

MANAGEMENT DISCUSSION AND ANALYSIS

AMG Packaging & Paper Company Limited (AMG) presents our Unaudited Financial Statements for the 2nd Quarter ending February 29, 2020.

Sept 1, 2020 – Feb 29, 2020 compared to Sept 1, 2019 – Feb 29, 2019

- Revenues for the period to February 29, 2020, decreased 6.42%, moving from \$387.7 million to \$362.8 million.
- Gross Profit for the period to February 29, 2020, increased 8.20%, moving from \$81.54 million to \$88.2 million.
- Total Manufacturing Costs for the period to February 29, 2020, decreased 10.31%, moving from \$306.2 million to \$274.6 million.
- Total Expenses for the period to February 29, 2020, increased 11.87%, moving from \$58.1 million to \$65.0 million.
- Net Income for the period to February 29, 2020, showed a decrease of 2.16%, moving from \$24.5 million to \$24.0 million.

	6 Months Ending Feb 29, 2020	6 Months Ending Feb 28, 2019
Total Revenue	362,812,127	387,696,359
Gross Profit	88,222,596	81,535,604
Net Income Before Tax	23,973,866	24,502,776
Total Assets	793,353,490	631,489,229

Dec 1, 2020 – Feb 29, 2020 compared to Dec 1, 2019 – Feb 29, 2019

- Revenues for Q2 2020 decreased 1.48%, moving from \$173.8 million to \$171.2 million.
- Gross Profit for Q2 2020 increased 14.54%, moving from \$33.9 million to \$38.8 million.
- Total Manufacturing Costs for Q2 2020 decreased 5.35%, moving from \$139.9 million to \$132.4 million.
- Total Expenses for Q2 2020 increased by 13.26%, moving from \$28.3m to \$32.1m.
- Net Income for Q2 2020 increased by 17.89%, moving from \$6.2m to \$7.3m.

	3 Months Ending Feb 29, 2020	3 Months Ending Feb 28, 2019
Total Revenue	171,212,836	173,779,212
Gross Profit	38,799,877	33,874,739
Net Income Before Tax	7,251,088	6,150,966
Total Assets	793,353,490	631,489,229

AMG has met with the MOH to ensure that all protective procedures are in place due to the COVID-19 pandemic. The company has put in numerous measures to ensure the staff and customers are well-protected at AMG.



George Hugh
Managing Director

AMG Packaging Paper Company Limited
Unaudited Statement of Comprehensive Income
Period Ended February 29, 2020

	3 months to February 29, 2020	6 months to February 29, 2020	3 months to February 28, 2019	6 months to February 28, 2019
Turnover	\$ 171,212,836	362,812,127	\$ 173,779,212	387,696,359
Cost of Inventories	(91,189,116)	(199,814,990)	(103,182,872)	(233,364,634)
Direct Costs	<u>(41,223,844)</u>	<u>(74,774,541)</u>	<u>(36,721,601)</u>	<u>(72,796,121)</u>
Total Manufacturing Costs	(132,412,959)	(274,589,531)	(139,904,473)	(306,160,755)
Gross Profit	38,799,877	88,222,596	33,874,739	81,535,604
Expenses:				
Administrative	(23,682,713)	(46,188,197)	(21,457,964)	(39,170,367)
Financial	(2,296,715)	(4,648,407)	(1,042,216)	(2,408,445)
Directors Fees	(2,720,000)	(5,440,000)	(2,680,000)	(6,053,333)
Difference in exchange - Gain/(Loss)	2,265,691	2,180,047	1,801,235	(592,704)
Depreciation	<u>(5,652,747)</u>	<u>(10,939,631)</u>	<u>(4,951,901)</u>	<u>(9,912,550)</u>
Total Expenses	(32,086,484)	(65,036,188)	(28,330,846)	(58,137,399)
Profit Before Tax	6,713,393	23,186,409	5,543,893	23,398,205
Other Income	537,695	787,458	607,073	1,104,571
Net Income before tax	7,251,088	23,973,866	6,150,966	24,502,776
Income Tax	(927,837)	(2,996,733)	(602,376)	(2,903,276)
Net Income after tax	6,323,251	20,977,133	5,548,590	21,599,500
No. of Shares Issued	511,894,285	511,894,285	511,894,285	511,894,285
Basic EPS	\$ 0.01	\$ 0.04	\$ 0.01	\$ 0.04

AMG Packaging Paper Company Limited
Unaudited Statement of Financial Position
February 29, 2020

ASSETS EMPLOYED	Notes	February 2020	February 2019	<u>Audited</u> August 2019
		\$	\$	\$
Property, Plant & Equipment	4	379,195,207	318,816,764	363,383,364
Current Assets				
Inventories	5	114,170,402	128,709,574	179,011,859
Accts Receivable Net Allowance	6	103,531,698	108,648,445	79,458,412
Deposit on Property		-	12,085,588	-
Tax Recoverable		-	4,011,333	-
Cash & Cash Equivalents	7	196,456,184	59,217,525	90,468,108
Total Current Assets		414,158,283	312,672,465	348,938,379
Total Assets		793,353,490	631,489,229	712,321,743

EQUITY & LIABILITIES

Capital & Reserves:

Authorised Share Capital - JMD700,000,000

Share Capital	8	63,250,028	63,250,028	63,250,028
Revaluation Reserve		112,310,635	112,310,635	112,310,635
Retained Earnings		337,927,646	300,867,321	327,188,399
Total Capital		513,488,309	476,427,984	502,749,062

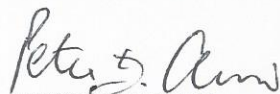
Long-Term Liabilities

Deferred Tax		31,785,379	33,769,334	31,785,379
Loans	9	100,000,000	23,647,850	-
Lease Liabilities		12,431,727		
Total Long-Term Liabilities		144,217,106	57,417,184	31,785,379

Current Liabilities

Current Portion of Long Term Loan	9	23,488,832	21,538,452	74,521,446
Lease Liabilities		5,154,987	-	-
Accounts Payable & Accruals	10	103,845,703	76,105,609	103,104,037
Income Tax		3,158,552	-	161,819
Total Current Liabilities		135,648,075	97,644,061	177,787,302
Total Liabilities & Capital		793,353,490	631,489,229	712,321,743

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


Peter Chin
Chairman


Michelle Chin
Director

AMG Packaging Paper Company Limited
Statement of Changes in Stockholders' Equity
February 29, 2020

Q2 -2020

	Share Capital	Revaluation Reserves	Retained Earnings	Total
	\$	\$	\$	\$
<u>Notes</u>				
Balance at September 01, 2019	63,250,028	112,310,635	327,188,399	502,749,062
Profit(Loss), being total Comprehensive Dividend			(10,237,886)	(10,237,886)
Income for the period	-	-	20,977,133	20,977,133
Balance at February 29, 2020	<u>63,250,028</u>	<u>112,310,635</u>	<u>337,927,646</u>	<u>513,488,309</u>

Q2 - 2019

	Share Capital	Revaluation Reserves	Retained Earnings	Total
	\$	\$	\$	\$
Balance at September 01, 2018	63,250,028	112,310,635	279,267,821	454,828,484
Profit, being total Comprehensive Income for the period	-	-	21,599,500	21,599,500
Balance at February 28, 2019	<u>63,250,028</u>	<u>112,310,635</u>	<u>300,867,321</u>	<u>476,427,984</u>

AMG Packaging Paper Company Limited
Unaudited Statement of Cash Flow
Period Ended February 29, 2020

	February 2020	February 2019
	\$	\$
Profit for the Year	20,977,133	21,599,500
Adjustments for:		
Interest Expense	4,916,992	2,408,445
Depreciation	9,922,560	9,912,550
Depreciation -Right of Use Assets	1,017,071	-
Disposal of Fixed Asset	(30,000)	-
Tax Provision	2,996,733	2,903,276
	39,800,489	36,823,771
 Changes in operating Assets and Liabilities:		
(Increase) Decrease in inventories	64,841,458	131,087,079
Decrease (Increase) in Receivables	(24,073,286)	(3,653,452)
Increase (Decrease) in Payables & Accruals	1,005,053	(109,285,691)
	81,573,714	54,971,707
 Principal Paid on Lease Liabilities	(1,210,864)	-
Interest Paid on Lease Liabilities	(268,585)	-
Taxation Paid	-	(30,000)
Net cash flows provided by operating activities	80,094,266	54,941,707
 <u>Cash Flow from Investing activities</u>		
Deposit on Property	-	(12,085,588)
Purchase of Property, Plant & Equipment	(7,953,897)	(70,998)
Proceeds From Sale of Equipment	30,001	-
Net cash flow used in Investing activities	(7,923,896)	(12,156,586)
 <u>Cash Flow from Financing Activities</u>		
Loan Receipts	100,000,000	
Loan Payments	(51,032,614)	(27,830,928)
Interest Paid	(4,911,794)	(2,408,445)
Dividend	(10,237,886)	-
Net cash flow used in Financing activities	33,817,706	(30,239,373)
 Net increase(decrease) in cash & cash equivalents	105,988,076	12,545,748
Cash & Cash equivalents at beginning of the year	90,468,108	46,671,777
Cash & Cash equivalents at end of the year (note 7)	196,456,184	59,217,525

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 29, 2020

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
February 29, 2020

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 IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts Effective for annual periods beginning on or after Jan 1, 2021

The Accounting Policies of the Company have remained unchanged from those set out in the annual Financial Statements as at August 31, 2019, except for the effects of applying IFRS 16.

IFRS 16

IFRS 16 Leases Effective 1 January 2019, IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an Arrangement Contains a Lease

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have leasing activities acting as a lessor.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the rate implicit in the Lease contract.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

On the statement of financial position, right-of-use assets have been included in property, plant and equipment, whiles interest expense is in finance costs.

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 29, 2020

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 29, 2020 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 29, 2020 the company faced liquidity risks as indicated below:

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 29, 2020

Liquidity Risk cont'd

	<u>Q2 - 2020</u>				Total
	Within 3 months	4 to 12 months	1 to 5 years	Over 5 years	
<u>Assets</u>	\$	\$	\$	\$	
Cash Resources	196,456,184	-	-	-	196,456,184
Other	211,639,947	8,142,947	-	-	219,782,894
Total	408,096,131	8,142,947	-	-	416,239,077
<u>Liabilities</u>					
Loans	5,574,644	17,914,188	47,500,000	52,500,000	123,488,832
Lease Liabilities	1,288,747	3,866,240	12,431,727	-	17,586,714
Payables	103,845,703	-	-	-	103,845,703
Total	110,709,094	21,780,428	59,931,727	52,500,000	244,921,249
Total Liquidity GAP	297,387,037	(13,637,481)	(59,931,727)	(52,500,000)	171,317,828
Cumulative GAP	297,387,037	283,749,555	223,817,828	171,317,828	-
	<u>Q2 - 2019</u>				
Total Liquidity GAP	216,412,910	(8,915,336)	(23,333,798)	-	184,163,776
Cumulative GAP	216,412,910	207,497,574	184,163,776	184,163,776	-

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 29, 2020

c. 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 29, 2020

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 stated at the lower of cost and net realisable (NRV) value.

Cost should include all:

- (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

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.

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 29, 2020

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. 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. 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 29, 2020

h. 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 29, 2020

4 Property, Plant & Equipment

	Land, Buildings & Leasehold Improvement	Equipment	Motor Cycle/Motor Vehicle	Right of Use assets	Computer & Equipment	Furniture & Fixtures	Total
	\$	\$	\$	\$	\$	\$	\$
At cost							
Balance as at September 1, 2019	276,236,424	128,374,232	180,258	-	6,294,846	12,576,981	423,662,741
Additions	1,946,599	5,305,009	-	18,797,577	109,871	592,417	26,751,474
Disposal	-	-	(180,258)	-	-	-	(180,258)
Balance as at February 29, 2020	278,183,023	133,679,241	-	18,797,577	6,404,717	13,169,398	450,233,957
Accumulated depreciation							
Balance as at September 1, 2019	13,049,637	35,815,944	180,255	-	3,686,677	7,546,864	60,279,377
Current year charges	2,287,178	6,518,862	3	1,017,071	460,383	656,134	10,939,631
Disposal	-	-	(180,258)	-	-	-	(180,258)
Balance as at February 29, 2020	15,336,815	42,334,806	-	1,017,071	4,147,060	8,202,998	71,038,750
Net Book Value							
Balance as at February 29, 2020	262,846,208	91,344,435	-	17,780,506	2,257,657	4,966,400	379,195,207
Balance as at February 28, 2019	212,237,544	97,999,850	-	-	2,913,266	5,666,104	318,816,764

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 29, 2020

5 Inventories	<u>Q2 -2020</u>	<u>Q2 -2019</u>
	\$	\$
Raw Materials	105,892,146	115,929,746
Finished Goods	6,417,919	7,908,164
Goods in transit	1,860,337	4,871,664
	114,170,402	128,709,574

6 Accounts Receivable	\$	\$
Trade Receivables	86,536,588	95,153,187
Provision for bad debts	(2,080,794)	(8,880,143)
	84,455,793	86,273,044
Other Receivables	19,075,904	22,375,401
	103,531,698	108,648,445

	Aged Trade Receivables			
	Within 1 Month	31 to 60 Days	Over 60 Days	Carrying Value
	\$	\$	\$	\$
Balance at				
29-Feb-20	74,850,048	3,543,593	8,142,947	86,536,588
28-Feb-19	69,935,882	1,266,793	23,950,511	95,153,187

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
February 29, 2020

7 <u>Cash & Cash equivalents</u>	<u>Q2 -2020</u>	<u>Q2 -2019</u>
	\$	\$
Bank of Nova Scotia Ja Ltd		
- Current accounts	61,698,326	25,902,566
- Savings account (US dollar denominated)	40,099,994	21,667,390
National Commercial Bank Limited		
- Current accounts	4,475,327	849,628
Alliance Financial Services Limited		
- Cash Securities(denominated in United States Dollars)	30,380,649	8,843,718
- Repurchase Agreement	1,097,382	1,078,679
JN Bank		
- Savings Account	656,544	656,544
Proven Wealth	57,997,961	-
Cash	50,000	219,000
	<u>196,456,184</u>	<u>59,217,525</u>
8 <u>Share Capital</u>		
	\$	\$
Authorised:		
700,000,000 ordinary shares at no par value		
Capital issued and fully paid-		
511,894,285 ordinary shares at no par value	63,250,028	63,250,028

AMG PACKAGING & PAPER COMPANY LTD
NOTES TO FINANCIAL STATEMENTS
November 30, 2019

9 Long-term Loans	<u>Q2 -2020</u>	<u>Q2-2019</u>
	\$	\$
Bank of Nova Scotia Jamaica Limited		
Loan 1	897,505	11,666,725
Loan 2	22,436,293	33,205,525
Loan 3	100,000,000	-
Accrued Interest	<u>155,034</u>	<u>314,052</u>
Total loans	123,488,832	45,186,302
Current portion of loans incl accrued interest	<u>23,488,832</u>	<u>21,538,452</u>
Long-term portion of loans	<u>100,000,000</u>	<u>23,647,850</u>

- (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
- (iii) Bond Issue of JMD100 Million, bearing interest at a fixed rate of 7.20% p.a. Maturing August 2026

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
NOTES TO FINANCIAL STATEMENTS
February 29, 2020

9 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)

10 Accounts Payable & Accruals

	<u>Q2 -2020</u>	<u>Q2-2019</u>
	\$	\$
Trade Payables	81,945,844	53,032,365
Accruals	11,172,778	9,427,625
Other Payables	8,106,706	11,348,226
Statutory Payables	2,191,756	2,002,701
Dividends	428,619	294,692
	103,845,703	76,105,609

	<u>Aged Trade Payables</u>			
	<u>Within 1 Months</u>	<u>31 to 60 Days</u>	<u>Over 60 Days</u>	
<u>Balance at</u>	\$	\$	\$	\$
29-Feb-20	80,128,506	45,510	1,771,828	81,945,844
28-Feb-19	23,540,876	5,205,566	24,285,923	53,032,365

11 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%)

12 Dividend

The Company declared and paid a dividend of \$0.02 per share to shareholders on January 15, 2020

AMG PACKAGING & PAPER COMPANY LIMITED

TOP 10 SHAREHOLDERS AS AT 28 FEBRUARY 2020

		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	7,748,790	1.514
SAGICOR SELECT FUND LTD - (CLASS C SHARES) MFG & DISTB	4,029,679	0.787
AUSTIN BROWN	4,000,100	0.781
MICHELLE CHIN	3,908,566	0.764
GUARDIAN LIFE LTD. - GUARDIAN EQUITY FUND	3,219,480	0.629
JAMAICA STOCK EXCHANGE PENSION FUND	3,007,200	0.587
	439,731,989	85.903
NO. OF SHAREHOLDERS AT 28/02/2020	JCSD	1,085
	MAIN REGISTER	2
	TOTAL	1,087

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

DIRECTORS' NAMES	HAREHOLDIN	CONNECTED PARTY	SHAREHOLDING
ANTONIA HUGH	NIL	RANKINSTON LIMITED	161,758,590
GEORGE HUGH	NIL	GEORGE HUGH HOLDINGS LTD MICHELLE HUGH SHANNON SASSO ADAM HUGH BRANDON MICHAEL HUGH TOBY HUGH	121,318,960 345,550 413,550 1,325,123 1,147,547 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		
METRY SEAGA	NIL		
DUKE HOLNESS	NIL		
BEVON FRANCIS	NIL		
	7,484,981		347,610,590

SENIOR MANAGERS

MICHAEL P. CHIN	1,441,990
LESLIE MCPHERSON	191,455
	1,633,445