



## MANAGING DIRECTOR'S STATEMENT

AMG Packaging & Paper Company Limited (AMG) presents our unaudited Financial Statements for the 1<sup>st</sup> Quarter ending November 30, 2018.

- Revenues for the period to November 30, 2018 increased 10.90%, moving from \$192.88 million (2017) to \$213.92 million (2018).
- Manufacturing Costs increased 10.94% moving from \$150.53 million 2017 to \$166.25 million 2018.
- Administrative Expenses increased 1.51% when compared to the previous year.
- Net Income before Tax for the 12 month period showed an increase of 65.94%, moving from \$11.09 million (2017) to \$18.41 million (2018).

	3 months ending Nov. 30, 2018	3 months ending Nov. 31, 2017
Total Revenues	213,917,142	192,879,312
Gross Profit	47,670,286	42,353,340
Net Income Before Tax	18,407,202	11,092,789
Total Assets	698,842,264	709,152,587

Cost of inventories continues to have a negative impact on our bottom line as we have not been able to recoup from the dramatic increases on paper prices we encountered throughout last year.

As previously announced, a sales agreement was executed within the period for a property at 12 Retirement Crescent.

  
George Hugh  
Managing Director

	3 months to November 30, 2018 \$	Audited August 31, 2018	3 months to November 30, 2017 \$	Audited August 31, 2017
Turnover	213,917,142	718,914,950	192,879,312	660,250,612
Cost of Inventories	(130,202,762)	(426,214,097)	(115,353,438)	(355,976,959)
Direct Costs	(36,044,094)	(129,480,196)	(35,172,534)	(131,293,851)
Total Manufacturing Costs	(166,246,856)	(555,694,293)	(150,525,972)	(487,270,810)
Gross Profit	47,670,286	163,220,657	42,353,340	172,979,802
Expenses:				
Administrative	(20,060,369)	(83,579,759)	(19,762,413)	(81,044,143)
Financial	(1,366,229)	(5,604,051)	(2,434,279)	(12,350,090)
Directors Fees	(3,373,333)	(12,403,331)	(2,597,778)	(8,300,464)
Depreciation	(4,960,650)	(18,534,851)	(7,300,009)	(24,747,919)
Total Expenses	(29,760,581)	(120,121,991)	(32,094,479)	(126,442,616)
Profit Before Tax	17,909,705	43,098,666	10,258,862	46,537,186
Other Income	497,498	1,337,502	833,927	4,563,269
Net Income before tax	18,407,202	44,436,169	11,092,789	51,100,455
Income Tax	(2,300,900)	(6,225,747)	(1,542,092)	(14,481,615)
Income from Continuing Operations	16,106,302	38,210,422	9,550,697	36,618,840
Surplus on Revaluation of PPE net of Deferred Tax	-	-	-	69,880,362
<u>Discontinued Operations:</u>				
Income from Operations of Toilet Paper Plant -	-	16,396,619	-	-
Loss on Operations/ Disposal of Assets -	-	(86,750,265)	-	-
Deferred Tax benefit	-	8,794,206	-	-
Net Gain (Loss) on Discontinued operations	-	(61,559,440)	-	-
Adj: Revaluation on Disposal of assets net of tax	-	(6,498,264)	-	-
Total Comprehensive Income(Loss)	16,106,302	(29,847,283)	9,550,697	106,499,202
No. of Shares Issued	511,894,285	511,894,285	511,894,285	511,894,285
<u>Basic EPS</u>				
EPS - Continuing Operations	\$ 0.03	\$ 0.07	\$ 0.02	\$ 0.07
EPS - Discontinued Operations		\$ (0.12)		
Net Gain (Loss)	\$ 0.03	\$ (0.05)	\$ 0.02	\$ 0.07

		November 2018	November 2017	Audited August 2018
ASSETS EMPLOYED	Notes	\$	\$	\$
Property, Plant & Equipment	4	323,760,665	381,817,268	328,658,316
<b>Current Assets</b>				
Inventories	5	193,838,376	157,182,431	259,796,652
Accts Receivable Net Allowance	6	115,592,664	125,502,461	104,994,993
Deposit on Property		10,069,000	-	-
Tax Recoverable		4,613,710	-	6,884,609
Cash & Cash Equivalents	7	50,967,849	44,650,427	46,671,777
Total Current Assets		375,081,598	327,335,319	418,348,031
Total Assets		698,842,264	709,152,587	747,006,347

## EQUITY & LIABILITIES

### Capital & Reserves:

Authorised Share Capital - JMD140,000,000

Share Capital	8	63,250,028	63,250,028	63,250,028
Revaluation Reserve		112,310,635	118,808,899	112,310,635
Retained Earnings		295,374,122	312,167,541	279,267,820
Total Capital		470,934,785	494,226,468	454,828,483

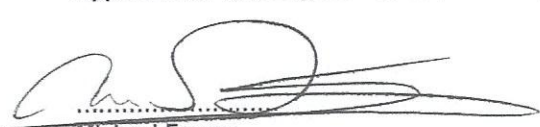
### Long-Term Liabilities

Deferred Tax		33,769,334	33,949,097	33,769,334
Loans	10	28,718,411	65,641,493	52,982,262
Total Long-Term Liabilities		62,487,745	99,590,590	86,751,596

### Current Liabilities

Current Portion of Long Term Loan	10	21,538,452	26,153,832	19,720,916
Accounts Payable & Accruals	11	143,881,281	85,884,270	185,705,352
Income Tax		-	3,297,427	-
Total Current Liabilities		165,419,733	115,335,529	205,426,268
Total Liabilities & Capital		698,842,264	709,152,587	747,006,347

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

  
Michael Fraser  
Director

  
Peter Chin  
Director

**AMG Packaging Paper Company Limited**  
**Statement of Changes in Stockholders' Equity**  
**November 30, 2018**

Q1 - 2019

	Share Capital	Revaluation Reserves	Retained Earnings	Total
	\$	\$	\$	\$
<u>Notes</u>				
Balance at September 01, 2018	63,250,028	112,310,635	279,267,820	454,828,483
Profit(Loss), being total Comprehensive Income for the period	-	-	16,106,302	16,106,302
Balance at November 30, 2018	<u>63,250,028</u>	<u>112,310,635</u>	<u>295,374,122</u>	<u>470,934,785</u>

Q1 - 2018

	Share Capital	Revaluation Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at September 01, 2017	63,250,028	118,808,899	302,616,844	484,675,771
Profit, being total Comprehensive Income for the period	-	-	9,550,697	9,550,697
Balance at November 30, 2017	<u>63,250,028</u>	<u>118,808,899</u>	<u>312,167,541</u>	<u>494,226,468</u>



**AMG Packaging Paper Company Limited Unaudited Statement of Cash Flow 3 months ending November 30, 2018**

	3 months to November 30, 2018	3 months to November 30, 2017
	\$	\$
Profit for the Year	16,106,302	9,550,697
Adjustments for:		
Interest Expense	1,366,229	2,434,279
Depreciation	4,960,650	7,300,009
Income Tax	2,300,900	1,542,092
	<u>24,734,081</u>	<u>20,827,076</u>
Changes in operating Assets and Liabilities:		
( Increase) Decrease in inventories	65,958,276	14,774,915
Decrease (Increase) in Receivables	(10,597,671)	(15,058,786)
Increase (Decrease) in Payables & Accruals	<u>(41,824,071)</u>	<u>28,681,017</u>
Cash flows provided by operating activities	38,270,615	49,224,222
Taxation Paid	<u>(30,000)</u>	<u>(30,000)</u>
Net cash flows provided by operating activities	38,240,615	49,194,222
<u>Cash Flow from Investing activities</u>		
Deposit on Purchase of Property	(10,069,000)	-
Purchase of Property, Plant & Equipment	<u>(63,000)</u>	<u>(248,238)</u>
Net cash flow used in Investing activities	(10,132,000)	(248,238)
<u>Cash Flow from Financing Activities</u>		
Loan Payments	(22,446,315)	(19,532,807)
Interest Paid	<u>(1,366,229)</u>	<u>(2,434,279)</u>
Net cash flow used in Financing activities	(23,812,544)	(21,967,086)
Net increase(decrease) in cash & cash equivalents	4,296,071	26,978,899
Cash & Cash equivalents at beginning of the year	46,671,777	17,671,530
Cash & Cash equivalents at end of the year (note 7)	<u><u>50,967,848</u></u>	<u><u>44,650,429</u></u>

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

**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.

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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:

IFRS 17	Insurance Contracts Effective for annual periods beginning on or after Jan 1, 2021
Amendments to IFRS1 and IAS 28	Annual Improvements to IFRSs' 2014-2016 Cycle various standards Effective for annual periods beginning on or after Jan 1, 2018
IFRS 15	Revenue from Contracts with Customers Effective for annual periods beginning on or after Jan 1, 2018
IFRS 9	Financial Instruments Effective for annual periods beginning on or after Jan 1, 2018
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions Effective for annual periods beginning on or after Jan 1, 2018
IFRS 16	Leases Effective for annual periods beginning on or after Jan 1, 2019
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts Effective for annual periods beginning on or after Jan 1, 2021
Amendments to IAS 40	Transfers of Investment Property Effective for annual periods beginning on or after Jan 1, 2018

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, 2018



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**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, 2018 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, 2018 the company faced liquidity risks as indicated below:



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Liquidity Risk cont'd

<u>Q1 -2019</u>				
<u>Assets</u>	Within 3 months	3 to 12 months	1 to 5 years	Total
	\$	\$	\$	\$
Cash Resources	50,967,849			50,967,849
Other	302,371,386	15,939,796		318,311,182
Total	353,339,235	15,939,796	-	369,279,031
<u>Liabilities</u>				
Loans	5,384,613	16,153,839	28,718,411	50,256,863
Payables	127,169,273	16,712,008	-	143,881,281
Total	132,553,886	32,865,847	28,718,411	194,138,144
Total Liquidity GAP	220,785,350	(16,926,051)	(28,718,411)	175,140,888
Cumulative GAP	220,785,350	203,859,299	175,140,888	-

<u>Q1 - 2018</u>				
Total Liquidity GAP	216,476,400	4,403,533	(65,641,493)	155,238,440
Cumulative GAP	216,476,400	220,879,933	155,238,440	

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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

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**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.



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NOTES TO FINANCIAL STATEMENTS  
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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.

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**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.

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**4 Property, Plant & Equipment**

	Land, Buildings & Leasehold Improvement	Equipment	Motor Cycle/Motor Vehicle	Computer & Equipment	Furniture & Fixtures	Total
	\$	\$	\$	\$	\$	\$
<u>At cost</u>						
Balance as at September 1, 2018	223,000,000	127,396,112	180,258	6,113,576	12,488,382	369,178,328
Additions					63,000	63,000
Balance as at November 30, 2018	223,000,000	127,396,112	180,258	6,113,576	12,551,382	369,241,328
<u>Accumulated depreciation</u>						
Balance as at September 1, 2018	8,475,277	23,045,732	172,747	2,708,335	6,117,922	40,520,013
Current year charges	1,143,590	3,182,540	7,511	246,157	380,853	4,960,650
Balance as at November 30, 2018	9,618,867	26,228,272	180,258	2,954,492	6,498,775	45,480,663
<u>Net Book Value</u>						
Balance as at November 30, 2018	213,381,133	101,167,840	-	3,159,084	6,052,607	323,760,665
Balance as at November 30, 2017	227,062,852	145,239,875	1,472,698	1,110,729	6,931,114	381,817,268



**AMG PACKAGING & PAPER COMPANY LTD**  
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<b>5 Inventories</b>	<u>Q1 - 2019</u>	<u>Q1 -2018</u>
	\$	\$
Raw Materials	185,190,886	138,733,310
Finished Goods	8,647,490	11,438,137
Goods in transit	-	7,010,983
	<u>193,838,376</u>	<u>157,182,431</u>

<b>6 Accounts Receivable</b>	\$	\$
Trade Receivables	102,877,546	109,677,881
Provision for bad debts	(8,880,143)	(8,880,143)
	<u>93,997,403</u>	<u>100,797,738</u>
Other Receivables	21,595,261	24,704,723
	<u>115,592,664</u>	<u>125,502,461</u>

<u>Aged Trade Receivables</u>				
<u>Balance at</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>
	\$	\$	\$	\$
30-Nov-18	<u>80,392,352</u>	<u>6,545,397</u>	<u>15,939,796</u>	<u>102,877,546</u>
30-Nov-17	<u>75,121,217</u>	<u>7,240,330</u>	<u>27,316,334</u>	<u>109,677,881</u>

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<b>7 Cash &amp; Cash equivalents</b>	<b><u>Q1 -2019</u></b>	<b><u>Q1 -2018</u></b>
	\$	\$
Bank of Nova Scotia Ja Ltd		
- Current accounts	30,514,808	12,722,534
- Savings account (US dollar denominated)	9,141,194	1,648,454
National Commercial Bank Limited		
- Current accounts	2,392,391	2,799,993
Alliance Financial Services Limited		
- Cash Securities(denominated in United States Dollars)	6,911,691	25,716,283
- Repurchase Agreement	1,047,926	1,047,926
JN Fund Managers		
- Repurchase Agreement	645,238	645,238
Cash	314,600	70,000
	<u>50,967,849</u>	<u>44,650,427</u>

<b>8 Share Capital</b>	\$	\$
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

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

10 Long-term Loans	Q1 -2019	Q1 -2018
	\$	\$
Bank of Nova Scotia Jamaica Limited		
Loan 1	14,359,030	25,128,250
Loan 2	35,897,833	46,667,065
Loan3	-	20,000,010
Total loans	50,256,863	91,795,325
Current portion of loans	21,538,452	26,153,832
Long-term portion of loans	28,718,411	65,641,493

- (i) Loan2 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.
- (ii) 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
- (iii) Loan 3 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 stocker DSX40
  - ii) SG-3 Semi-auto gluing machine L1400x W2800mm; MS Strapping machine; Pallet jacks
  - iii) Two colors printer and rotary die cutting machine chain feeding.
  - iv) Machine spare parts



**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**November 30, 2018**

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 Accounts Payable & Accruals**

	Q1 -2019	Q1 -2018
	\$	\$
Trade Payables	114,250,442	59,781,254
Accruals	11,306,965	11,456,417
Other Payables	16,310,055	11,827,951
Statutories Payable	1,719,128	2,437,604
Dividends	294,692	381,045
	<u>143,881,281</u>	<u>85,884,270</u>

	Aged Trade Payables			Amount Due
	Within 1 Months	31 to 60 Days	Over 60 Days	
Balance at	\$	\$	\$	\$
30-Nov-18	47,704,338	199,075	66,347,028	114,250,442
30-Nov-17	31,046,932	27,399,607	1,334,715	59,781,254

**12 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%))

**AMG PACKAGING & PAPER COMPANY LIMITED**

**TOP 10 SHAREHOLDERS AT 30 NOVEMBER 2018**

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	7,487,474	1.463
AUUSTIN BROWN	4,000,100	0.781
MICHELLE CHIN	3,908,566	0.764
PAM - POOLED EQUITY FUND	3,636,465	0.710
GUARDIAN LIFE LTD. - GUARDIAN EQUITY FUND	3,219,480	0.629
JCSD TRUSTEE SERVICES LIMITED - SIGMA GLOBAL VENTURE	3,029,679	0.592
	439,678,274	85.892
NO. OF SHAREHOLDERS AT 30/11/2018	JCSD	857
	MAIN REGISTER	2
	TOTAL	859

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

DIRECTORS' NAMES	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
ANTONIA HUGH	NIL	RANKINSTON LIMITED	161,758,590
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	121,318,960 345,550 413,550 599,918 706,990 NIL
MICHELLE CHIN	3,908,566	HEISS HOLDINGS LIMITED MARKHAM BETTING COMPANY LTD KATHRYN CHIN GABRIELLE CHIN KAYLA CHIN LUKE CHIN	121,318,960 NIL 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
BEVON FRANCIS	NIL		
	7,867,896		528,672,163

**SENIOR MANAGERS**

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