



## MANAGING DIRECTOR'S STATEMENT


AMG Packaging & Paper Company Limited (AMG) is pleased to present its Unaudited Financial Statements for the 2nd Quarter ending February 28, 2019.

- Revenue for the period to February 28, 2019 increased 12.81%, moving from \$343.66 million (2018) to \$387.69 million (2019).
- Manufacturing Costs increased 17.20% moving from \$261.30 million in 2018 to \$306.29 million in 2019.
- Administrative Expenses decreased by 1.20% when compared to the previous year.
- Total Comprehensive Income moved from a loss of \$9.44 million (includes discontinuing operations) in 2018 to a profit of \$20.32 million in 2019.

	6 months ending Feb. 28, 2019	6 months ending 28-Feb-18
Total Revenues	387,696,355	343,658,549
Gross Profit	81,448,170	82,357,259
Total Comp. Inc. Discontinuing	20,322,935	(9,440,199)
Total Assets	631,621,555	747,006,347

Although paper prices appear to have stabilized on the world market, the dramatic increases we encountered throughout last year continue to negatively affect our bottom line due to the fact that we have been unable to pass on all the increases to our customers.

The Company completed the acquisition of the adjoining property located at 12 Retirement Crescent, Kingston 5.

  
.....  
George Hugh  
Managing Director

AMG Packaging Paper Company Limited  
Unaudited  
Statement of Financial Position  
February 28, 2019

<b>ASSETS EMPLOYED</b>	<b>Notes</b>	<b>February 2019</b>	<b>February 2018</b>	<b>Audited August 2018</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	
Property, Plant & Equipment	4	318,816,764	374,651,328	328,658,316
<b>Current Assets</b>				
Inventories	5	128,731,187	120,178,062	259,796,652
Accts Receivable Net Allowance	6	108,759,159	147,518,987	104,994,993
Deposit on Property/Equipment		-	7,059,411	-
Deposit on Property		12,085,588	-	-
Tax Recoverable		4,011,333	30,000	6,884,609
Cash & Cash Equivalents	7	59,217,525	48,801,229	46,671,777
Total Current Assets		312,804,791	323,587,689	418,348,031
Total Assets		<b>631,621,555</b>	<b>698,239,017</b>	<b>747,006,347</b>

**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		299,590,755	293,176,645	279,267,820
Total Capital		475,151,418	475,235,572	454,828,483


**Long-Term Liabilities**

Deferred Tax		33,769,334	33,949,097	33,769,334
Loans	10	23,333,798	59,103,035	52,982,262
Total Long-Term Liabilities		57,103,132	93,052,132	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	77,828,552	103,797,481	185,705,352
Total Current Liabilities		99,367,004	129,951,313	205,426,268
Total Liabilities & Capital		<b>631,621,555</b>	<b>698,239,017</b>	<b>747,006,347</b>

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

  
.....  
**Peter Chin**  
Chairman

  
.....  
**Michael Fraser**  
Director

AMG Packaging Paper Company Limited  
 Unaudited Statement of Comprehensive Income  
 6 months  
 to February 28, 2019

	3 months to February 28, 2019	6 months to February 28, 2019	3 months to February 28, 2018	6 months to February 28, 2018
	\$		\$	
Turnover	173,779,208	387,696,355	162,536,392	343,658,549
Cost of Inventories	(103,216,272)	(233,419,034)	(95,220,023)	(198,111,517)
Direct Costs	(36,747,056)	(72,829,151)	(33,752,186)	(63,189,773)
Total Manufacturing Costs	<u>(139,963,328)</u>	<u>(306,248,185)</u>	<u>(128,972,209)</u>	<u>(261,301,290)</u>
Gross Profit	33,815,879	81,448,170	33,564,184	82,357,259
Expenses:				
Administrative	(19,579,860)	(39,686,201)	(22,075,716)	(40,162,647)
Financial	(1,042,216)	(2,408,445)	(969,120)	(2,196,409)
Directors Fees	(3,960,000)	(7,333,333)	(3,648,147)	(6,245,925)
Depreciation	(4,951,901)	(9,912,550)	(4,460,183)	(8,992,238)
Total Expenses	<u>(29,533,976)</u>	<u>(59,340,530)</u>	<u>(31,153,166)</u>	<u>(57,597,219)</u>
Profit Before Tax	4,281,903	22,107,641	2,411,017	24,760,040
Other Income	621,073	1,118,571	922,925	1,756,852
Net Income before tax	4,902,977	23,226,211	3,333,942	26,516,892
Income Tax	(602,376)	(2,903,276)	-	-
Income from Continuing Operations	4,300,600	20,322,935	3,333,942	26,516,892
<u>Discontinued Operations:</u>				
Income from Operations of Toilet Paper Plant -	-	-	4,564,913	16,322,068
Loss on Operations/ Disposal of Assets -	-	-	(28,431,843)	(52,279,160)
Net Gain (Loss) on Discontinued operations	-	-	(23,866,930)	(35,957,091)
Total Comprehensive Income(Loss)	4,300,600	20,322,935	(20,532,988)	(9,440,199)
No. of Shares Issued	511,894,285	511,894,286	511,894,285	511,894,285
<u>Basic EPS</u>				
EPS - Continuing Operations	\$ 0.01	\$ 0.04	\$ 0.01	\$ 0.05
EPS - Discontinued Operations	\$ -	\$ -	\$ (0.05)	\$ (0.07)
Net Gain (Loss)	\$ 0.01	\$ 0.04	\$ (0.04)	\$ (0.02)

**AMG Packaging Paper Company Limited**  
**Statement of Changes in Stockholders' Equity**  
**February 28, 2019**

Q2 - 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	-	-	20,322,935	20,322,935
Balance at February 2019	<u>63,250,028</u>	<u>112,310,635</u>	<u>299,590,755</u>	<u>475,151,418</u>

Q2 - 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	-	-	(9,440,199)	(9,440,199)
Balance at February 2018	<u>63,250,028</u>	<u>118,808,899</u>	<u>293,176,645</u>	<u>475,235,572</u>

**AMG Packaging Paper Company Limited**  
**Unaudited Statement of Cash Flow**  
**6 months ending**  
**February 28, 2019**

	<b>6 months to February 28, 2019</b>	<b>6 months to February 28, 2018</b>
	\$	\$
Profit for the Year - Continuing Operations	20,322,935	26,516,892
Adjustments for:		
Interest Expense	2,408,445	2,196,409
Depreciation	9,912,550	14,526,404
Taxation	2,903,276	-
Loss on Discontinued Operations	-	(35,957,091)
	35,547,207	7,282,614
Changes in operating Assets and Liabilities:		
( Increase) Decrease in inventories	131,065,467	38,804,609
Decrease (Increase) in Receivables	(3,764,166)	(24,100,639)
Increase (Decrease) in Payables & Accruals	(107,876,800)	46,594,228
Cash flows provided by operating activities	54,971,708	68,580,812
Taxation Paid	(30,000)	(1,815,336)
Net cash flows provided by operating activities	54,941,708	66,765,476
<u>Cash Flow from Investing activities</u>		
Deposit on Purchase of Property/Equipment	(12,085,588)	(7,059,411)
Purchase of Property, Plant & Equipment	(70,999)	(308,692)
Net cash flow used in Investing activities	(12,156,587)	(7,368,103)
<u>Cash Flow from Financing Activities</u>		
Loan Payments	(27,830,928)	(26,071,265)
Interest Paid	(2,408,445)	(2,196,409)
Net cash flow used in Financing activities	(30,239,373)	(28,267,674)
Net increase(decrease) in cash & cash equivalents	12,545,748	31,129,699
Cash & Cash equivalents at beginning of the year	46,671,777	17,671,530
Cash & Cash equivalents at end of the year (note 7)	59,217,525	48,801,229

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 28, 2019**

**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 , 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**  
**February 28, 2019**

**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

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 28, 2019**

**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 February 28, 2019 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 February 28, 2019 the company faced liquidity risks as indicated below:



**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 28, 2019**

**Liquidity Risk cont'd**

	<u>Q2 -2019</u>			
	<u>Within 3</u> <u>months</u>	<u>3 to 12</u> <u>months</u>	<u>1 to 5</u> <u>years</u>	<u>Total</u>
<b>Assets</b>				
	\$	\$	\$	\$
Cash Resources	59,217,525			59,217,525
Other	222,419,978	23,950,511		246,370,489
<b>Total</b>	<b>281,637,503</b>	<b>23,950,511</b>	-	<b>305,588,013</b>
<b>Liabilities</b>				
Loans	5,384,613	16,153,839	23,333,798	44,872,250
Payables	61,116,544	16,712,008	-	77,828,552
<b>Total</b>	<b>66,501,157</b>	<b>32,865,847</b>	<b>23,333,798</b>	<b>122,700,801</b>
<b>Total Liquidity GAP</b>	<b>215,136,346</b>	<b>(8,915,336)</b>	<b>(23,333,798)</b>	<b>182,887,212</b>
<b>Cumulative GAP</b>	<b>215,136,346</b>	<b>206,221,010</b>	<b>182,887,212</b>	-

	<u>Q2 - 2018</u>			
<b>Total Liquidity GAP</b>	<b>182,083,237</b>	<b>13,343,872</b>	<b>(59,103,035)</b>	<b>136,324,074</b>
<b>Cumulative GAP</b>	<b>182,083,237</b>	<b>195,427,109</b>	<b>136,324,074</b>	

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 28, 2019**

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**  
**February 28, 2019**

**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**  
**February 28, 2019**

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**  
**February 28, 2019**

**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**  
February 28, 2019

**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, 2018	223,000,000	127,396,112	180,258	6,113,576	12,488,382	369,178,328
Additions	-	-	-	-	70,999	70,999
Balance as at February 28, 2019	223,000,000	127,396,112	180,258	6,113,576	12,559,381	369,249,327
<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	2,287,179	6,350,530	7,511	491,975	775,355	9,912,550
Balance as at February 28, 2019	10,762,456	29,396,262	180,258	3,200,310	6,893,277	50,432,563
<u>Net Book Value</u>						
Balance as at February 28, 2019	212,237,544	97,999,850	-	2,913,266	5,666,104	318,816,764
Balance as at February 28, 2018	224,675,060	139,826,404	1,394,909	933,125	7,821,830	374,651,328

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 28, 2019**

<b>5 Inventories</b>	<b>Q2 - 2019</b>	<b>Q2 - 2018</b>
	\$	\$
Raw Materials	115,953,846	113,156,225
Finished Goods	7,905,677	5,118,259
Goods in transit	4,871,664	1,903,579
	<b>128,731,187</b>	<b>120,178,062</b>

<b>6 Accounts Receivable</b>	\$	\$
Trade Receivables	95,153,183	116,910,141
Provision for bad debts	(8,880,143)	(8,880,143)
	86,273,041	108,029,999
Other Receivables	22,486,119	39,488,988
	<b>108,759,159</b>	<b>147,518,987</b>

	Aged Trade Receivables			
	Within 1	31 to 60	Over 60	Carrying
	Month	Days	Days	Value
	\$	\$	\$	\$
<b>Balance at</b>				
28-Feb-19	70,239,183	963,489	23,950,511	95,153,183
28-Feb-18	75,934,805	8,016,090	32,959,246	116,910,141

**AMG PACKAGING & PAPER COMPANY LTD**  
**NOTES TO FINANCIAL STATEMENTS**  
**February 28, 2019**

<b>7 <u>Cash &amp; Cash equivalents</u></b>	<b><u>Q2 -2019</u></b>	<b><u>Q2 -2018</u></b>
	\$	\$
<b>Bank of Nova Scotia Ja Ltd</b>		
- Current accounts	25,902,566	17,515,740
- Savings account (US dollar denominated)	21,667,389	3,535,630
<b>National Commercial Bank Limited</b>		
- Current accounts	849,628	2,247,459
<b>Alliance Financial Services Limited</b>		
- Cash Securities(denominated in United States Dollars)	8,843,718	20,879,581
- Repurchase Agreement	1,078,679	1,047,926
<b>JN Bank</b>		
- Savings Account	656,544	645,238
<b>Cash</b>	219,000	2,929,655
	<u>59,217,525</u>	<u>48,801,229</u>
<b>8 <u>Share Capital</u></b>	\$	\$
<b>Authorised:</b>		
700,000,000 ordinary shares at no par value		
<b>Capital issued and fully paid-</b>		
511,894,285 ordinary shares at no par value	63,250,028	63,250,028



**AMG PACKAGING & PAPER COMPANY LTD**  
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<b>10 Long-term Loans</b>	<b>Q2 -2019</b>	<b>Q2 -2018</b>
	\$	\$
<b>Bank of Nova Scotia Jamaica Limited</b>		
Loan 1	11,666,725	22,435,945
Loan 2	33,205,525	43,974,757
Loan3	-	18,846,165
<b>Total loans</b>	<b>44,872,250</b>	<b>85,256,867</b>
<b>Current portion of loans</b>	<b>21,538,452</b>	<b>26,153,832</b>
<b>Long-term portion of loans</b>	<b>23,333,798</b>	<b>59,103,035</b>

- (i) Loan 1 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 2- 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

**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 & equipment:
  - 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**  
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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**

	<u>Q2 -2019</u>	<u>Q2 -2018</u>
	\$	\$
Trade Payables	53,046,633	85,628,258
Accruals	11,029,677	5,972,489
Other Payables	11,454,850	10,222,601
Statutory Payables	2,002,701	1,593,631
Dividends	294,692	380,502
	77,828,552	103,797,481

	<u>Aged Trade Payables</u>			
	<u>Within 1</u> <u>Months</u>	<u>31 to 60</u> <u>Days</u>	<u>Over 60</u> <u>Days</u>	
<u>Balance at</u>	\$	\$	\$	\$
28-Feb-19	23,555,144	5,205,566	24,285,923	53,046,633
28-Feb-18	52,873,035	23,435,738	9,319,486	85,628,258

**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  
DIRECTORS SHAREHOLDINGS**

DIRECTORS' NAMES	SHAREHOLDING	CONNECTED PARTY	SHAREHOLDING
ANTONIA HUGH	NIL	RANKINSTON LIMITED	161,758,590
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	60,659,480 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		346,444,828

**SENIOR MANAGERS**

MICHAEL P. CHIN	1,972,435
LESLIE MCPHERSON	191,455
	2,163,890

**AMG PACKAGING & PAPER COMPANY LIMITED**

**TOP 10 SHAREHOLDERS AT 28 FEBRUARY 2019**

		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	60,659,480	11.850
PANKAJ ASHOK BHATIA	60,081,144	11.737
SAGICOR POOLED EQUITY FUND	10,000,000	1.954
HAROLD SOLTAU	7,487,474	1.463
AUSTIN 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
	439,099,938	85.779
NO. OF SHAREHOLDERS AT 28/02/2019	JCSD MAIN REGISTER	1,010 2
	TOTAL	1,012