



GENERAL MANAGER'S STATEMENT

AMG Packaging & Paper Company Limited (AMG) is pleased to present our Unaudited Financial Statements for the 9 month period ending May 31, 2016.

Revenues for the period to May 31, 2016 increased .23% to \$463.34 million over the prior year period (\$462.32 million).

The containment of costs as well as the sourcing of reduced pricing on our raw materials, has proved successful as shown in the reduction of our Manufacturing costs. Manufacturing costs decreased 11.2%, moving from (\$352.43 million 2015 to \$316.94 million 2016).

The reduction in our Manufacturing Costs has allowed significant improvement to our Gross Profit. Gross Profit increased from \$109.88 in 2015 to \$146.39 2016, an improvement of 33.21%.

Administrative expenses for the 9 month period increased 16.11%. Even with the sharp increase in Depreciation and other expenses relating to the Toilet Paper operations, we continue to show a positive increase in our Profits.

The Profits improved 29.39%, moving from \$52.44 million 2015 to \$67.86 million 2016 for the 9 month period.

	9 months ending May 31, 2016	9 months ending May 31, 2015
Total Revenues	463,344,057	462,320,257
Gross Profit	146,394,544	109,889,363
Profit	67,859,146	52,445,524
Total Assets	580,496,383	557,156,550

The Third Quarter was a challenging one. Revenues for the three-month period ending May 31, 2016 decreased by 1.4% to \$158.35 million as compared to the same time period last year.


Increases in our Administrative expenses as well as increases in Depreciation and Toilet Paper operations all affected our bottom line.

Profit for the period decreased 32.31%, moving from \$20.76 million 2015 to \$15.69 million 2016.

Technicians from China will be coming to inspect and make recommendations to repair and upgrade the Corrugator which fuses the paper together to create the sheets used in the box making process.

Within the third quarter, we launched and commenced delivery of our first brand of Toilet Paper (Tishoo) to a major distributor. Unfortunately, our distributor suffered a major disaster which has put a setback on the distribution of this product. We are expecting to resume deliveries shortly.

We have already applied for registration of other brand names and are awaiting the approvals.



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Michael P. Chin
General Manager

AMG Packaging Paper Company Limited
Unaudited
Statement of Financial Position
May 31, 2016

		May 2016	May 2015	Audited August 2015
ASSETS EMPLOYED				
	Notes	\$	\$	\$
Property, Plant & Equipment	4	284,346,614	231,823,345	232,455,910
Current Assets				
Inventories	5	153,021,340	159,583,772	122,640,713
Accts Receivable Net Allowance	6	75,008,691	73,508,887	89,538,525
Related Parties	12	4,115,637	4,000,000	-
Deposit on Equipment	7	1,225,632	11,732,175	59,112,881
Cash & Cash Equivalents	8	62,778,469	76,508,370	63,863,562
Total Current Assets		296,149,769	325,333,205	335,155,681
Total Assets		580,496,383	557,156,550	567,611,591

EQUITY & LIABILITIES

Capital & Reserves:

Authorised Share Capital - JMD140,000,000

Share Capital	9	63,250,028	63,250,028	63,250,028
Revaluation Reserve	10	48,928,537	48,928,537	48,928,537
Retained Earnings		293,884,882	237,874,827	264,929,699
Total Capital		406,063,447	350,053,392	377,108,264


Long-Term Liabilities

Loans	11	104,872,241	141,508,536	130,897,876
Total Long-Term Liabilities		104,872,241	141,508,536	130,897,876

Current Liabilities

Current Portion of Long Term Loan	11	26,379,887	13,481,880	20,722,070
Accounts Payable & Accruals	13	43,180,808	52,112,742	38,883,381
Total Current Liabilities		69,560,695	65,594,622	59,605,451
Total Liabilities & Capital		580,496,383	557,156,550	567,611,591

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



Barrington Chisholm
 Chairman, Audit Committee



Peter Chin
 Director

AMG Packaging Paper Company Limited
Unaudited Statement of Comprehensive Income
9 months
to May 31, 2016

	3 months to May 31, 2016	9 months to May 31, 2016	3 months to May 31, 2015	9 months to May 31, 2015
Turnover	\$ 158,351,417	\$ 463,344,057	\$ 160,645,654	\$ 462,320,257
Cost of Inventories	(84,664,561)	(235,684,628)	(98,568,295)	(285,687,894)
Direct Expenses	(28,616,994)	(81,264,885)	(21,886,035)	(66,743,000)
Total Manufacturing Costs	(113,281,555)	(316,949,513)	(120,454,330)	(352,430,895)
Gross Profit	45,069,862	146,394,544	40,191,324	109,889,363
Expenses:				
Administrative	(14,704,756)	(41,325,399)	(11,625,587)	(35,590,731)
Financial	(3,741,937)	(9,740,911)	(3,006,787)	(7,881,356)
ISO 9001 Project	(309,991)	(546,793)	(293,687)	(1,560,115)
Directors Fees	(1,570,000)	(5,136,666)	(560,000)	(2,453,333)
Depreciation	(5,177,341)	(14,286,749)	(3,241,655)	(9,702,193)
Other Expenses- Toilet Paper operation	(4,945,067)	(11,748,084)	(1,185,047)	(2,035,780)
Profit Before Tax	14,620,771	63,609,941	20,278,560	50,665,856
Other Income	1,070,103	4,249,205	482,474	1,779,669
(Loss) Profit, Total Comprehensive Income for the period	15,690,874	67,859,146	20,761,034	52,445,524
No. of Shares Issued	102,378,857	102,378,857	102,378,857	102,378,857
EPS	\$ 0.15	\$ 0.66	\$ 0.20	\$ 0.51

AMG Packaging Paper Company Limited
Statement of Changes in Stockholders' Equity
May 31, 2016

		2016			
		Share Capital	Revaluation Reserves	Retained Earnings	Total
		\$	\$	\$	\$
	<u>Notes</u>				
Balance at September 01, 2015		63,250,028	48,928,537	264,929,699	377,108,264
Dividend Paid	15			(38,903,963)	(38,903,963)
Profit, being total Comprehensive Income for the period		-	-	67,859,146	67,859,146
Balance at May 31, 2016		63,250,028	48,928,537	293,884,882	406,063,447

		2015			
		Share Capital	Revaluation Reserves	Retained Earnings	Total
		\$	\$	\$	\$
Balance at September 01, 2014		63,250,028	48,928,537	203,857,498	316,036,063
Dividend Paid				(18,428,195)	(18,428,195)
Profit, being total Comprehensive Income for the period		-	-	52,445,524	52,445,524
Balance at May 31, 2015		63,250,028	48,928,537	237,874,827	350,053,392

AMG Packaging Paper Company Limited
Unaudited Statement of Cash Flow
9 months ending
May 31, 2016

	9 months to May 31, 2016	9 months to May 31, 2016
<u>Cash Flow from operating activities</u>		
Profit for the Year	67,859,146	52,445,524
Adjustments to reconcile income from year to net cash provided by operating activities		
Depreciation	14,277,629	9,702,193
	82,136,775	62,147,717
(Increase)/Decrease in inventories	(30,380,629)	(41,985,134)
(Increase)/Decrease Related parties	(4,115,637)	(7,421,358)
(Increase)/Decrease in Receivables	14,529,835	7,491,026
Increase/(decrease) in Payables & Accruals	4,297,427	(19,193,462)
Net cash flows provided by operating activities	66,467,771	1,038,789
 <u>Cash Flow from Investing activities</u>		
Purchase of Property, Plant & Equipment	(8,281,083)	(1,925,766)
Deposits on Purchase of Equipment	-	(11,732,175)
Net cash flow used in Investing activities	(8,281,083)	(13,657,941)
 <u>Cash Flow from Financing Activities</u>		
Loan Acquisition/(payments)	(20,367,818)	85,688,991
Dividends Paid	(38,903,963)	(18,428,195)
	(59,271,781)	67,260,796
Net increase(decrease) in cash & cash equivalents	(1,085,093)	54,641,644
Cash & Cash equivalents at beginning of the year	63,863,562	21,866,726
Cash & Cash equivalents at end of the year(note 8)	62,778,469	76,508,370

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

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 various 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**

These statements have been prepared using historical cost basis except for certain financial instruments that are measured at fair value as explained in the accounting policies below.

Historical cost is generally based on fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between marketing participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurement are categorised into level 1,2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follow:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
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New and Revised IFRSs' in issue but not yet effective

The Company has not applied the following new and revised IFRSs' that have been issued but are not yet effective:

Amendments to IAS 1	Disclosure Initiative
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to IFRS 7	Amendments resulting from September 2014 Annual Improvements to IFRSs'

Effective for annual periods beginning on or after 1 January 2016

Application of the new and revised International Financial Reporting Standards (IFRSs')

IFRS 13, 'Fair Value Measurement'	Short -term receivables and payables and clarifying the interrelationship between IFRS 3 IAS 40 when classifying property as investment property or owner-occupied property
IAS 16 Property, Plant and Equipment	Revaluation method-proportionate restatement of accumulated depreciation
IAS 38 Intangible Assets	Revaluation method-proportionate restatement of accumulated depreciation

IFRS 13 Fair Value Measurement: Scope of paragraph 52 (portfolio exemption), paragraph 52 of IFRS 13 includes a scope of exception for measuring the fair value of a company of financial assets and financial liabilities on a net basis. This is referred to as the portfolio exception. The objective of this amendment is to clarify that the portfolio exception applies to all contracts within the scope of IAS 39 *Financial Instruments: Recognition and Measurements* or IFRS 9 *Financial Instruments*, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 *Financial Instruments: Presentation*

IAS 16 Property, Plant and Equipment: Revaluation Method- proportionate restatement of accumulated depreciation clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount.

IAS 38 Intangible Assets: Revaluation method - proportionate restatement of accumulated amortisation clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.

IFRS 7: Financial Instruments: Disclosures

This standard requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising from those financial instruments, both in qualitative and quantitative terms. Specific disclosure are required in relation to transferred financial assets and a number of other matters.

The Accounting Policies of the Company have remained unchanged from those set out in the annual Financial Statement as at August 31, 2015

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 29, 2016

Financial Risk Management

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 faces significant interest rate risk in respect to loans and investments

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 is exposed to credit risk at May 31, 2016 in respect to receivables from other companies

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.

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 May 31, 2016 the company faced liquidity risks as indicated below:

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

Liquidity Risk cont'd

	<u>2016</u>			
	<u>Within 3 months</u>	<u>3 to 12 months</u>	<u>1 to 5 years</u>	<u>Total</u>
Assets				
Cash Resources	\$ 62,778,469			\$ 62,778,469
Other	225,080,812	11,388,248		236,469,060
Total	287,859,281	11,388,248	-	299,247,529
Liabilities				
Loans	6,764,513	19,615,374	104,872,241	131,252,128
Payables	43,180,808	-	-	43,180,808
Total	49,945,321	19,615,374	104,872,241	174,432,935
Total Liquidity GAP	237,913,961	(8,227,126)	(104,872,241)	124,814,594
Cumulative GAP	237,913,961	229,686,835	124,814,594	-
	<u>2015</u>			
Total Liquidity GAP	85,063,317	5,813,453	(141,508,536)	(50,631,766)
Cumulative GAP	85,063,317	90,876,770	(50,631,766)	

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

(c) IAS 16 Property, Plant and Equipment

This standard shall be applied in accounting for property, plant and equipment except when another standard requires or permits a different accounting treatment.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

(a) It is probable that future economic benefits associated with the item will flow to the entity; and

(b) The cost of the item can be measured reliably

Items of property, plant and equipment may be acquired for safety or environmental reasons. The acquisition of such property, plant and equipment, although not directly increasing the future economic benefits of any particular existing item or property, plant and equipment, may be necessary for an entity to obtain the future economic benefits from its other assets. Such items of property, plant and equipment qualify for recognition as assets because they enable an entity to derive future economic benefits from related assets in excess of what could be derived had those items not been acquired,

An item of property, plant and equipment that qualifies for recognition as an asset shall be measured at its cost.

An entity shall choose either the cost model or the revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

Revaluation:

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment loss. Revaluations shall be made sufficient regularly to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is adjusted to the revalued amount. At the date of revaluation, the asset is treated in one of the following ways:

(a) The gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. The accumulated depreciation at the date of the revaluation is adjusted to equal the difference between the gross carrying amount and that carrying amount of the asset after taking into account accumulated impairment losses; or

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

IAS 16 Property, Plant and Equipment (cont'd)

(b) the accumulated depreciation is eliminated against the gross carrying amount of the asset.

After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The depreciation charge for each period shall be recognised in profit or loss unless it is included in the carrying amount of another asset.

The company recognises depreciation under the expense heading of "depreciation".

The depreciable amount of an asset shall be allocated on a systematic basis over its useful life.

The depreciation method used by the company is the straight line basis and is designed to write off the assets over its useful life.

Rates are as follows:

Buildings	2.5%
Machinery & Equipment	10%
Computer	20%
Furniture & Fixtures	10%
Motor Vehicle	12.5%

Repairs and Maintenance expenditures are charged to the profit or loss in the statement of comprehensive income during the financial period in which they are incurred.

Inventories include assets held for sale in the ordinary course of business (finished goods), assets in the production process for sale in the ordinary course of business (work in progress) and materials and supplies that are consumed in production (raw materials), [IAS 2.6]

d. **Inventory**

Inventories are required to be stated at the lower of cost and net realisable (NRV) value. [IAS 2.9]

Cost should include all: [IAS 2.10]

(i) costs of purchase (including taxes, transport, and handling) net of trade discounts received

(ii) costs of conversion (including fixed and variable manufacturing overheads) and

(iii) other costs incurred in bringing the inventories to their present location and condition

IAS 2 allows the FIFO or weighted average cost formulas. [IAS 2.25]. The LIFO formula which had been allowed prior to the 2003 revision of IAS 2, is no longer allowed.

NRV is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale, [IAS 2.6]. Any write-down to NRV should be recognised as an expense in the period in which the write-down occurs. Any reversal should be recognised in the income statement in the period in which the reversal occurs.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

e. **Cash & Cash Equivalents**

Cash and cash equivalents are held for the purpose of meeting short term commitments rather than for investments for other purposes. For an investment to qualify it must be convertible to a known amount of cash and be subject to an insignificant risk of change in value, An investment normally qualifies as a cash equivalent when it has a short maturity of three months or less from date of acquisition

f. **IAS 18 - Revenue**

This standard outlines the accounting requirements as to when to recognise revenue from the sale of goods, rendering of services, and for interest, royalties and dividends. Revenue is measured at fair value of the consideration received or receivable and recognised when prescribed conditions are met, which depend on the nature of the revenue.

The company's main revenue source is manufactured and printed boxes which is recognised on the Sales -basis method. Under this method revenue is recognised at the time of sale, which is defined as the moment when title of the goods is transferred to the buyer. The company recognises other income when rights and obligations have been transferred to the entity.

g **IAS 21 - Effects of changes in foreign exchange rates**

An entity may carry on foreign activities in two ways. It may have transactions in foreign currencies or it may have foreign operations.

This Standard shall be applied:

(a) In accounting for transactions and balances in foreign currencies, except for those derivative transactions and balances that are within the scope of IFRS 9 Financial Instruments;

(b) In translating the results and financial position of foreign operations that are included in the financial statements of the entity by consolidation or equity method; and

(c) In translating an entity's results and financial position into a presentation currency.

This company owns a foreign currency savings account which is subject to changes in exchange rate.

A foreign currency transaction shall be recorded, on initial recognition in the functional currency, by applying to the foreign exchange amount the spot exchange rate between the functional currency and foreign currency at the date of the transaction.

At the end of each reporting period foreign currency monetary items shall be translated using the closing rate.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

h. IAS 24 -Related Party Disclosures

The objective of this standard is to ensure that an entity's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and profit or loss may have been affected by the existence of related parties and by transactions and outstanding balances, including commitments, with such parties.

A related party is a person or entity that is related to the entity that is preparing the financial statements (in this standard referred to as the 'reporting entity').

(a) A person or a close member of that person's family is related to a reporting entity if that person:

- (i) has control or joint control of the reporting entity;**
- (ii) has significant influence over the reporting entity; or**

(b) An entity is related to a reporting entity if any of the following condition apply:

- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary, fellow subsidiary is related to the others)**
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).**
- (iii) Both entities are joint ventures of the same third party.**
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.**
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.**
- (vi) The entity is controlled or jointly controlled by a person identified in (a).**
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or a parent of the entity).**
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of reporting entity.**

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

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

4 Property, Plant & Equipment

<u>At cost</u>	Land, Buildings & Leasehold Improvement	Equipment	Motor Cycle	Motor Vehicle	Computer & Equipment	Furniture & Fixtures	Total
	\$	\$	\$	\$	\$	\$	\$
Balance as at September 1, 2015	188,410,403	81,727,298	180,258	-	2,194,041	6,288,913	278,800,913
Additions	7,603,596	50,194,045	-	1,757,500	269,028	6,362,105	66,186,274
Disposal	-	(17,940)	-	-	-	-	(17,940)
Balance as at May 31, 2016	196,013,999	131,903,403	180,258	1,757,500	2,463,069	12,651,018	344,969,247
<u>Accumulated depreciation</u>							
Balance as at September 1, 2015	14,155,036	29,058,997	67,597	-	950,804	2,112,571	46,345,005
Current year charges	4,056,728	8,976,756	16,899	-	289,038	947,328	14,286,748
Disposal	-	(9,120)	-	-	-	-	(9,120)
Balance as at May 31, 2016	18,211,764	38,026,633	84,496	-	1,239,842	3,059,899	60,622,634
<u>Net Book Value</u>							
May 31, 2016	177,802,235	93,876,770	95,762	1,757,500	1,223,228	9,591,119	284,346,614
May 31, 2015	172,466,108	53,600,966	118,294	-	1,309,481	4,328,496	231,823,345

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

5 Inventories	<u>2016</u>	<u>2015</u>
	\$	\$
Raw Materials	144,273,464	151,701,051
Finished Goods	7,316,474	3,444,664
Goods in transit	1,431,403	4,438,056
	153,021,340	159,583,772

6 Accounts Receivable	<u>2016</u>	<u>2015</u>
	\$	\$
Trade Receivables	68,613,393	70,831,541
Provision for bad debts	(4,323,392)	(2,765,241)
	64,290,001	68,066,300
Other Receivables	10,718,690	5,442,587
	75,008,691	73,508,887

	Aged Trade Receivables			
	Within 1	31 to 60	Over 60	Carrying
	Month	Days	Days	Value
	\$	\$	\$	\$
Balance at				
31-May-16	49,919,801	7,305,344	11,388,248	68,613,393
31-May-15	57,773,643	2,384,304	10,673,593	70,831,541

7 Deposits	<u>2016</u>	<u>2015</u>
	\$	\$
Equipment	1,225,632	11,732,175

This represents deposits made on machinery and equipment for new business segment

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

8 <u>Cash & Cash equivalents</u>	<u>2016</u>	<u>2015</u>
	\$	\$
Bank of Nova Scotia Ja Ltd		
- Current accounts	15,470,839	8,895,051
- Savings account (US dollar denominated)	4,859,261	1,237,283
National Commercial Bank Limited		
- Current accounts	3,452,739	1,491,738
Alliance Financial Services Limited		
- Cash Securities(denominated in United States Dollars)	37,261,593	63,216,593
- Repurchase Agreement	1,018,800	997,176
JN Fund Managers		
- Repurchase Agreement	645,238	640,330
Petty Cash	70,000	30,200
	<u>62,778,469</u>	<u>76,508,370</u>

9 <u>Share Capital</u>	<u>2015</u>	<u>2014</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	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.

10 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
May 31, 2016

11 Long-term Loans

	<u>2016</u>	<u>2015</u>
	\$	\$
Bank of Nova Scotia Jamaica Limited		
Loan 1	226,055	2,938,715
Loan 2	41,282,080	52,051,300
Loan3	62,820,913	70,000,401
Loan 4	26,923,080	30,000,000
Total loans	131,252,128	154,990,416
Current portion of loans	26,379,887	13,481,880
Long-term portion of loans	104,872,241	141,508,536

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
- (4) Joint and several Demand Debenture stamped \$202,000,000 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, Second and Third Legal Mortgages stamped \$202,000,000 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)

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2016

12 <u>Related Parties</u>	2016	2015
Director Current Account	4,115,637	4,000,000

13 <u>Accounts Payable & Accruals</u>	2016	2015
	\$	\$
Trade Payables	27,274,983	33,438,621
Accruals	9,167,805	6,928,413
Other Payables	4,529,432	9,896,941
Statutories Payable	1,877,435	1,605,537
Dividends	331,152	243,230
	43,180,808	52,112,742

<u>Balance at</u>	Aged Trade Payables			
	Within 1 Months	31 to 60 Days	Over 60 Days	Amount Due
31-May-16	\$ 25,497,465	\$ 44,177	\$ 1,733,341	\$ 27,274,983
31-May-15	32,230,253	40,000	1,168,368	33,438,621

14 Taxation

The Company having been listed on the Junior Stock Exchange in 2011 became eligible for remission of Income Tax for 10 years, as below, provided the shares remain listed for at least 15 years

Years 1 to 5	100%
Years 6 to 10	50%

15 Dividend

The Board of Directors met on January 14, 2016 and declared a dividend of \$0.38 per share payable on March 15, 2016 to shareholders on record as at March 1, 2016.

AMG PACKAGING & PAPER COMPANY LIMITED

TOP 10 SHAREHOLDERS AT 31 MAY 2016

		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
JCSD TRUSTEE SERVICES SIGMA VENTURE FUND	2,763,057	2.699
HAROLD SOLTAU	1,361,605	1.330
CHESTON JAMAICA LIMITED	1,072,687	1.048
SJLIC FOR SCOTIABRIDGE RETIREMENT SCHEME	860,371	0.840
COLIN STEELE	687,645	0.672
GUARDIAN LIFE LIMITED GUARDIAN EQUITY FUND	643,896	0.629
V.M.B.S. A/C CONTRIBUTORY PENSION SCHEME	597,293	0.583
	88,865,856	86.801
NO. OF SHAREHOLDERS AT 31/05/2016	JCSD	372
	MAIN REGISTER	2
	TOTAL	374

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

DIRECTORS' NAMES	SHAREHOLDING	CONNECTED PARTY
ANTONIA HUGH	32,351,718	RANKINSTON LIMITED
MARK CHIN/PAUL CHIN	24,263,792	HEISS HOLDINGS LIMITED
GEORGE HUGH	24,263,792	GEORGE HUGH HOLDINGS LTD
PETER D. CHIN	332,370	
MICHAEL FRASER	382,913	
BARRINGTON CHISHOLM	76,583	
	81,671,168	

SENIOR MANAGERS

MICHAEL P. CHIN	394,487
LESLIE MCPHERSON	38,291
MICHAEL HENDRIKS	1,249
	434,027