT

AMG Packaging & Paper Company Limited (AMG) is pleased to present its financial statements for the 6 months ended February 28, 2014. Revenues for the period ending February 28, 2014, increased by 42% to \$290.81 million over the prior year period, as a result of an increase in units sold up 23.0% (10.7 million). A 57% increase in manufacturing expenses was the main contributing factor of Gross Profit moving from \$54.7 million 2013 to 54.8 million 2014. Administrative expenses for the 6 month period increased by 2%, \$19.6 million 2013 to \$20.0 million 2014. This resulted in AMG producing Profit of \$22.99 million down 23.95% from the corresponding prior year period (\$28.50 million).

	6 months Feb 28, 2014	6 months Feb 29, 2013
Total Revenues	290,811,828	204,406,697
<b>Gross Profit</b>	54,819,592	54,722,420
Profit	23,795,873	28,624,741
Total Assets	451,597,194	349,115,117

The Company's performance was negatively affected by the rapid devaluation of the Jamaican Dollar as well as the continuous rise of the cost of paper on the world market as compared to the similar period 2013. We acquired spare parts to help eliminate any major down time of our new machines. Electrical issues at the factory which had to be rectified immediately, also affected our expenditures. The severe weather systems that affected the United States created a major setback with our paper supplies within the period. To meet our customers' demands, we were forced into excessive working hours.

The two new machines were installed and are currently operating. These machines will help boost production and help increase efficiencies. The LPG conversion will also show positive returns in our fuel costs.



Throughout the challenging economic environment, the team remains optimistic and focused to increase sales and manage our expenditures. We look forward to a positive third quarter.

A handwritten signature in blue ink, consisting of a large, stylized 'M' followed by a 'C', positioned above a horizontal dotted line.

Michael Chin  
General Manager