



## GENERAL MANAGER'S REPORT

AMG Packaging & Paper Company Limited (AMG) is pleased to present our financial statements for the 3 months ended November 30, 2016.

AMG first quarter reflected less than impressive results due to the major retooling and upgrading that was scheduled to be done to the Corrugator, which is the heart of our operation, as was announced in our Annual Report for 2015-2016. We are energized to resume full production of our corrugated products especially with the upgrades, which allows us to offer double wall cartons as well as to be able to offer a choice between a B or C flute. This has given us the ability to broaden our product base.

In addition to our Tishoo brand, which has an exclusive distributor, we have introduced 2 new brands, Plush and Cottony, within the quarter to our Toilet Tissue line. With the addition of these two new lines, we can now aggressively target the market to increase our market share.

Revenues for the period ending November 30, 2016 increased by 4.10% to \$155.38 million over the prior year. Gross Profit decreased by 5.43%, to \$46.26 million. Manufacturing Costs increased by 8.58%, moving from \$100.49 million (2015) to \$109.12 million (2016). Administrative expenses increased by 24.24% for the three month period, which resulted in AMG producing Profit of \$20.29 million down from \$28.67million for the corresponding prior year period.

	<b>3 Months to November 30, 2016</b>	<b>3 Months to November 30, 2015</b>
<b>Total Revenues</b>	<b>155,381,963</b>	<b>149,267,604</b>
<b>Gross Profit</b>	<b>46,261,032</b>	<b>48,775,454</b>
<b>Profit</b>	<b>20,296,209</b>	<b>28,674,719</b>
<b>Total Assets</b>	<b>667,243,222</b>	<b>597,252,356</b>

With the continuous growth in customer confidence, along with the retooling and upgrades to the Corrugator as well as the roll out of our 2 new tissue brands, we are excited and eager to jump out of the box for the 2016-2017 Financial year.

  
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**Michael Chin**  
**General Manager**

AMG Packaging Paper Company Limited  
 Unaudited Statement of Comprehensive Income  
 3 months  
 to November 30, 2016

	3 months to November 30, 2016	Audited August 31, 2016	3 months to November 30, 2015	Audited August 31, 2015
	\$	\$	\$	\$
<b>Turnover</b>	155,381,963	628,667,865	149,267,604	633,192,733
Cost of Inventories	(77,753,798)	(323,390,022)	(74,665,974)	(384,146,470)
Direct Expenses	(31,367,134)	(108,205,696)	(25,826,176)	(90,466,985)
<b>Total Manufacturing Costs</b>	<b>(109,120,931)</b>	<b>(431,595,718)</b>	<b>(100,492,150)</b>	<b>(474,613,455)</b>
<b>Gross Profit</b>	46,261,032	197,072,147	48,775,454	158,579,278
<b>Expenses:</b>				
Administrative	(17,572,477)	(79,764,849)	(14,144,374)	(55,447,098)
Financial	(2,955,990)	(13,205,562)	(2,004,428)	(10,209,090)
Directors Fees	(1,576,396)	(6,706,666)	(1,996,666)	(3,080,000)
Depreciation	(5,623,691)	(19,628,998)	(4,023,712)	(12,947,658)
<b>Profit Before Tax</b>	<b>18,532,478</b>	<b>77,766,072</b>	<b>26,606,273</b>	<b>76,895,432</b>
Other Income	1,763,732	6,664,312	2,068,445	2,604,963
<b>Profit, Total Comprehensive Income for the period</b>	<b>20,296,209</b>	<b>84,430,384</b>	<b>28,674,719</b>	<b>79,500,395</b>
<b>Income Tax</b>	<b>(2,537,026)</b>	<b>(1,458,998)</b>	-	-
<b>Profit After Tax</b>	<b>17,759,183</b>	<b>82,971,386</b>	<b>28,674,719</b>	<b>79,500,395</b>
No. of Shares Issued	102,378,857	102,378,857	102,378,857	102,378,857
EPS	\$ 0.17	\$ 0.81	\$ 0.28	\$ 0.78



AMG Packaging Paper Company Limited  
Unaudited  
Statement of Financial Position  
November 30, 2016

ASSETS EMPLOYED	Notes	November 2016 \$	November 2015 \$	Audited August 2016 \$
Property, Plant & Equipment	4	306,077,017	286,472,446	281,573,603
<b>Current Assets</b>				
Inventories	5	239,418,572	147,601,793	171,480,549
Accts Receivable Net Allowance	6	89,700,227	74,141,436	100,162,800
Deposit on Equipment	7	1,304,435	1,586,788	-
Cash & Cash Equivalents	8	28,429,165	87,449,893	31,616,635
Related Parties		2,313,807	-	4,115,641
Total Current Assets		361,166,206	310,779,910	307,375,625
Total Assets		<b>667,243,222</b>	<b>597,252,356</b>	<b>588,949,228</b>

**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		326,756,305	293,604,418	308,997,122
Total Capital		438,934,870	405,782,983	421,175,687

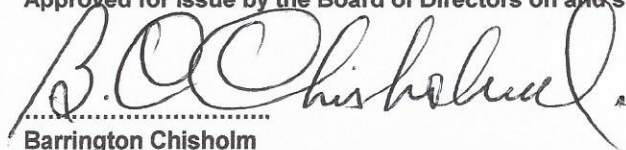
**Long-Term Liabilities**

Loans	11	91,795,325	117,949,157	99,615,834
Total Long-Term Liabilities		91,795,325	117,949,157	99,615,834

**Current Liabilities**

Current Portion of Long Term Loan	11	26,153,832	27,736,217	24,871,781
Accounts Payable & Accruals	13	106,453,171	45,784,000	41,886,928
Income Tax		3,906,024	-	1,398,998
Total Current Liabilities		136,513,027	73,520,217	68,157,707
Total Liabilities & Capital		<b>667,243,222</b>	<b>597,252,356</b>	<b>588,949,228</b>

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**  
**Statement of Changes in Stockholders' Equity**  
**November 30, 2016**

		2017			
		Share Capital	Revaluation Reserves	Retained Earnings	Total
		\$	\$	\$	\$
	<u>Notes</u>				
Balance at September 01, 2016		63,250,028	48,928,537	308,997,122	421,175,687
Profit, being total Comprehensive Income for the period		-	-	17,759,183	17,759,183
Balance at November 30, 2016		<u>63,250,028</u>	<u>48,928,537</u>	<u>326,756,305</u>	<u>438,934,870</u>

		2016			
		Share Capital	Revaluation Reserves	Retained Earnings	Total
		\$	\$	\$	\$
Balance at September 01, 2015		63,250,028	48,928,537	264,929,699	377,108,264
Profit, being total Comprehensive Income for the period		-	-	28,674,719	-
Balance at November 30, 2015		<u>63,250,028</u>	<u>48,928,537</u>	<u>293,604,418</u>	<u>405,782,983</u>

**AMG Packaging Paper Company Limited**  
**Unaudited Statement of Cash Flow**  
**3 months ending**  
**November 30, 2016**

	<b>3 months to November 30, 2016</b>	<b>3 months to November 30, 2015</b>
	\$	\$
Profit for the Year	17,759,183	28,674,719
Adjustments for:		
Interest Expense	2,955,990	2,004,428
Depreciation	5,623,691	4,023,712
Income Tax	2,537,026	-
	<u>28,875,890</u>	<u>34,702,859</u>
Changes in operating Assets and Liabilities:		
Increase in inventories	(67,938,022)	(24,961,081)
Decrease Related parties	1,801,834	-
Decrease in Receivables	10,462,574	74,509,970
Increase in Payables & Accruals	64,566,242	6,930,619
Cash flows provided by operating activities	<u>37,768,518</u>	<u>91,182,367</u>
Taxation Paid	<u>(30,000)</u>	<u>(30,000)</u>
Net cash flows provided by operating activities	37,738,518	91,152,367
<u>Cash Flow from Investing activities</u>		
Purchase of Property, Plant & Equipment	(31,431,540)	(59,627,036)
Net cash flow used in Investing activities	<u>(31,431,540)</u>	<u>(59,627,036)</u>
<u>Cash Flow from Financing Activities</u>		
Loan Payments	(6,538,458)	(5,934,572)
Interest Paid	(2,955,990)	(2,004,428)
Net cash flow used in Financing activities	<u>(9,494,448)</u>	<u>(7,939,000)</u>
Net increase(decrease) in cash & cash equivalents	(3,187,470)	23,586,331
Cash & Cash equivalents at beginning of the year	31,616,635	63,863,562
Cash & Cash equivalents at end of the year (note 8)	<u><u>28,429,165</u></u>	<u><u>87,449,893</u></u>



**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 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**  
**November 30, 2016**

**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, 2016



**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 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 November 30, 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 November 30, 2016 the company faced liquidity risks as indicated below:



**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 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>
<b>Assets</b>				
Cash Resources	\$ 28,429,165			\$ 28,429,165
Other	56,743,759	37,279,860		94,023,619
<b>Total</b>	<b>85,172,924</b>	<b>37,279,860</b>	<b>-</b>	<b>122,452,784</b>
<b>Liabilities</b>				
Loans	6,538,458	19,615,374	91,795,325	117,949,157
Payables	106,453,171	-	-	106,453,171
<b>Total</b>	<b>112,991,629</b>	<b>19,615,374</b>	<b>91,795,325</b>	<b>224,402,327</b>
<b>Total Liquidity GAP</b>	<b>(27,818,704)</b>	<b>17,664,486</b>	<b>(91,795,325)</b>	<b>(101,949,543)</b>
<b>Cumulative GAP</b>	<b>(27,818,704)</b>	<b>(10,154,218)</b>	<b>(101,949,543)</b>	<b>-</b>
 <u>2015</u> 				
<b>Total Liquidity GAP</b>	<b>97,106,663</b>	<b>(4,578,759)</b>	<b>(117,949,157)</b>	<b>(25,421,253)</b>
<b>Cumulative GAP</b>	<b>97,106,663</b>	<b>92,527,904</b>	<b>(25,421,253)</b>	

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 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**  
**November 30, 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**  
**November 30, 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**  
**November 30, 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**  
November 30, 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, 2016	198,060,419	131,791,447	1,937,758	2,463,069	13,062,735	347,315,428
Additions		29,994,766		69,577	62,760	30,127,104
Balance as at November 30, 2016	198,060,419	161,786,213	1,937,758	2,532,646	13,125,495	377,442,532
<u>Accumulated depreciation</u>						
Balance as at September 1, 2016	19,774,073	41,054,451	145,050	1,339,473	3,428,779	65,741,826
Current year charges	1,596,414	3,545,401	60,556	94,855	326,463	5,623,690
Balance as at November 30, 2016	21,370,487	44,599,852	205,606	1,434,328	3,755,242	71,365,516
<u>Net Book Value</u>						
Nov 30, 2016	176,689,932	117,186,361	1,732,152	1,098,318	9,370,253	306,077,017
Nov 30, 2015	178,630,155	96,555,706	107,028	1,234,647	9,944,910	286,472,446



**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
November 30, 2016

<b>5 Inventories</b>	<u>2016</u>	<u>2015</u>
	\$	\$
Raw Materials	215,997,444	131,237,177
Finished Goods	16,411,203	2,840,528
Goods in transit	<u>7,009,925</u>	<u>13,524,088</u>
	<u>239,418,572</u>	<u>147,601,793</u>

<b>6 Accounts Receivable</b>	\$	\$
Trade Receivables	84,935,273	68,099,351
Provision for bad debts	<u>(4,323,392)</u>	<u>(4,323,392)</u>
	80,611,881	63,775,959
Other Receivables	<u>9,088,346</u>	<u>10,365,477</u>
	<u>89,700,227</u>	<u>74,141,436</u>

	<u>Aged Trade Receivables</u>			
	<u>Within 1</u>	<u>31 to 60</u>	<u>Over 60</u>	<u>Carrying</u>
	<u>Month</u>	<u>Days</u>	<u>Days</u>	<u>Value</u>
	\$	\$	\$	\$
<u>Balance at</u>				
30-Nov-16	<u>56,743,759</u>	<u>10,199,109</u>	<u>17,992,405</u>	<u>84,935,273</u>
30-Nov-15	<u>57,284,936</u>	<u>2,958,172</u>	<u>7,856,243</u>	<u>68,099,351</u>

<b>7 Deposits</b>		
Equipment	1,304,435	1,586,788

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

**AMG PACKAGING & PAPER COMPANY LTD**  
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<b>8 <u>Cash &amp; Cash equivalents</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
	\$	\$
Bank of Nova Scotia Ja Ltd		
- Current accounts	18,519,437	20,475,184
- Savings account (US dollar denominated)	5,783,846	4,859,261
National Commercial Bank Limited		
- Current accounts	2,219,086	2,730,199
Alliance Financial Services Limited		
- Cash Securities(denominated in United States Dollars)	161,275	57,697,106
- Repurchase Agreement	1,030,283	1,007,444
JN Fund Managers		
- Repurchase Agreement	645,238	645,238
Petty Cash	70,000	35,461
	<u>28,429,165</u>	<u>87,449,893</u>

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

**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

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<b>11 Long-term Loans</b>	<b>2016</b>	<b>2015</b>
	\$	\$
<b>Bank of Nova Scotia Jamaica Limited</b>		
Loan 1	-	1,582,385
Loan 2	35,897,470	46,666,690
Loan 3	57,436,297	68,205,529
Loan 4	<u>24,615,390</u>	<u>29,230,770</u>
<b>Total loans</b>	<b>117,949,157</b>	<b>145,685,374</b>
<b>Current portion of loans</b>	<b>26,153,832</b>	<b>27,736,217</b>
<b>Long-term portion of loans</b>	<b><u>91,795,325</u></b>	<b><u>117,949,157</u></b>

- (i) Loan 1 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 2 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 3- has a duration of 5 years, inclusive of a 6 months moratorium on principal repayments (to be funded by the Development Bank of Jamaica (DBJ) with the Bank of Nova Scotia Jamaica Limited as the approved Financial Institution).  
Interest rate: The DBJ authorised lending rate, present effective all in rate -10% per annum
- (iv) Loan 4 has a duration of 5 years, inclusive of a 6 months moratorium on principal repayments. This Loan has a Fixed Interest rate of 11% for Three (3) years, thereafter the bank Base Lending Rate (currently 15.75% per annum) in effect from time to time minus 3.5% per annum.  
Current effective rate 12.25% 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 stoker 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**  
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11 cont'd

(4) Joint and several Demand Debenture to be 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 to be 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)

<b>12 Related Parties</b>	<b>2016</b>	<b>2015</b>
Director's Loan	2,313,807	-

<b>13 Accounts Payable &amp; Accruals</b>	<b>2016</b>	<b>2015</b>
	\$	\$
Trade Payables	89,912,830	26,114,444
Accruals	10,241,185	9,732,179
Other Payables	3,909,146	8,246,313
Statutories Payable	2,152,359	1,514,768
Dividends	237,651	176,296
	<u>106,453,171</u>	<u>45,784,000</u>

Balance at	Aged Trade Payables			
	Within 1 Months	31 to 60 Days	Over 60 Days	Amount Due
	\$	\$	\$	\$
Nov 30, 2016	89,730,520	144,400	37,910	89,912,830
Nov 30, 2015	<u>24,349,940</u>	<u>460,365</u>	<u>1,304,139</u>	<u>26,114,444</u>

**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%

The Company completed its 5 year tax free period on May 2016

Tax is charged at the at the rate of 12.5% (50% of applicable tax rate of 25%)

**15 Dividend**

During 2016 the company declared and paid dividends of \$38,903,963

**AMG PACKAGING & PAPER COMPANY LTD**  
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**16 Segment Information**

a. **Products and services from which reportable segments derive their revenues**

Information reported to the chief decision maker for the purposes of resource allocation and assessment of segment performance focuses on types provided, and in respect of the 'Box' and 'Toilet Paper/ Hand Towel' operations. The directors of the Company have chosen to organise the company around differences in products. No operating segments have been aggregated in arriving at the reportable segments of the Company.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

**Box Manufacturing (Box)**

The Box Division is engaged primarily in the manufacturing, distribution and selling of cartons of various sizes.

**Toilet Paper and Hand Towel (TP)**

The Toilet Paper Division was started in reported year of 2015, and based on its total representation within the consolidated Financial Statements is considered by the CODM as a reportable segment. Its primary engagement is the manufacture of various types of toilet paper and hand towels.

The Company has no unreported segments.

**AMG PACKAGING & PAPER COMPANY LTD**  
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	2016				2015			
	\$	\$	\$	\$	\$	\$	\$	\$
	Box	TP	Unallocated	Total	Box	TP	Unallocated	Total
<b>b Segment Revenue and Results</b>								
Turnover	152,917,650	2,464,313	-	155,381,963	149,267,604	-	-	149,267,604
Cost of Inventories	(75,554,796)	(2,199,002)	-	(77,753,798)	(73,881,549)	(784,425)	-	(74,665,974)
Direct Expenses	(27,136,045)	(4,231,089)	-	(31,367,134)	(22,998,179)	(2,827,996)	-	(25,826,176)
Total Manufacturing Costs	(102,690,841)	(6,430,091)	-	(109,120,931)	(96,879,729)	(3,612,421)	-	(100,492,150)
Gross Profit	50,226,810	(3,965,778)	-	46,261,032	52,387,875	(3,612,421)	-	48,775,454
<b>Expenses:</b>								
Administrative	(6,944,836)	(2,156,779)	(8,470,862)	(17,572,477)	(4,988,703)	(1,518,951)	(7,636,721)	(14,144,374)
Financial	(1,480,015)	(1,475,975)	-	(2,955,990)	(2,004,428)	-	-	(2,004,428)
Directors Fees	-	-	(1,576,396)	(1,576,396)	-	-	(1,996,666)	(1,996,666)
Depreciation	(3,571,984)	(2,051,707)	-	(5,623,691)	(3,278,562)	(745,150)	-	(4,023,712)
Profit Before Tax	38,229,975	(9,650,239)	(10,047,259)	18,532,478	42,116,182	(5,876,522)	(9,633,387)	26,606,273
Other Income	-	-	1,763,732	1,763,732	-	-	2,068,445	2,068,445
Profit, Total Comprehensive	38,229,975	(9,650,239)	(8,283,527)	20,296,209	42,116,182	(5,876,522)	(7,564,942)	28,674,719
Income for the period	38,229,975	(9,650,239)	(8,283,527)	20,296,209	42,116,182	(5,876,522)	(7,564,942)	28,674,719
Income Tax	-	-	2,537,026	2,537,026	-	-	-	-
Profit After Tax	38,229,975	(9,650,239)	(10,820,553)	17,759,183	42,116,182	(5,876,522)	(7,564,942)	28,674,719



**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2016**

**Segment Information cont'd**

**c Segment assets and Liabilities**

	<u>2016</u>	<u>2015</u>
	\$	\$
<b><u>Segment assets</u></b>		
TP	106,238,240	90,998,556
Box	<u>558,691,176</u>	<u>506,253,800</u>
Consolidated Total assets	<u>664,929,416</u>	<u>597,252,356</u>
<b><u>Segment Liabilities</u></b>		
TP	82,230,446	97,436,299
Box	<u>142,171,882</u>	<u>94,033,075</u>
Consolidated Total liabilities	<u>224,402,328</u>	<u>191,469,374</u>
Unallocated	3,906,024	-
Consolidated Total Liabilities	<u><u>228,308,352</u></u>	<u><u>191,469,374</u></u>

**Other Segment Information**

	<u>Box</u>		<u>TP</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	\$	\$	\$	\$
Capital Expenditure	26,302,061	4,144,291	3,825,042	53,895,958
Depreciation	3,571,984	3,812,540	2,051,707	211,172

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

DIRECTORS' NAMES	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
ANTONIA HUGH	NIL	RANKINSTON LIMITED	32,351,718
PAUL CHIN	NIL	HEISS HOLDINGS LIMITED ALEXA CHIN ZACHARY CHIN	24,263,792 NIL NIL
GEORGE HUGH	NIL	GEORGE HUGH HOLDINGS LTD MICHELLE HUGH SHANNON HUGH ADAM HUGH BRANDON HUGH TOBY HUGH	24,263,792 69,110 115,420 NIL 141,398 NIL
MICHELLE CHIN	637,418	HEISS HOLDINGS LIMITED MARKHAM BETTING COMPANY LTD KATHRYN CHIN GABRIELLE CHIN KAYLA CHIN LUKE CHIN	24,263,792 280,185 NIL 64,719 NIL NIL
PETER D. CHIN	332,370		
MICHAEL FRASER	382,913		
BARRINGTON CHISHOLM	76,583	ANNA KAYE CHISHOLM PRICE	NIL
	1,429,284		105,813,926

**SENIOR MANAGERS**

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

**AMG PACKAGING & PAPER COMPANY LIMITED**

**TOP 10 SHAREHOLDERS AT 30 NOVEMBER 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	2,579,072	2.519	
HAROLD SOLTAU	1,361,605	1.330	
CHESTON JAMAICA LIMITED	1,072,687	1.048	
SJLIC FOR SCOTIABRIDGE RETIREMENT SCHEME	860,371	0.840	
PAM - POOLED EQUITY FUND	727,293	0.710	
COLIN STEELE	687,465	0.671	
GUARDIAN LIFE LIMITED GUARDIAN EQUITY FUND	643,896	0.629	
	<b>88,811,691</b>	<b>86.748</b>	
NO. OF SHAREHOLDERS AT 30/11/2016	JCSD	382	
	MAIN REGISTER	2	
	TOTAL	384	