

AMG Packaging Paper Company Limited
 Unaudited Statement of Comprehensive Income
 9 months
 to May 31, 2017

	3 months to May 31, 2017	9 months to May 31, 2017	3 months to May 31, 2016	9 months to May 31, 2016
	\$	\$	\$	\$
Turnover	174,530,866	487,017,876	158,317,731	463,310,374
Cost of Inventories	(94,424,768)	(255,792,079)	(84,660,111)	(235,680,178)
Direct Expenses	(31,474,903)	(95,172,469)	(29,954,376)	(84,941,810)
Total Manufacturing Costs	(125,899,671)	(350,964,548)	(114,614,488)	(320,621,988)
Gross Profit	48,631,196	136,053,328	43,703,243	142,688,386
Expenses:				
Administrative	(20,320,325)	(57,600,592)	(15,827,589)	(44,368,899)
Financial	(3,345,966)	(9,155,581)	(3,391,626)	(8,941,895)
Directors Fees	(2,382,687)	(6,220,465)	(1,570,000)	(5,136,666)
Depreciation	(6,375,877)	(18,373,429)	(5,177,341)	(14,286,749)
Other Expenses- Toilet Paper	-	-	(3,145,153)	(6,373,469)
Profit Before Tax	16,206,341	44,703,261	14,591,535	63,580,708
Other Income	811,988	3,407,603	1,070,103	4,249,205
Profit, Total Comprehensive Income for the period	17,018,329	48,110,864	15,661,638	67,829,913
Income Tax	(2,680,559)	(6,790,469)	-	-
Profit After Tax	14,337,770	41,320,395	15,661,638	67,829,913
No. of Shares Issued	511,894,285	511,894,285	511,894,285	511,894,285
EPS	\$ 0.03	\$ 0.08	\$ 0.03	\$ 0.13

AMG Packaging Paper Company Limited
Unaudited
Statement of Financial Position
May 31, 2017

		May 2017	May 2016	<u>Audited</u> August 2016
ASSETS EMPLOYED	<u>Notes</u> \$	\$	\$	\$
Property, Plant & Equipment	4	301,911,749	284,346,614	281,573,603
Current Assets				
Inventories	5	222,720,603	153,074,017	171,480,549
Accts Receivable Net Allowance	6	99,477,674	74,926,781	100,162,800
Deposit on Equipment		-	1,225,632	-
Cash & Cash Equivalents	7	12,969,668	62,778,469	31,616,635
Related Parties	11	-	4,115,637	4,115,641
Total Current Assets		335,167,946	296,120,536	307,375,625
Total Assets		637,079,694	580,467,150	588,949,228

EQUITY & LIABILITIES

Capital & Reserves:

Authorised Share Capital - JMD140,000,000

Share Capital	8	63,250,028	63,250,028	63,250,028
Revaluation Reserve	9	48,928,537	48,928,537	48,928,537
Retained Earnings		307,318,397	293,855,649	308,997,122
Total Capital		419,496,962	406,034,214	421,175,687

Long-Term Liabilities

Loans	10	78,718,409	104,872,241	99,615,834
Total Long-Term Liabilities		78,718,409	104,872,241	99,615,834

Current Liabilities

Current Portion of Long Term Loan	10	46,153,832	26,379,887	24,871,781
Accounts Payable & Accruals	12	86,754,646	43,180,808	41,886,928
Income Tax		5,955,845	-	1,398,998
Total Current Liabilities		138,864,323	69,560,695	68,157,707
Total Liabilities & Capital		637,079,694	580,467,150	588,949,228

#

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
May 31, 2017

		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
Dividend	14			(42,999,120)	(42,999,120)
Profit, being total Comprehensive Income for the period		-	-	41,320,395	41,320,395
Balance at May 31, 2017		<u>63,250,028</u>	<u>48,928,537</u>	<u>307,318,397</u>	<u>419,496,962</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
Dividend				(38,903,963)	(38,903,963)
Profit, being total Comprehensive Income for the period		-	-	67,829,913	67,829,913
Balance at May 31, 2016		<u>63,250,028</u>	<u>48,928,537</u>	<u>293,855,649</u>	<u>406,034,214</u>

AMG Packaging Paper Company Limited
Unaudited Statement of Cash Flow
9 months ending
May 31, 2017

	9 months to May 31, 2017	9 months to May 31, 2016
	\$	\$
Profit for the Year	41,320,395	67,829,913
Adjustments for:		
Interest Expense	9,155,581	8,941,895
Depreciation	18,373,429	14,286,749
Loss on Disposal of Asset	332,333	8,821
Income Tax	6,790,469	-
	<u>75,972,207</u>	<u>91,067,378</u>
Changes in operating Assets and Liabilities:		
Increase in inventories	(51,240,054)	(30,433,305)
(Increase) Decrease Related parties	4,115,641	(4,115,637)
Decrease in Receivables	685,126	14,611,744
Increase in Payables & Accruals	44,867,718	4,297,427
Cash flows provided by operating activities	74,400,638	75,427,607
Taxation Paid	(2,233,623)	-
Net cash flows provided by operating activities	<u>72,167,016</u>	<u>75,427,607</u>
<u>Cash Flow from Investing activities</u>		
Purchase of Property, Plant & Equipment	(39,123,907)	(8,299,024)
Proceeds of Disposal	80,000	-
Net cash flow used in Investing activities	<u>(39,043,907)</u>	<u>(8,299,024)</u>
<u>Cash Flow from Financing Activities</u>		
Loan Receipts	50,000,000	-
Loan Payments	(49,615,374)	(20,367,818)
Interest Paid	(9,155,581)	(8,941,895)
Dividends Paid	(42,999,120)	(38,903,963)
Net cash flow used in Financing activities	<u>(51,770,075)</u>	<u>(68,213,676)</u>
Net increase(decrease) in cash & cash equivalents	(18,646,967)	(1,085,093)
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>12,969,668</u>	<u>62,778,469</u>

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31 2017

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
May 31, 2017

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
May 31, 2017

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, 2017 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, 2017 the company faced liquidity risks as indicated below:

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2017

Liquidity Risk cont'd

	<u>2017</u>			
<u>Assets</u>	Within 3 months	3 to 12 months	1 to 5 years	Total
	\$	\$	\$	\$
Cash Resources	12,969,668			12,969,668
Other	298,928,439	27,593,230		326,521,669
Total	311,898,107	27,593,230	-	339,491,337
<u>Liabilities</u>				
Loans	26,538,458	19,615,374	78,718,409	124,872,241
Payables	92,710,491	-	-	92,710,491
Total	119,248,949	19,615,374	78,718,409	217,582,731
Total Liquidity GAP	192,649,159	7,977,856	(78,718,409)	121,908,606
Cumulative GAP	192,649,159	200,627,015	121,908,606	-

	<u>2016</u>			
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	

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2017

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, 2017

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, 2017

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, 2017

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, 2017

4 Property, Plant & Equipment

	Land, Buildings & Leasehold Improvement	Equipment	Motor Cycle/Motor Vehicle	Computer & Equipment	Furniture & Fixtures	Total
At cost	\$	\$	\$	\$	\$	\$
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	4,311,151	34,107,384		582,861	122,511	39,123,907
Disposal		(1,237,000)				(1,237,000)
Balance as at May 31, 2017	202,371,570	164,661,831	1,937,758	3,045,930	13,185,246	385,202,335
Accumulated depreciation						
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	5,058,712	11,855,339	181,666	293,961	983,750	18,373,428
Disposal		(824,667)				(824,667)
Balance as at May 31, 2017	24,832,785	52,085,123	326,716	1,633,434	4,412,529	83,290,587
Net Book Value						
May 31, 2017	177,538,785	112,576,707	1,611,042	1,412,497	8,772,717	301,911,749
May 31, 2016	177,802,235	93,876,770	1,853,262	1,223,228	9,591,119	284,346,614

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2017

5 Inventories	2017	2016
	\$	\$
Raw Materials	208,773,379	144,326,141
Finished Goods	13,947,224	7,316,474
Goods in transit	-	1,431,403
	<u>222,720,603</u>	<u>153,074,017</u>

6 Accounts Receivable	\$	\$
Trade Receivables	92,938,449	68,579,709
Provision for bad debts	<u>(4,323,392)</u>	<u>(4,323,392)</u>
	88,615,057	64,256,318
Other Receivables	<u>10,862,617</u>	<u>10,670,464</u>
	<u>99,477,674</u>	<u>74,926,781</u>

	<u>Aged Trade Receivables</u>			
	<u>Within 1</u>	<u>31 to 60</u>	<u>Over 60</u>	<u>Carrying</u>
<u>Balance at</u>	<u>Month</u>	<u>Days</u>	<u>Days</u>	<u>Value</u>
	\$	\$	\$	\$
31-May-17	<u>76,207,835</u>	<u>4,213,478</u>	<u>12,517,135</u>	<u>92,938,449</u>
31-May-16	<u>49,886,115</u>	<u>7,305,344</u>	<u>11,388,251</u>	<u>68,579,709</u>

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2017

7 <u>Cash & Cash equivalents</u>	<u>2017</u>	<u>2016</u>
	\$	\$
Bank of Nova Scotia Ja Ltd		
- Current accounts	3,392,293	15,470,839
- Savings account (US dollar denominated)	5,783,846	4,859,261
National Commercial Bank Limited		
- Current accounts	568,137	3,452,739
Alliance Financial Services Limited		
- Cash Securities(denominated in United States Dollars)	1,467,032	37,261,593
- Repurchase Agreement	1,043,122	1,018,800
JN Fund Managers		
- Repurchase Agreement	645,238	645,238
Petty Cash	70,000	70,000
	<u>12,969,668</u>	<u>62,778,469</u>

8 <u>Share Capital</u>	<u>2017</u>	<u>2016</u>
	\$	\$
Authorised: 700,000,000 (2016 - 140,000,000) ordinary shares at no par value		
Capital issued and fully paid-		
511,894,285 (2016 - 102,378,857) ordinary shares at no par value	63,250,028	63,250,028

(i) At the Annual General meeting of the Company held on January 19, 2017 a stock split was approved on the basis that each stock unit held be subdivided into five ordinary stock units on record date, March 10, 2017

9 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, 2017

10 Long-term Loans

	<u>2017</u>	<u>2016</u>
	\$	\$
Bank of Nova Scotia Jamaica Limited		
Loan 1	-	226,055
Loan 2	30,512,860	41,282,080
Loan 3	52,051,681	62,820,913
Loan 4	22,307,700	26,923,080
Loan 5	<u>20,000,000</u>	<u>-</u>
Total loans	124,872,241	131,252,128
Current portion of loans	<u>46,153,832</u>	<u>26,379,887</u>
Long-term portion of loans	<u><u>78,718,409</u></u>	<u><u>104,872,241</u></u>

- (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.
- (v) Revolving Loan expected to be repaid within 90 days

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
NOTES TO FINANCIAL STATEMENTS
May 31, 2017

10 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)

11 Related Parties	<u>2017</u>	<u>2016</u>
Director's Loan	-	4,115,637

12 Accounts Payable & Accruals	<u>2017</u>	<u>2016</u>
	\$	\$
Trade Payables	69,747,599	27,274,983
Accruals	8,413,422	9,167,805
Other Payables	6,526,930	4,529,432
Statutories Payable	1,648,284	1,877,435
Dividends	418,411	331,152
	86,754,646	43,180,808

	Aged Trade Payables			Amount Due
	Within 1 Months	31 to 60 Days	Over 60 Days	
Balance at	\$	\$	\$	\$
May 31, 2017	32,244,157	8,538,916	28,964,526	69,747,599
May 31, 2016	25,497,465	44,177	1,733,341	27,274,983

13 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%)

14 Dividend

On January 17, 2017 the Company declared a Dividend of \$0.42 per share equivalent to \$42,999,119.94, payable March 14, 2017.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
May 31, 2017

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
 NOTES TO FINANCIAL STATEMENTS
 May 31, 2017

Segment Information cont'd

b Segment Revenue and Results

	2017				2016			
	\$	\$	\$	\$	\$	\$	\$	\$
	Box	TP	Unallocated	Total	Box	TP	Unallocated	Total
Turnover	472,343,728	14,674,148	-	487,017,876	462,776,374	534,000	-	463,310,374
Cost of Inventories	(245,537,095)	(10,254,984)	-	(255,792,079)	(233,292,678)	(2,387,500)	-	(235,680,178)
Direct Expenses	(80,664,662)	(14,507,808)	-	(95,172,469)	(73,436,103)	(11,505,707)	-	(84,941,810)
Total Manufacturing Costs	(326,201,756)	(24,762,792)	-	(350,964,548)	(306,728,781)	(13,893,207)	-	(320,621,988)
Gross Profit	146,141,971	(10,088,644)	-	136,053,328	156,047,593	(13,359,207)	-	142,688,386
Expenses:								
Administrative	(8,979,858)	(5,799,191)	(42,821,543)	(57,600,592)	(8,829,176)	(6,373,469)	(35,539,723)	(50,742,367)
Financial	(4,930,502)	(4,225,079)	-	(9,155,581)	(5,637,710)	(3,304,185)	-	(8,941,895)
Directors Fees	-	-	(6,220,465)	(6,220,465)	-	-	(5,136,666)	(5,136,666)
Depreciation	(11,610,096)	(6,763,333)	-	(18,373,429)	(9,982,131)	(4,304,617)	-	(14,286,749)
Profit Before Tax	120,621,514	(26,876,246)	(49,042,008)	44,703,261	131,598,575	(27,341,478)	(40,676,389)	63,580,708
Other Income	-	-	3,739,936	3,739,936	-	-	4,258,026	4,258,026
Loss on Disposal	-	-	(332,333)	(332,333)	-	-	(8,821)	(8,821)
Profit, Total Comprehensive Income for the period	120,621,514	(26,876,246)	(45,634,404)	48,110,864	131,598,575	(27,341,478)	(36,427,184)	67,829,913
Income Tax			(6,790,469)	(6,790,469)				
Profit After Tax	120,621,514	(26,876,246)	(52,424,874)	41,320,395	131,598,575	(27,341,478)	(36,427,184)	67,829,913

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 28, 2017

Segment Information cont'd

c Segment assets and Liabilities

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>Segment assets</u>		
TP	120,363,164	99,722,913
Box	<u>516,716,530</u>	<u>476,628,600</u>
Consolidated Total assets	<u>637,079,694</u>	<u>576,351,513</u>
Unallocated	-	4,115,637
Consolidated Total assets	<u><u>637,079,694</u></u>	<u><u>580,467,150</u></u>
<u>Segment Liabilities</u>		
TP	85,287,121	90,116,480
Box	<u>125,921,356</u>	<u>83,985,304</u>
Consolidated Total liabilities	<u>211,208,476</u>	<u>174,101,784</u>
Unallocated	6,374,256	331,152
Consolidated Total Liabilities	<u><u>217,582,732</u></u>	<u><u>174,432,936</u></u>

Other Segment Information

Non current assets	Box		TP	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	\$	\$	\$	\$
Capital Expenditure	28,679,533	4,738,822	10,444,375	61,447,452
Depreciation	11,610,096	9,982,131	6,763,333	4,304,617



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, 2017.

Revenues for the period to May 31, 2017 increased 5.12%, moving from \$463.31(2016) to \$487.01 million (2017).

Manufacturing Costs increased 9.46% moving from \$320.62 million 2016 to \$350.96 million 2017.

Administrative Expenses increased 29.82% when compared to the previous year.

Profits for the 9 month period showed a decline of 40.98% when compared to the previous year. This was mainly due to the under performance of the Toilet Paper segment.


	9 months ending May 31, 2017	9 months ending May 31, 2016
Total Revenues	487,017,876	463,310,374
Gross Profit	136,053,328	142,688,386
Profit	48,110,864	67,829,913
Total Assets	637,079,694	580,467,150

The Third Quarter has shown improvement. Combined sales for the period showed an improvement when compared to the previous year, moving from \$158.31 million (2016) to \$174.53 million (2017).

Profits before tax increased from \$15.66 million (2016) to \$17.02 million (2017).

Sales for the Quarter at the Toilet Paper Division, moved from \$0.5 million (2016) to \$8.50 million (2017)

We expect this upward trend to continue.



.....
Michael P. Chin
General Manager

AMG PACKAGING & PAPER COMPANY LIMITED

TOP 10 SHAREHOLDERS AT 31 MAY 2017

Issued Ordinary shares

511,894,285

SHAREHOLDERS	SHAREHOLDINGS	%
RANKINSTON LIMITED	161,758,590	31.600
GEORGE HUGH HOLDINGS LIMITED	121,318,960	23.700
HEISS HOLDINGS LIMITED	121,318,960	23.700
SAGICOR POOLED EQUITY FUND	10,000,000	1.954
HAROLD SOLTAU	6,808,025	1.330
CHESTON JAMAICA LIMITED	5,413,435	1.058
SJLIC FOR SCOTIABRIDGE RETIREMENT SCHEME	4,301,855	0.840
PAM - POOLED EQUITY FUND	3,636,465	0.710
COLIN STEELE	3,437,325	0.671
KARL P. WRIGHT	3,250,000	0.635
	441,243,615	86.198
NO. OF SHAREHOLDERS AT 31/05/2017	JCS D	574
	MAIN REGISTER	2
	TOTAL	576

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

DIRECTORS' NAMES	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
ANTONIA HUGH	NIL	RANKINSTON LIMITED	168,758,590
PAUL CHIN	NIL	HEISS HOLDINGS LIMITED ALEXA CHIN ZACHARY CHIN	121,318,960 248,895 NIL
GEORGE HUGH	NIL	GEORGE HUGH HOLDINGS LTD MICHELLE HUGH SHANNON HUGH ADAM HUGH BRANDON HUGH TOBY HUGH	121,318,960 345,550 413,550 577,100 706,990 NIL
MICHELLE CHIN	3,187,090	HEISS HOLDINGS LIMITED MARKHAM BETTING COMPANY LTD KATHRYN CHIN GABRIELLE CHIN KAYLA CHIN LUKE CHIN	121,318,960 1,400,925 320,895 320,895 NIL NIL
PETER D. CHIN	1,661,850		
MICHAEL FRASER	1,914,565		
BARRINGTON CHISHOLM	382,915	ANNA KAYE CHISHOLM PRICE	NIL
	7,146,420		537,050,270

SENIOR MANAGERS

MICHAEL P. CHIN	1,972,435
LESLIE MCPHERSON	191,455
CHRISTOPHER HENDRIKS	6,245
	2,170,135