**Schedule 1**

**FORM ECSRC – K**

**ANNUAL REPORT**
**PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT**

For the financial year ended JUNE 30, 2016

Issuer Registration number APP 25041970

ANTIGUA PRINTING & PUBLISHING LIMITED
(Exact name of reporting issuer as specified in its charter)

ANTIGUA & BARBUDA
(Territory of incorporation)

FACTORY ROAD, ST. JOHN'S, ANTIGUA & BARBUDA
(Address of principal office)

Reporting issuer's:

Telephone number (including area code): +1268 481-1500

Fax number: +1268 481-1515

Email address: antprint@candw.ag

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, Cap. 21.16 during the preceding 12 months

Yes_____ No X

Indicate the number of outstanding shares of each of the reporting issuer's classes of common stock, as of the date of completion of this report.

| CLASS | NUMBER |
|---|---|
| COMMON/ORDINARY | 1,900 |
| | |
| | |
| | |

## SIGNATURES

A Director, the Chief Executive Officer and Chief Financial Officer of the company shall sign this Annual Report on behalf of the company. By so doing each certifies that he has made diligent efforts to verify the material accuracy and completeness of the information herein contained.

The Chief Financial Officer by signing this form is hereby certifying that the financial statements submitted fairly state the company's financial position and results of operations, or receipts and disbursements, as of the dates and period(s) indicated. The Chief Financial Officer further certifies that all financial statements submitted herewith are prepared in accordance with International Accounting Standards consistently applied (except as stated in the notes thereto) and (with respect to year-end figures) including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

SIGNED AND CERTIFIED

Signature

Date: **January 31, 2017**

Name of Director:

SIGNED AND CERTIFIED

Signature

Date: **January 31, 2017**

Name of Chief Financial Officer:

**Londel Benjamin**

SIGNED AND CERTIFIED

Signature

Date: **January 31, 2017**

## INFORMATION TO BE INCLUDED IN FORM ECSRC-K

### 1. Business.

Provide a description of the developments in the main line of business including accomplishments and future plans. The discussion of the development of the reporting issuer's business need only include developments since the beginning of the financial year for which this report is filed.

Antigua Printing & Publishing Limited (APP) is a commercial enterprise which undertakes work for hotels, financial institutions (banks & credit unions), government departments, statutory bodies, large and small businesses, non-profit organizations as well as individuals.

The Company prints forms, reports, statements, posters, envelopes, programmes and a wide range of products as may be demanded by its customers. Its range of work includes black & white as well as colour.

APP is equipped with offset presses, digital colour press and printers, computers, typesetting and a host of equipment that can handle small as well as large volume commercial printing.

To bolster the Company's efficiency and process cycle time, the Company intends to acquire a Xerox 700 machine during the next financial year.

### 2. Properties.

Provide a list of properties owned by the reporting entity, detailing the productive capacity and future prospects of the facilities. Identify properties acquired or disposed off since the beginning of the financial year for which this report is filed.

The Company owns the land (1.404 acres) designated as Block 613-1891D Parcel 7 on which its single story building of 40 years was erected. The building covers 5,100 sq. ft. The storage space on the property is complemented with two (2) 20 ft. and three (3) 40 ft. containers. A considerable fraction of the land is unoccupied and must be maintained. There is space for expansion.

There is a supermarket on the western boundary and an automotive supply and service establishment to the east of the property. Factory Road now renamed Sir Sydney Walling Highway, is a main artery to and from St. John's on the northern boundary.

## 3. Legal Proceedings.

Furnish information on any proceedings that were commenced or were terminated during the current financial year. Information should include date of commencement or termination of proceedings. Also include a description of the disposition thereof with respect to the reporting issuer and its subsidiaries.

There were no legal proceedings during the period. The persons who previously initiated legal proceedings, Mr. Donald Halsted and Mr. Egbert Joseph, have passed on and there appears no intention by the beneficiaries to pursue the matters.

## 4. Submission of Matters to a Vote of Security Holders.

If any matter was submitted to a vote of security holders through the solicitation of proxies or otherwise during the financial year covered by this report, furnish the following information:

(a) The date of the meeting and whether it was an annual or special meeting.

No general meetings or special meetings were held during the period of reporting.

(b) If the meeting involved the election of directors, the name of each director elected at the meeting and the name of each other director whose term of office as a director continued after the meeting.

The Directors elected at the last Special General Meeting continued to serve except for Mr. Ivor Forde who previously resigned.

(c) A brief description of each other matter voted upon at the meeting and a statement of the number of votes cast for or against as well as the number of abstentions as to each such matter, including a separate tabulation with respect to each nominee for office.

No votes were cast during the period. A few persons expressed an interest in trading their shares but were informed that since the Company was struck off the book that official transfers or transmissions could not be undertaken.

(d) A description of the terms of any settlement between the registrant and any other participant.

No settlement was made between the registrant and any other participant.

(e) Relevant details of any matter where a decision was taken otherwise than at a meeting of such security holders.

There was no relevant matter during the period.

## 5. Market for Reporting issuer's Common Equity and Related Stockholder Matters.

Furnish information regarding all equity securities of the reporting issuer sold by the reporting issuer during the period covered by the report.

No stocks/shares were traded during the period. Attention is directed to the fact that the audited statements for the period 2001 – 2010 show the total number of shares as 19,000 at $100 each and a total capital of $190,000.

The number of shares issued by the Company was 1,900 at $100 each which amounts to $190,000. The Intellectual Property Department cited the increase in number of shares as an irregularity; the calculation presented was incorrect.

## 6. Financial Statements and Selected Financial Data.

Provide Audited Financial Statements, which comprise the following:

**For the most recent financial year**

(i) Auditor's report; and
(ii) Statement of Financial Position;

**For the most recent financial year and for each of the two financial years preceding the date of the most recent audited Statement of Financial Position being filed**

(iii) Statement of Profit or Loss and other Comprehensive Income;
(iv) Statement of Cash Flows;
(v) Statement of Changes in Equity; and
(vi) Notes to the Financial Statements.

## 7. Disclosure about Risk Factors.

Provide a discussion of the risk factors that may have an impact on the results from operations or on the financial conditions. Avoid generalised statements. Typical risk factors include untested products, cash flow and liquidity problems, dependence on a key supplier or customer, management inexperience, nature of business, absence of a trading market (specific to the securities of the reporting issuer), etc. Indicate if any risk factors have increased or decreased in the time interval between the previous and current filing.

## Disclosure about Risk Factors

| Figure-1<br>2016 Risk Management Matrix | | | | | |
|---|---|---|---|---|---|
| **7** | Risk Category | Identified Risk Factor | Rationale for Rating | Overall Rating | Movement |
| **7.1** | Concentration Risk | (1) statutory bodies & central government concentration | (1) proportion of Statutory & Government business increased from 22% to 27% | Medium/High | Improved |
| **7.2** | Market Risk | (1) inventory supplier prices | (1) Slowing US GDP growth counterbalanced by increasing inflationary pressure | Medium | Unchanged |
| | | (2) degree of adoption to new techniques and technology | (2) opportunities to reduce operating cost through digital age technology and methodologies is on-going | | |
| | | (3) domestic economic recession | (3) economic conditions favourable to neutralizing demand for higher wages following 2008 wage freeze | | |
| **7.3** | Liquidity Risk | (1) current asset mix | (1) average inventory levels on the rise again above target range | Low | Improved |
| | | (2)current liability mix | (2) current liability mix in line with expectations | | |
| | | (3) working capital position | (3) working capital at 1.6 times current liabilities | | |
| **7.4** | Solvency Risk | (1) asset to liability ratio | (1) assets were 3.2 times liabilities in 2015 v 2.1 times in 2015 | Low | Improved |
| | | (2)equity to liability ratio | (2) shareholders' equity was 2.2 times total liabilities in 2016 v 1.1 in 2015 | | |
| | | (3) free capital ratio | (3) free capital ratio deteriorated from -5% to -11%, but there is a satisfactory ameliorating factor | | |
| **7.5** | Credit Risk | (1) incidence of bad debts | (1) no change in bad debt provisions | Low | Unchanged |
| | | (2) domestic economic conditions | (2) domestic recessionary conditions continue with potential future impact on the horizon, but not yet observed | | |
| **7.6** | Internal Business Risk | (1) financial management competency | (1) continuing need for in-house accounting/finance skill sets | Medium | Improved |
| | | (2) cost controls | (2) cost of goods manufactured & sold as % of total sales is now within the target range set by APP | | |
| | | (3) access to bank credit | (3) Audited financials are now up-to-date. Now preparing to produce quarterly financials | | |

**All figures expressed in Tables displayed in this report are in thousands of EC$**

**Fig-1** depicts the main risk factors which impact the Company's performance and survivability. It also provides risk ratings for each important factor as well as the direction in which the risk category moved between the 2015 and 2016 financial years. Risk may be considered as the potential that events, expected or unanticipated, may have an adverse impact on the Company's capital or earnings. Risk is a part of business operations generally. The ability of management to effectively manage the level of risk is an important aspect of the business. Short-term cost-savings may increase the level of earnings, but eventually lead to erosion of the capital in the long run.

### 7.1 *Concentration Risk*

| **Table-BCR Business Concentration Risk** | 2016 | 2015 | 2014 | 2016 % Mix | 2015 % Mix | 2014 % Mix | 2016 Change | 2015 Change | 2016 % Change | 2015 % Change |
|---|---|---|---|---|---|---|---|---|---|---|
| Statutory Bodies & Central Government | 153 | 108 | 85 | 30% | 27% | 22% | 45 | 23 | 42% | 26% |
| Other Customers | 362 | 293 | 300 | 70% | 73% | 78% | 69 | -7 | 24% | -2% |
| Total Accounts Receivable | 515 | 401 | 385 | 100% | 100% | 100% | 114 | 16 | 29% | 4% |

**7.1.1** A comparative review of the Company's Aging Schedule of Accounts Receivable between 2014 and 2016 reveals that Statutory Bodies and Government customers still represent a large share of business received from customers. Using the end-of-year Accounts Receivable balances for 2014 to 2016 as proxies for business received in the respective years, 2016's share of business received from the sector widened to 30% as against 22% in 2014. Concentration risk therefore further increased in 2016, signalling increasing risk vulnerability to the sector, justifying adjusting the risk level from medium to medium/high.

### 7.2 *Market Risk*

**7.2.1** Market risk relates to exposure to adverse exogamous (**externally driven**) movement in market variables, including interest rates, prices and exchange rates.

**7.2.2** Variability in exchange rates do not directly impact market risk because the Company's main suppliers, who are US-based, invoice their shipments in US dollars; and the EC dollar fixed 2.7 peg to the US dollar has endured decades of trading history.

**7.2.3** Similarly, the Company is insulated from interest rate fluctuations because it does not have any significant interest-bearing liabilities.

| Table-S<br>US Economic Indicators | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|---|---|---|---|---|---|
| Economic Growth (GDP) | 1.4% | 1.6% | 2.4% | 1.5% | 2.2% | 1.6% |
| Unemployment Rate | 4.7% | 5.0% | 5.6% | 7.4% | 8.1% | 8.9% |
| Inflation Rate (CPI) | 2.1% | 0.7% | -0.6% | 1.5% | 2.1% | 3.1% |
| GDP per capita **(US$)** | N/A | 51 | 50 | 53 | 51 | 50 |

| **Table-Z4**<br>**Total Manufactured Goods Materials Costs** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|
| Direct Materials Consumed | 328 | 255 | 382 | 327 | 322 | 112 | 205 |
| Add: Work-in-progress beginning of year | 22 | 11 | 10 | 11 | 8 | 69 | 16 |
| Less: Work-in-progress end of year | -24 | -22 | -11 | -10 | -11 | -8 | -69 |
| Total Manufactured Goods Materials Costs | 327 | 243 | 382 | 328 | 319 | 174 | 152 |
| Sales | 1,461 | 1,186 | 1,136 | 1,129 | 1,308 | 1,200 | 1,093 |
| Materials Costs to Sales Ratio | 22% | 21% | 34% | 29% | 24% | 14% | 14% |

**7.2.4** It is however vulnerable to shifts in market prices for its raw materials comprising paper, ink and other printing supplies emanating mainly from the United States of America.

**7.2.5** The economic data published in **Table-S** depicts a US economy whose GDP growth rate slowed marginally in 2016. Although the unemployment rate is considered low and the envy of most of the developed world, *structural unemployment* is believed to be exerting a drag on economic growth, given the high number of persons who have been forced to accept part-time employment and lower incomes. The dual impact of the movement of manufacturing jobs to low-wage countries and wider use of labour-saving/higher-productivity automation continue to constrain income growth.

**7.2.6** The inflation rate is gathering steam, moving from the doldrums level of 0.7% in 2015 to 2.1% in 2016, triggering a Fed Funds Rate increase of 0.25% in December 2016, the first rate increase in ten years. Recent uptick in oil prices and the appreciation of the US$ are re-enforcing inflationary pressure. Prospectively, the unexpected ascendance of Donald Trump to the presidency of the United States of America and his declared intention to engage in expansionary infrastructural spending presage near and medium term economic growth and accompanying higher inflation.

**7.2.7** These observations lend credence to the view that raw material costs in the form of paper prices are likely to increase in 2017. The materials costs to sales ratio exhibited in **Table-Z4** remained virtually unchanged over the past two years, but if the economic indicators are reliable, the 2017 performance should show deterioration.

**7.2.8** Based on the above discussion, market risk is adjudged to have remained unchanged in 2016.

### 7.3 *Liquidity Risk*

| **Table-B1** **Current Asset % Mix** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|
| Cash & cash equivalents | 207 | 167 | 97 | 94 | 188 | 151 | 201 |
| Accounts receivable | 545 | 414 | 412 | 385 | 487 | 440 | 405 |
| Inventory & WIP | 477 | 572 | 385 | 512 | 385 | 399 | 315 |
| Total Current Assets | 1,228 | 1,153 | 894 | 991 | 1,060 | 990 | 921 |
| **Table-B2** **Current Liability % Mix** | 2016 | 2015 | 2014 | 2,013 | 2,012 | 2,011 | 2010 |
| Trade creditors | 162 | 197 | 109 | 121 | 99 | 17 | 233 |
| Provision for taxation | 247 | 181 | 182 | 197 | 235 | 254 | 231 |
| Other accounts payables | 75 | 74 | 73 | 68 | 68 | 66 | 66 |
| Total Accounts Payable & Accruals | 482 | 451 | 362 | 385 | 400 | 335 | 530 |
| **Table-B1a** **Current Asset % Mix** | 2016 % Mix | 2015 % Mix | 2014 % Mix | 2013 % Mix | 2012 % Mix | 2011 % Mix | 2010 % Mix |
| Cash & cash equivalents | 17% | 14% | 11% | 9% | 18% | 15% | 22% |
| Accounts receivable | 44% | 36% | 46% | 39% | 46% | 44% | 44% |
| Inventory & WIP | 39% | 50% | 43% | 52% | 36% | 40% | 34% |
| Total Current Assets | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| **Table-B2a** **Current Liability % Mix** | 2016 % Mix | 2015 % Mix | 2014 % Mix | 2013 % Mix | 2012 % Mix | 2011 % Mix | 2010 % Mix |
| Trade creditors | 34% | 44% | 30% | 32% | 25% | 5% | 44% |
| Provision for taxation | 51% | 40% | 50% | 51% | 59% | 76% | 44% |
| Other accounts payables | 16% | 16% | 20% | 18% | 17% | 20% | 12% |
| Total Accounts Payable & Accruals | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

**7.3.1** As a percentage of total current assets, cash & its equivalents should be kept within a target range of **15% to 20%.** As at the end of the 2016 financial year the ratio rose to a healthy 17%, an idyllic level.

**7.3.2** The accounts receivable mix is set to fluctuate between the target range of **40% to 50%**. That it progressed within the target rage with a 44% posting, is gratifying, and taken together with favourable movements in the other liquidity variables, signals that the Company is moving in synch with its liquidity goals and objectives.

**7.3.3** Inventory's target range is **30% to 35%**. At 39% in 2016, and falling from a high of 50% in 2015, compliance with target levels of inventory is in sight.

**7.3.4** APP at the end of 2016 provided $3.40 **($2.10, 2015)** in trade credit (**Accounts Receivable $545,000**) to its customers for each $1 it received from its suppliers (**Trade Creditors $162,000**), a luxury afforded by its strong liquidity position. The growth in credit to customers also coincided with a healthy 23% growth in sales from $1,186,000 in 2015 to $1,461,000 in 2016. The ability to extend credit to customers and its strategic use can be a powerful sales booster. The Company nonetheless exercises caution in the granting of credit to defend against erosion in default rates.

**7.3.5** We conclude that the Company's liquidity risk profile improved markedly, permitting awarding a risk rating of low for liquidity. Additional comments on liquidity appear in Section-10 under the caption "***Liquidity and Capital Resources***".

## 7.4 *Solvency Risk*

**7.4.1** Solvency assesses the ability of the Company to continue in business over the long term.

| **Table-C** | 2016 | 2015 | 2014 | 2,013 | 2,012 | 2,011 | 2010 | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 5,472 | 2,561 | 2,328 | 2,451 | 2,550 | 2,418 | 2,390 | 114% | 10% | -5% | -4% | 5% | 1% |
| Total Liabilities | 1,694 | 1,220 | 1,038 | 1,028 | 1,054 | 952 | 1,002 | 39% | 18% | 1% | -3% | 11% | -5% |
| Assets/Liability Ratio | 3.2 | 2.1 | 2.2 | 2.4 | 2.4 | 2.5 | 2.4 | 54% | -6% | -6% | -1% | -5% | 6% |
| **Table-D** | 2016 | 2015 | 2014 | 2,013 | 2,012 | 2,011 | 2010 | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
| Total Equity | 3,778 | 1,342 | 1,290 | 1,424 | 1,496 | 1,465 | 1,388 | 182% | 4% | -9% | -5% | 2% | 6% |
| Total Liabilities | 1,694 | 1,220 | 1,038 | 1,028 | 1,054 | 952 | 1,002 | 39% | 18% | 1% | -3% | 11% | -5% |
| Equity/Liability Ratio | 2.2 | 1.1 | 1.2 | 1.4 | 1.4 | 1.5 | 1.4 | 103% | -12% | -10% | -2% | -8% | 11% |
| **Table-E** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
| Total Equity | 3,778 | 1,342 | 1,290 | 1,424 | 1,496 | 1,465 | 1,388 | 182% | 4% | -9% | -5% | 2% | 6% |
| Total Fixed Assets | 4,244 | 1,408 | 1,433 | 1,461 | 1,491 | 1,428 | 1,470 | 201% | -2% | -2% | -2% | 4% | -3% |
| Free Capital | -466 | -66 | -143 | -37 | 5 | 37 | -82 | 601% | -54% | 285% | -817% | -86% | -145% |
| Free Capital Ratio | -12% | -5% | -11% | -3% | 0% | 3% | -6% | 149% | -55% | 325% | -854% | -86% | -143% |

****Free Capital Ratio = [Free Capital ÷ Total Equity][Free Capital = Total Equity – Fixed Assets]***

**7.4.2** The 2016 revaluation of APP's land and buildings produced a solvency bonanza with assets equalling 3.2 times liabilities, a 54% improvement in the asset/liability ratio **(Table-C)**. The revaluation exercise boosted shareholders' equity 1.8 times and increased the equity to liability ratio from 1.1 to 2.1, good news for company solvency **(Table-D)**.

**7.4.3** When we strip away the appraised value of fixed assets from total equity to compute the ***free capital ratio****, the resulting -12% reading indicates that APP needs to grow equity by $466,000 to get the ratio back into positive territory **(Table-E)**. The recognition of a deferred revaluation surplus of $386,824 in 2016, accounts in the main for the free capital deficit of -$466,000. Over a period of years, the deferred revaluation surplus will be added to equity until fully amortized, action which would eventually bridge the free capital gap. In any event, if we were to add the value of the deferred revaluation surplus to total equity, the free capital ratio would improve from -12% to -2%, and free capital would recede to a level of -$80,000, down from -$466,000.

7.4.4 On the basis of favourable movements in the solvency ratios displayed in Tables-C&D, observation of the ameliorating effect of factoring-in the deferred revaluation surplus into the calculation of free capital, and APP's realization of its highest net profit in seven years, namely $144,000, we declare the solvency ratio to have improved sufficiently to upgrade its risk rating from low-medium to low.

### 7.5 *Credit Risk*

| Table-H Bad Debt Provision Cover | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Trade receivables | 641 | 512 | 496 | 472 | 556 | 461 | 452 | 25% | 3% | 5% | -15% | 21% | 2% |
| Less: provision for bad debts | 126 | 111 | 111 | 111 | 111 | 55 | 55 | 13% | 0% | 0% | 0% | 101% | 0% |
| Net Receivables | 515 | 401 | 385 | 361 | 444 | 405 | 396 | 29% | 4% | 7% | -19% | 10% | 2% |
| Bad Debt/Receivable Ratio | 19.6 % | 21.7 % | 22.4 % | 23.6 % | 20.0 % | 12.0 % | 12.2 % | -10% | -3% | -5% | 18% | 67% | -2% |

7.5.1 Credit risk refers to the risk that counter-parties will default on contractual obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its trade and other receivables.

7.5.2 Bad debt provisions as a percentage of trade receivables were approximately 20% in 2016, down from 2015's 22%, following a $15,000 increase in the provision to cover a $130,000 growth in trade receivables.

7.5.3 The greater than 90-day category for accounts receivable stabilized at around 60% in the last two years. Given the level it may be prudent for collection activity to intensify.

| Table-AR-1a Accounts Receivable % Aging Mix | | | | | | |
|---|---|---|---|---|---|---|
| Year | Current | 1-30 | 31-60 | 61-90 | >90 | Total |
| 2014 | 12% | 8% | 6% | 3% | 71% | 100% |
| 2015 | 24% | 7% | 5% | 2% | 61% | 100% |
| 2016 | 10% | 21% | 6% | 5% | 59% | 100% |

7.5.4 We continue to rate this risk as low with no change in status occurring in 2016.

## 7.6 *Internal Risk*

**7.6.1** Internal risk is defined as one which is based on factors which the Company can control (**endogenous variables**). These factors include:

- **7.6.1.1** Availability of various competencies the business needs to attain its objectives,
- **7.6.1.2** People management skills to maintain a stable, productive industrial climate,
- **7.6.1.3** Access to and use of new and emerging technologies,
- **7.6.1.4** Sound preventive maintenance practices and scheduling,
- **7.6.1.5** Control of inventory with tried and tested systems
- **7.6.1.6** Sound financial management,
- **7.6.1.7** Access to trade finance and bank credit,
- **7.6.1.8** Use of appropriate forecasting and planning tools & techniques,
- **7.6.1.9** Disciplined, focussed marketing and sales activity, and
- **7.6.1.10** Effective cost controls.

**7.6.2** Most successful businesses are able to take tactical and strategic decisions based on reliable up-to-date financial information. This is normally facilitated from output reports from a dedicated accounting and finance function available internally or from a source outside of the firm. Past delays in timely production of annual audited financial statements have been relegated to the dustbin of history with the publication of this report. We have therefore removed the plague of outdated financial information from our list of internal risk deficiencies.

**7.6.3** The new goal of preparing timely internal quarterly financial statements and accompanying analysis is the task Directors will pursue in 2017.

| **Table-T Gross Profit Margin %** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| COGS | 961 | 865 | 1,004 | 847 | 915 | 797 | 729 | 11% | -14% | 19% | -7% | 15% | 9% |
| Sales | 1,461 | 1,186 | 1,136 | 1,129 | 1,308 | 1,200 | 1,093 | 23% | 4% | 1% | -14% | 9% | 10% |
| Cost of each sales dollar | 0.66 | 0.73 | 0.88 | 0.75 | 0.70 | 0.66 | 0.67 | -10% | -18% | 18% | 7% | 5% | 0% |
| COGS to Sales Ratio | 66% | 73% | 88% | 75% | 70% | 66% | 67% | -10% | -18% | 18% | 7% | 5% | 0% |
| Gross Margin | 500 | 322 | 132 | 282 | 393 | 402 | 364 | 55% | 144% | -53% | -28% | -2% | 11% |
| Sales | 1,461 | 1,186 | 1,136 | 1,129 | 1,308 | 1,200 | 1,093 | 23% | 4% | 1% | -14% | 9% | 10% |
| Gross profit per $1 Sale | 0.34 | 0.27 | 0.12 | 0.25 | 0.30 | 0.34 | 0.33 | 26% | 134% | -54% | -17% | -10% | 1% |
| Gross Margin % | 34.2% | 27.1% | 11.6% | 25.0% | 30.1% | 33.5% | 33.3% | 26% | 134% | -54% | -17% | -10% | 1% |

**7.6.4** ***Cost controls***, management's responsibility, call for maintenance of operating systems and interrogation of cost/revenue variances. **Table-T** above, shows that each sales dollar costs the Company 66 cents, sharing the lowest cost position in seven years with the 2011 performance. This equates to gross profit of 34 cents per sales dollar, falling within APP's target range of 30-35 cents in gross profit for each sales dollar.

| **Table-Z2 Analyzing Insurance Costs** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Insurance as Manufacturing Cost | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Insurance as Administrative Cost | 42 | 32 | 29 | 58 | 49 | 46 | 7 | 33% | 12% | -51% | 17% | 7% | 575% |
| Total | 42 | 32 | 29 | 58 | 49 | 46 | 7 | 33% | 12% | -51% | 17% | 7% | 575% |

**7.6.5** Insurance costs settled at $42,000 in 2016, following two consecutive uncharacteristically low-cost years **(2014 & 2015)** averaging $30,000.

**7.6.6** The publication of this annual report means that APP is now in compliance with its reporting responsibilities to the ECRSC. Given this achievement and the other improvements registered under cost control performance, we now upgrade internal risk from medium/high to medium. The Company will now turn its attention to addressing other areas of concern so that it can achieve an even better rating for internal risk.

## 8. Changes in Securities and Use of Proceeds.

(a) Where the rights of the holders of any class of registered securities have been materially modified, give the title of the class of securities involved. State briefly the general effect of such modification upon the rights of holders of such securities.

There has been no change in securities during the period. The securities have not been traded; the profit remains undistributed and has been reinvested in the Company, mainly to purchase machinery/computers and for renovations/refurbishing the building.

(b) Where the use of proceeds of a security issue is different from that which is stated in the registration statement, provide the following:

- Offer opening date (provide explanation if different from date disclosed in the registration statement)

There has been no change in dates. The results of performance have not been submitted to the Registrar as the Company was de-registered.

- Offer closing date (provide explanation if different from date disclosed in the registration statement)

Dates remain the same

- Name and address of underwriter(s)

No underwriters have been appointed.

- Amount of expenses incurred in connection with the offer

  Not applicable

- Net proceeds of the issue and a schedule of its use

  Not applicable

- Payments to associated persons and the purpose for such payments

No payments were made

(c) Report any working capital restrictions and other limitations upon the payment of dividends.

Payment of dividend would have resulted in reduction of working capital and reduced the Company's ability to prospectively purchase equipment needed to boost productivity.

## 9. Defaults upon Senior Securities.

(a) If there has been any material default in the payment of principal, interest, a sinking or purchase fund instalment, or any other material default not satisfied within 30 days, with respect to any indebtedness of the reporting issuer or any of its significant subsidiaries exceeding 5 percent of the total assets of the reporting issuer and its consolidated subsidiaries, identify the indebtedness. Indicate the nature of the default. In the case of default in the payment of principal, interest, or a sinking or purchase fund instalment, state the amount of the default and the total arrears on the date of filing this report.

There was no material default in payment of creditors or instalment payment for hire purchase equipment. Company tax instalment payment was as arranged.

(b) If any material arrears in the payment of dividends have occurred or if there has been any other material delinquency not satisfied within 30 days, give the title of the class and state the amount and nature of the arrears or delinquency.

No dividend was recommended by the Board. The dividend payable in the financial statement was the amount which remains unpaid from the pre-2000 dividends. The sum was due to shareholders who could not be located at the address provided.

## 10. Management's Discussion and Analysis of Financial Condition and Results of Operation.

Discuss the reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations during the financial year of the filing. Discussions of liquidity and capital resources may be combined whenever the two topics are interrelated.

The Management's Discussion and Analysis should disclose sufficient information to enable investors to judge:

1. The quality of earnings;
2. The likelihood that past performance is indicative of future performance; and
3. The issuer's general financial condition and outlook.

It should disclose information over and above that which is provided in the management accounts and should not be merely a description of the movements in the financial statements in narrative form or an otherwise uninformative series of technical responses. It should provide management's perspective of the company that enables investors to view the business from the vantage point of management.

The discussion should focus on aspects such as liquidity; capital resources; changes in financial condition; results of operations; material trends and uncertainties and measures taken or to be taken to address unfavourable trends; key performance indicators; and non-financial indicators.

### Liquidity and Capital Resources

Provide a narrative explanation of the following (but not limited to):

i) The reporting issuer's financial condition covering aspects such as liquidity, capital resources, changes in financial condition and results of operations.

ii) Any known trends, demands, commitments, events or uncertainties that will result in, or that are reasonably likely to result in, the issuer's liquidity increasing or decreasing in any material way. If a deficiency is identified, indicate the course of action that the reporting issuer has taken or proposes to take to remedy the deficiency.

iii) The issuer's internal and external sources of liquidity and any material unused sources of liquid assets.

iv) Provisions contained in financial guarantees or commitments, debt or lease agreements or other arrangements that could trigger a requirement for an early payment, additional collateral support, changes in terms, acceleration of maturity, or the creation of an additional financial obligation such as adverse changes in the issuer's financial ratios, earnings, cash flows or stock price or changes in the value of underlying, linked or indexed assets.

v) Circumstances that could impair the issuer's ability to continue to engage in transactions that have been integral to historical operations or are financially or operationally essential or that could render that activity commercially impracticable such as the inability to maintain a specified level of earnings, earnings per share, financial ratios or collateral.

vi) Factors specific to the issuer and its markets that the issuer expects will affect its ability to raise short-term and long-term financing, guarantees of debt or other commitment to third parties, and written options on non-financial assets.

vii) The relevant maturity grouping of assets and liabilities based on the remaining period at the balance sheet date to the contractual maturity date. Commentary should provide information about effective periods and the way the risks associated with different maturity and interest profiles are managed and controlled.

viii) The issuer's material commitments for capital expenditures as of the end of the latest fiscal period, and indicate the general purposes of such commitments and the anticipated source of funds needed to fulfil such commitments.

ix) Any known material trends, favorable or unfavorable, in the issuer's capital resources, including any expected material changes in the mix and relative cost of capital resources, considering changes between debt, equity and any off-balance sheet financing arrangements.

## *10.1 Liquidity*

**10.2** Even when a Company becomes insolvent, it may still be able to continue trading as long as it has sufficient liquidity. Liquidity expresses the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price.

| **Table-A Current Liability Cover** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/ 16 % Change | 2014/ 15 % Change | 2013/ 14 % Change | 2012/ 13 % Change | 2011/ 12 % Change | 2010/ 11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Total Current Assets** | 1,228 | 1,153 | 894 | 991 | 1,060 | 990 | 921 | 7% | 29% | -10% | -7% | 7% | 7% |
| **Total Current Liabilities** | 482 | 451 | 362 | 385 | 400 | 335 | 530 | 7% | 24% | -6% | -4% | 19% | -37% |
| **Working Capital (WC)** | 746 | 702 | 532 | 605 | 660 | 655 | 391 | 6% | 32% | -12% | -8% | 1% | 68% |
| **Current Assets / Current Liabilities Ratio** | 2.5 | 2.6 | 2.5 | 2.6 | 2.6 | 3.0 | 1.7 | 0% | 4% | -4% | -3% | -10% | 70% |
| **WC Ratio = WC / Curr. Liab.** | 1.5 | 1.6 | 1.5 | 1.6 | 1.6 | 2.0 | 0.7 | -1% | 6% | -7% | -5% | -16% | 165% |
| **Table-B Working Capital Directors' Advance Cover** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/ 16 % Change | 2014/ 15 % Change | 2013/ 14 % Change | 2012/ 13 % Change | 2011/ 12 % Change | 2010/ 11 % Change |
| **Working Capital** | 746 | 702 | 532 | 605 | 660 | 655 | 391 | 6% | 32% | -12% | -8% | 1% | 68% |
| **Directors' Advance** | 823 | 767 | 674 | 641 | 693 | 654 | 472 | 7% | 14% | 5% | -8% | 6% | 39% |
| **WC / Directors' Advance Cover** | -77 | -64 | -142 | -35 | -34 | 0 | -82 | 19% | -55% | 302% | 4% | -23258% | -100% |
| **WC / Directors' Advance % Cover** | 91% | 92% | 79% | 95% | 95% | 100% | 83% | -1% | 16% | -16% | -1% | -5% | 21% |

**10.3** ***Working capital*** (**Table-A**) as a percentage of current liabilities fluctuated between 2.5 and 2.6 for the past five years. Given this performance level and stable relationship, the Company's ability to meet short term liabilities on time is assured.

**10.4** Working capital to Directors-Advance-Cover **(Table-B)** measures the ability of the Company to liquidate this long-term liability by using its working capital (**net current assets**). The 2016 gap of $77,000 is close to its 2015's level of $64,000 and could be covered in due course if APP is able to replicate 2016's net profit performance in subsequent financial periods.

**10.5** **(Table-B)** The Board has not yet chartered a course for determining how to treat with the unresolved matter of advances due to Directors, which at the end of 2016 stood at $823,000. As APP moves into strategic planning mode in 2017/18, a workable solution should emerge. Any plan to liquidate the amounts due would give priority to the Company's liquidity needs, to prevent any disruption to normal day-to-day operations.

| **Table-DAL Directors' Advance as % Total Liabilities** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|---|---|---|
| Current Liabilities **(incl. notes payable)** | 484 | 453 | 364 | 387 | 402 | 337 | 532 | 555 |
| Directors' Advance | 823 | 767 | 674 | 641 | 693 | 654 | 472 | 496 |
| Total Liabilities | 1,694 | 1,220 | 1,038 | 1,028 | 1,095 | 991 | 1,004 | 1,050 |
| Directors' Advance to Total Liabilities Ratio | 49% | 63% | 65% | 62% | 63% | 66% | 47% | 47% |

**10.6** **(Table-DAL)** In 2016 Directors' Advance represented 49% of Total Liabilities, reverting to levels attained in 2009 and 2010. The downward shift relates to the inclusion of deferred unrealized income totalling $387,000 in the liability side of the Company's balance sheet for 2016.

| **Table-B1 Current Asset % Mix** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|
| Cash & cash equivalents | 207 | 167 | 97 | 94 | 188 | 151 | 201 |
| Accounts receivable | 545 | 414 | 412 | 385 | 487 | 440 | 405 |
| Inventory & WIP | 477 | 572 | 385 | 512 | 385 | 399 | 315 |
| Total Current Assets | 1,228 | 1,153 | 894 | 991 | 1,060 | 990 | 921 |
| **Table-B2 Current Liability % Mix** | 2016 | 2015 | 2014 | 2,013 | 2,012 | 2,011 | 2010 |
| Trade creditors | 162 | 197 | 109 | 121 | 99 | 17 | 233 |
| Provision for taxation | 247 | 181 | 182 | 197 | 235 | 254 | 231 |
| Other accounts payables | 75 | 74 | 73 | 68 | 68 | 66 | 66 |
| Total Accounts Payable & Accruals | 482 | 451 | 362 | 385 | 400 | 335 | 530 |
| **Table-B1a Current Asset % Mix** | 2016 % Mix | 2015 % Mix | 2014 % Mix | 2013 % Mix | 2012 % Mix | 2011 % Mix | 2010 % Mix |
| Cash & cash equivalents | 17% | 14% | 11% | 9% | 18% | 15% | 22% |
| Accounts receivable | 44% | 36% | 46% | 39% | 46% | 44% | 44% |
| Inventory & WIP | 39% | 50% | 43% | 52% | 36% | 40% | 34% |
| Total Current Assets | 100% | 100% | 100% | 100% | 100% | 100% | 100% |
| **Table-B2a Current Liability % Mix** | 2016 % Mix | 2015 % Mix | 2014 % Mix | 2013 % Mix | 2012 % Mix | 2011 % Mix | 2010 % Mix |
| Trade creditors | 34% | 44% | 30% | 32% | 25% | 5% | 44% |
| Provision for taxation | 51% | 40% | 50% | 51% | 59% | 76% | 44% |
| Other accounts payables | 16% | 16% | 20% | 18% | 17% | 20% | 12% |
| Total Accounts Payable & Accruals | 100% | 100% | 100% | 100% | 100% | 100% | 100% |

**10.7** **Table-B2a** indicates that provision for taxation, as a percentage of total accounts payable & accruals has increased to 51% **(2015, 40%)**. Now that APP's audited accounts are up-to-date, it will need to settle its corporate tax liability with Inland Revenue. A plan informed by liquidity needs should become the basis of negotiations to settle the amount due. Cash on hand at the end of 2016 was $40,000 **(2015, $14,000)** less than the total amount provided for taxation. This revelation highlights the need to pay the tax liability in instalments.

| Table-AR-1<br>2014 Accounts Receivable Aging Schedule Summary | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Accounts Receivable Aging Mix | | | | | | Accounts Receivable % Aging Mix | | | | | |
| Year | Current | 1-30 | 31-60 | 61-90 | >90 | Total | Current | 1-30 | 31-60 | 61-90 | >90 | Total |
| 2014 | 48 | 31 | 22 | 12 | 272 | 385 | 12% | 8% | 6% | 3% | 71% | 100% |
| 2015 | 97 | 28 | 22 | 9 | 244 | 401 | 24% | 7% | 5% | 2% | 61% | 100% |
| 2016 | 51 | 106 | 32 | 24 | 302 | 515 | 10% | 21% | 6% | 5% | 59% | 100% |

**10.8** **Table-AR-1** indicates that the distribution pattern between the very short and longer term mix components within the accounts receivable portfolio remained undisturbed between the last two financial years. No alarm bells emerged from an account-by-account examination of the total portfolio, other than a need to follow-up a number of trade debtors whose accounts have slipped into the >90 days category.

| **Table-T1 Inventory Turnover Rates** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cost of goods manufactured & sold | 961 | 865 | 1,004 | 847 | 915 | 797 | 729 | 11% | -14% | 19% | -7% | 15% | 9% |
| Inventory end of current year | 477 | 572 | 385 | 512 | 385 | 399 | 315 | -17% | 49% | -25% | 33% | -4% | 27% |
| Inventory end of previous | 572 | 385 | 512 | 385 | 399 | 315 | 238 | 49% | -25% | 33% | -4% | 27% | 32% |
| Average Inventory = Year-1+Year-2 inventory/2 | 525 | 479 | 449 | 448 | 392 | 357 | 276 | 10% | 7% | 0% | 14% | 10% | 29% |
| Inventory Turnover =cost of goods sold / average inventory | 1.8 | 1.8 | 2.2 | 1.9 | 2.3 | 2.2 | 2.6 | 1% | -19% | 18% | -19% | 4% | -15% |
| # of months to turnover inventory = Inventory turnover/12 | 6.6 | 6.6 | 5.4 | 6.4 | 5.1 | 5.4 | 4.5 | -1% | 24% | -16% | 24% | -4% | 18% |

**10.9** **Table-T1** reveals that APP is still taking 6.6 months to sell average inventory. To achieve its goal of getting average inventory sold every three to four months calls for introduction of new measures which will take another year or two before declaring success.

### *10.10 Capital Resources*

**10.11** A Company's strength can be measured by comparing the relationship between its capital and total liabilities (**leverage ratio**). One such indicator is the ***equity to liability ratio*** which demonstrates that if the Company were to sell off all of its assets and received full book value for same, the surplus remaining after liquidation of the Company's liabilities would be equal to its shareholders' equity, which may be viewed as a cushion against any shortfalls which may occur during the asset selloff. The higher the cushion (**total equity**), the lower will be the probability that the Company will default on repayment of its debts.

| Table-EL Equity (without Revaluation Reserve) to Liab. Ratio | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/ 16 % Change | 2014/ 15 % Change | 2013/ 14 % Change | 2012/ 13 % Change | 2011/ 12 % Change | 2010/ 11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Equity **(including Revaluation Reserve)** | 3,778 | 1,342 | 1,290 | 1,424 | 1,496 | 1,465 | 1,388 | 182% | 4% | -9% | -5% | 2% | 6% |
| Revaluation Reserve | 3,761 | 1,468 | 1,468 | 1,468 | 1,468 | 1,468 | 1,468 | 156% | 0% | 0% | 0% | 0% | 0% |
| Equity **(excluding Revaluation Reserve)** | 17 | -126 | -178 | -45 | 28 | -3 | -80 | -114% | -29% | 300% | -259% | -1156 % | -97% |
| Total Liabilities | 1,694 | 1,220 | 1,038 | 1,028 | 1,054 | 952 | 1,002 | 39% | 18% | 1% | -3% | 11% | -5% |
| Equity **(including Revaluation Reserve)** to Liabilities Ratio | 2.23 | 1.10 | 1.24 | 1.38 | 1.42 | 1.54 | 1.38 | 103% | -12% | -10% | -2% | 0.0% | 0.0% |
| Equity **(excluding Revaluation Reserve)** to Liabilities Ratio | 0.01 | -0.10 | -0.17 | -0.04 | 0.03 | 0.00 | -0.08 | -110% | -40% | 296% | -263% | 0.0% | 0.0% |

**10.12** **Table-EL** shows that Revaluation Reserve **($3,761,000)**, the surplus realized following a series of property revaluations spanning a 16-year period, was virtually equal to Total Equity **($3,778,000)**. In 2016, the company finally achieved the goal of liquidating 16 years of cumulative trading losses with a cumulative surplus of $17,000 registered at the end of the 2016 financial year, following declaration of a 2016 net profit of $144,000. The company's long term goal now is to grow total equity through successive years of profitable trading such that total equity without revaluation reserve exceeds the value of revaluation reserve.

**10.13** Equity, including revaluation reserve, was 2.23 times total liabilities, a much improved solvency position. It means that if the Company were forced to sell-off real estate, even at forced-sale value, there would be comfortably sufficient value to meet its needs without going out of business.

| Table-CA Capital Adequacy | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/ 16 % Change | 2014/ % Change | 2013/ 14 % Change | 2012/ 13 % Change | 2011/ 12 % Change | 2010/ 11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Net Income for the year | 144 | 52 | -134 | -72 | 31 | 77 | 119 | 178% | -139% | 84% | -337% | -60% | -35% |
| Accumulated Deficit | -173 | -317 | -368 | -235 | -162 | -193 | -270 | -45% | -14% | 57% | 45% | -16% | -29% |
| Revaluation Reserve | 3,761 | 1,468 | 1,468 | 1,468 | 1,468 | 1,468 | 1,468 | 156% | 0% | 0% | 0% | 0% | 0% |
| Total Shareholders' Equity | 3,778 | 1,342 | 1,290 | 1,424 | 1,496 | 1,465 | 1,388 | 182% | 4% | -9% | -5% | 2% | 6% |
| Gross Profit Margin % | 34.2% | 27.1% | 11.6% | 25.0% | 29.2% | 33.5% | 33.3% | 26% | 134% | -54% | -14% | -13.0% | 0.7% |

**10.14** Data accumulated over a one or two-year period are not sufficient to establish a trend. APP recorded net profits over the last two trading years aggregating to $200,000. The 2016 profit of $144,000 was largely attributable to record sales of $1,461,000 and a gross profit margin of 34%, surpassing the previous 2012 record of $1,308,000 made with a gross profit margin of 29%. Progress made especially in 2016 is commendable, having regard to the fact that the net profit was based both on record sales as well as on the highest gross profit margin recorded in eight years. Repeating this performance will not be easy, but the company is upbeat about its future prospects.

**10.15** For further information on the performance of capital in the Company, please refer to Section-7, "***Disclosure about Risk Factors***", under Sub-Section-7.4 under the caption "***Solvency Risk***".

## Off Balance Sheet Arrangements

Provide a narrative explanation of the following (but not limited to):

i) Disclosures concerning transactions, arrangements and other relationships with unconsolidated entities or other persons that are reasonably likely to materially affect liquidity or the availability of, or requirements for capital resources.

ii) The extent of the issuer's reliance on off-balance sheet arrangements should be described fully and clearly where those entities provide financing, liquidity, market or credit risk support, or expose the issuer to liability that is not reflected on the face of the financial statements.

iii) Off-balance sheet arrangements such as their business purposes and activities, their economic substance, the key terms and conditions of any commitments, the initial on-going relationship with the issuer and its affiliates and the potential risk exposures resulting from its contractual or other commitments involving the off-balance sheet arrangements.

iv) The effects on the issuer's business and financial condition of the entity's termination if it has a finite life or it is reasonably likely that the issuer's arrangements with the entity may be discontinued in the foreseeable future.

There are no off-balance sheet transactions or arrangements.

## Results of Operations

In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties that might materially affect operating results in the future should be discussed.

Provide a narrative explanation of the following (but not limited to):

i) Any unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from continuing operations and, in each case, the extent to which income was so affected.

ii) Significant components of revenues or expenses that should, in the company's judgment, be described in order to understand the issuer's results of operations.

iii) Known trends or uncertainties that have had or that the issuer reasonably expects will have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations.

iv) Known events that will cause a material change in the relationship between costs and revenues (such as price increases, costs of labour or materials), and changes in relationships should be disclosed.

v) The extent to which material increases in net sales or revenues are attributable to increases in prices or to increases in the volume or amount of goods or services being sold or to the introduction of new products or services.

vi) Matters that will have an impact on future operations and have not had an impact in the past.

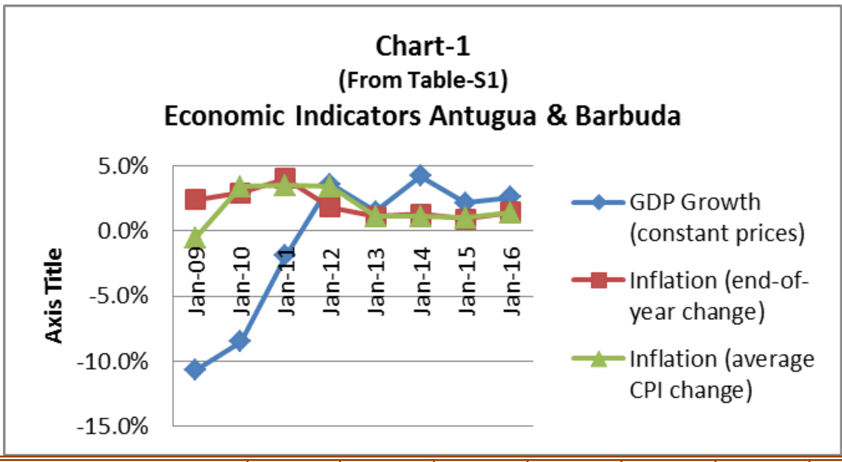
vii) Matters that have had an impact on reported operations and are not expected to have an impact upon future operations

viii) Off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships that have or are reasonably likely to have a current or future effect on the registrant's financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

ix) Performance goals, systems and, controls,

## Overview of Results of Operations

### *10.16 Continuing Salary & Wage Freeze*




| **Table-S1 Economic Indicators Antigua & Barbuda** | Dec-09 | Dec-10 | Dec-11 | Dec-12 | Dec-13 | Dec-14 | Dec-15 | Dec-16 |
|---|---|---|---|---|---|---|---|---|
| GDP Growth *(constant prices)* | -10.7% | -8.5% | -1.9% | 3.6% | 1.5% | 4.2% | 2.2% | 2.6% |
| Inflation (*end-of-year change*) | 2.4% | 2.9% | 4.0% | 1.8% | 1.1% | 1.3% | 0.9% | 1.5% |
| Inflation (*average CPI change*) | -0.6% | 3.4% | 3.5% | 3.4% | 1.1% | 1.1% | 1.0% | 1.4% |
| GDP per Capita (*constant prices*) EC$ | 31 | 28 | 36 | 38 | 28 | 29 | 29 | 29 |

***10.17*** Antigua & Barbuda's economic growth in 2016 **(Table-G)** fell somewhere in the middle of the OECS growth range with 2.6% GDP growth **(2015, 2.2%)** and 1.5% inflation **(2015, 0.9%)** against flat GDP per capita growth. If GDP experiences modest growth in 2017 and inflation sees increased growth episodes, market forces may present conditions conducive to an active industrial relations climate, posing a threat to APP's 8-year wage freeze. If last year's net profit performance is repeated in 2017 and beyond, low-to-moderate compensation increases could be accommodated. As Table-G shows, salaries and wages have remained almost identical over the past two years.

| **Table-G Aggregate Salaries & Wages** | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2014 /15 % Change | 2013 /14 % Change | 2012 /13 % Change | 2011 /12 % Change | 2010 /11 % Change | 2009 /10 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries & Wages - Admin. Cost | 91 | 94 | 79 | 89 | 81 | 91 | 101 | -3% | 19% | -12% | 10% | -11% | -10% |
| Direct Labour - Manufacturing Cost | 531 | 524 | 454 | 502 | 550 | 485 | 475 | 1% | 15% | -10% | -9% | 13% | 2% |
| Total Salaries & Wages | 622 | 618 | 533 | 591 | 631 | 576 | 576 | 1% | 16% | -10% | -6% | 10% | 0% |

### *10.18 Operating Performance*

| **Table-T Gross Profit Margin %** | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| COGS | 961 | 865 | 1,004 | 847 | 915 | 797 | 729 | 11% | -14% | 19% | -7% | 15% | 9% |
| Sales | 1,461 | 1,186 | 1,136 | 1,129 | 1,308 | 1,200 | 1,093 | 23% | 4% | 1% | -14% | 9% | 10% |
| $1 Sales Cost | 0.66 | 0.73 | 0.88 | 0.75 | 0.70 | 0.66 | 0.67 | -10% | -18% | 18% | 7% | 5% | 0% |
| COGS Ratio | 66% | 73% | 88% | 75% | 70% | 66% | 67% | -10% | -18% | 18% | 7% | 5% | 0% |
| Gross Margin | 500 | 322 | 132 | 282 | 393 | 402 | 364 | 55% | 144% | -53% | -28% | -2% | 11% |
| Sales | 1,461 | 1,186 | 1,136 | 1,129 | 1,308 | 1,200 | 1,093 | 23% | 4% | 1% | -14% | 9% | 10% |
| Gross profit per Sale $ | 0.34 | 0.27 | 0.12 | 0.25 | 0.30 | 0.34 | 0.33 | 26% | 134% | -54% | -17% | -10% | 1% |
| Gross Margin % | 34.2% | 27.1% | 11.6% | 25.0% | 30.1% | 33.5% | 33.3% | 26% | 134% | -54% | -17% | -10% | 1% |

**10.19** **Table-T**: Cost per sale dollar is targeted not to go above 70 cents, which equates to a COGS/Sales ratio of 70%. In 2016, the actual ratio fell by 10%, levelling off at 66%; which means that each $1 in sales cost the business 66 cents. If it cost 66 cents to produce $1 in sales, then the gross profit made on each sale dollar was 34 cents, four cents higher than the minimum called for under the company's target range of 30-35 cents.

| **Table-Z5 Cost of Goods Manufactured & Sold Growth** | 2015/16 Change | 2014/15 Change | 2013/14 Change | 2012/13 Change | 2011/12 Change | 2010/11 Change | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Manufactured Goods Materials Costs | 84 | -138 | 54 | 9 | 145 | 22 | 35% | -36% | 16% | 3% | 83% | 14% |
| Direct Labour | -2 | 7 | 70 | -48 | -48 | 65 | 0% | 1% | 15% | -10% | -9% | 13% |
| Depreciation - Factory | 17 | -3 | -1 | -14 | -8 | -7 | 120% | -19% | -7% | -42% | -19% | -15% |
| Insurance | 0 | 0 | 0 | 0 | 0 | 0 | | | | | | |
| Light Power & Water | -7 | -6 | -1 | 7 | 6 | -1 | -20% | -16% | -3% | 21% | 24% | -5% |
| Repairs - Plant | 3 | 2 | 36 | -22 | 22 | -10 | 7% | 4% | 564% | -77% | 361% | -63% |
| Cost of Goods Manufactured & Sold (COGS) | 96 | -139 | 157 | -68 | 117 | 68 | 11% | -14% | 19% | -7% | 15% | 9% |

| Gross Profit Margin % | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sales | 1,461 | 1,186 | 1,136 | 1,129 | 1,308 | 1,200 | 1,093 | 23% | 4% | 1% | -14% | 9% | 10% |
| Cost of goods manufactured & sold | 961 | 865 | 1,004 | 847 | 927 | 797 | 729 | 11% | -14% | 19% | -9% | 16% | 9% |
| Gross Margin | 500 | 322 | 132 | 282 | 381 | 402 | 364 | 55% | 144% | -53% | -26% | -5% | 10% |
| Gross Profit Margin % | 34.2% | 27.1 % | 11.6 % | 25.0% | 29.2 % | 33.5 % | 33.3 % | 26% | 134% | -54% | -14% | -13% | 1% |

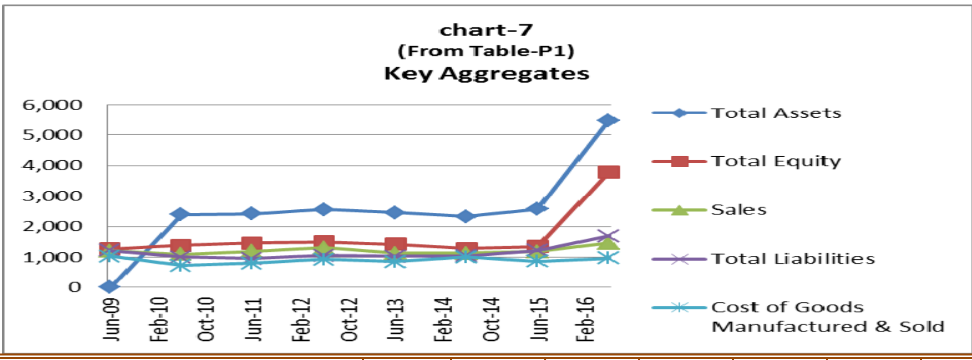
**10.20** **Table-Z5**: Manufactured goods materials cost declined 36% in 2015 and rose by 35% in 2016. The increase in materials cost is related to the higher level of output required to satisfy the 23% growth in sales. What is significant is the 23% expansion in sales as against cost -of –goods-manufactured growth of only 11% in 2016, which forced up gross profit margin by 55%. From an operational performance point of view, APP achieved significant progress both in terms of controlling production costs and growing sales revenue without compromising gross margin.

| Table-Z3 Aggregate Repairs | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2015/16 % Change | 2014/15 % Change | 2013/14 % Change | 2012/13 % Change | 2011/12 % Change | 2010/11 % Change |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Repairs Office Equipment | 1 | 3 | 1 | 11 | 17 | 30 | 5 | -76% | 104% | -88% | -32% | -44% | 490% |
| Repairs - General | 3 | 3 | 3 | 4 | 2 | 3 | 1 | 0% | 0% | -8% | 63% | -20% | 243% |
| Repairs - Plant | 47 | 44 | 42 | 6 | 28 | 6 | 17 | 7% | 4% | 564% | -77% | 361% | -63% |
| Total | 51 | 50 | 47 | 21 | 47 | 38 | 22 | 2% | 7% | 120% | -55% | 22% | 72% |

**10.21** Repairs and maintenance outlays in the last three years were virtually identical. The age of the plant calls for a continuation of this level of expense for the foreseeable future.

**N.B. Tables presented in this latter section of the report display data from 2009 to 2013, the reverse order used in the earlier sections. This is to accommodate the conventional presentation of trend graphs with trends running from left to right, the left sections portraying earlier data points and the right sections showing more current periods.**

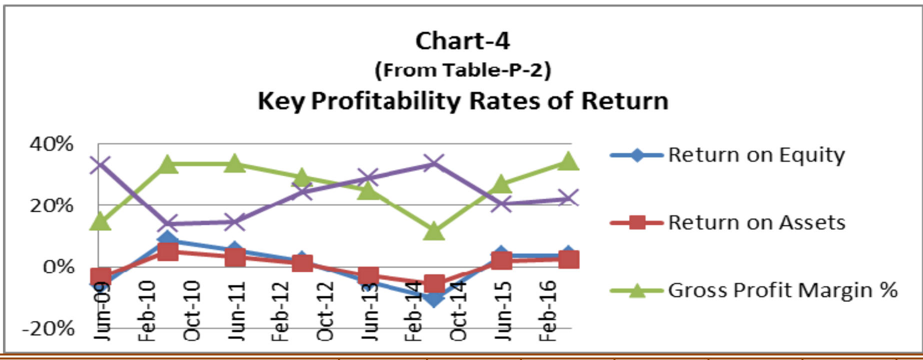
## Summary of Operating Performance




| Table-P1<br>Key Aggregates | Jun-09 | Jun-10 | Jun-11 | Jun-12 | Jun-13 | Jun-14 | Jun-15 | Jun-16 |
|---|---|---|---|---|---|---|---|---|
| Total Assets | 0 | 2,390 | 2,418 | 2,550 | 2,451 | 2,328 | 2,561 | 5,472 |
| Total Equity | 1,269 | 1,388 | 1,465 | 1,496 | 1,424 | 1,290 | 1,342 | 3,778 |
| Sales | 1,210 | 1,093 | 1,200 | 1,308 | 1,129 | 1,136 | 1,186 | 1,461 |
| Total Liabilities | 1,220 | 1,002 | 952 | 1,054 | 1,028 | 1,038 | 1,220 | 1,694 |
| Cost of Goods Manufactured & Sold | 1,033 | 729 | 797 | 927 | 847 | 1,004 | 865 | 961 |
| Net Profit (after-tax) | -76 | 119 | 77 | 31 | -72 | -134 | 52 | 144 |

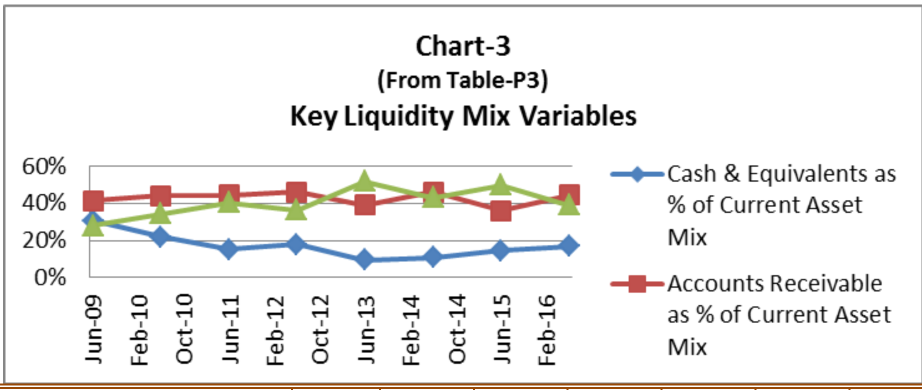
**-----------> remember figures are stated in the reverse order in this section---→**
**That is from 2009 to 2015 instead of from 2015 to 2009**

**10.22** Noteworthy in the key aggregates data are the doubling of total assets, 2.5 times growth in total equity and posting of record sales of 1.46 million which generated an 8-year record profit of $144,000.




| Table-P2<br>Key Profitability Rates of Return | Jun-09 | Jun-10 | Jun-11 | Jun-12 | Jun-13 | Jun-14 | Jun-15 | Jun-16 |
|---|---|---|---|---|---|---|---|---|
| Return on Equity | -6% | 9% | 5% | 2% | -5% | -10% | 4% | 4% |
| Return on Assets | -3% | 5% | 3% | 1% | -3% | -6% | 2% | 3% |
| Gross Profit Margin % | 15% | 33% | 34% | 29% | 25% | 12% | 27% | 34% |
| Materials Costs to Sales Ratio | 33% | 14% | 14% | 24% | 29% | 34% | 21% | 22% |

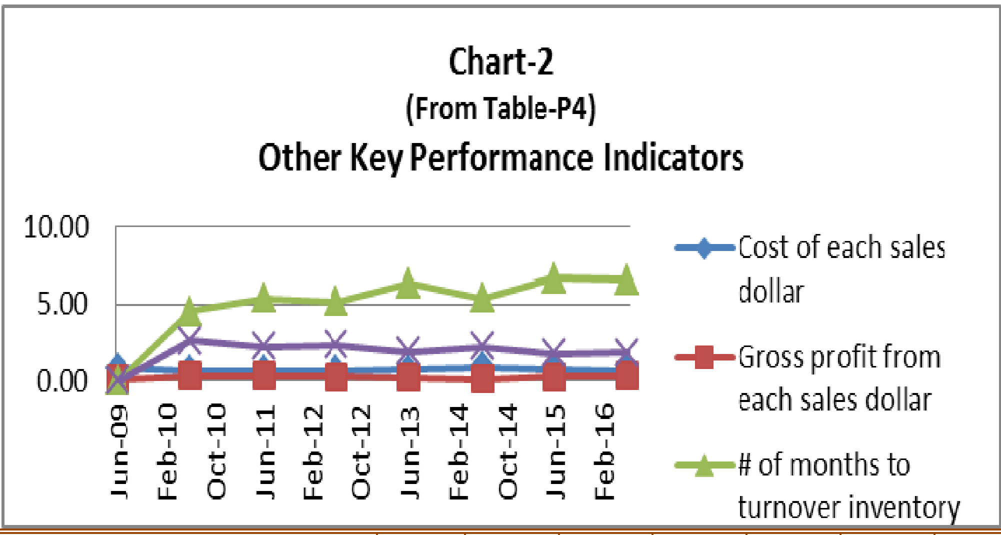
**10.23** Notwithstanding the doubling of total assets in 2016, return on assets, at 3%, reached the second highest level in eight years. The strategic plan, when produced, should address the target growth progression for this key company performance indicator. Gross profit margin of 34% is well on target and if maintained at similar levels in future years will position APP to achieve most of its growth goals. This equally applies to the 22% materials cost to sales ratio. Return on equity still has a long way to improve to get to the target level of 10%, unless net profit can accelerate more rapidly. Further equity expansion from future asset revaluation surpluses would also make it increasingly difficult to get to the 10% ROE target.




| **Table-P3**<br>**Key Liquidity % Mix Variables** | Jun-09 | Jun-10 | Jun-11 | Jun-12 | Jun-13 | Jun-14 | Jun-15 | Jun-16 |
|---|---|---|---|---|---|---|---|---|
| Cash & Equivalents as % of Current Asset Mix | 31% | 22% | 15% | 18% | 9% | 11% | 14% | 17% |
| Accounts Receivable as % of Current Asset Mix | 41% | 44% | 44% | 46% | 39% | 46% | 36% | 44% |
| Inventory & WIP as % of Current Asset Mix | 28% | 34% | 40% | 36% | 52% | 43% | 50% | 39% |

**10.24** The Company's inventory levels are supposed to be kept within the target range of **30% to 35%** of current asset mix. Although it reversed most of the excess represented by the 2015 inventory mix of 50%, at 39%, it was still 4% points in excess of the quantity of inventory it should hold. The strategic plan should address this ongoing challenge.

**10.25** App continues to remain in compliance with its accounts receivable current asset mix target range of **40% to 50%**. As mentioned under the risk assessment section of this report, closer attention needs to be addressed to more effective management of the >90-days section of the aging schedule.




| **Table-P4 Other Key Performance Indicators** | Jun-09 | Jun-10 | Jun-11 | Jun-12 | Jun-13 | Jun-14 | Jun-15 | Jun-16 |
|---|---|---|---|---|---|---|---|---|
| Cost of each sales dollar | 0.85 | 0.67 | 0.66 | 0.70 | 0.75 | 0.88 | 0.73 | 0.66 |
| Gross profit from each sales dollar | 0.15 | 0.33 | 0.34 | 0.30 | 0.25 | 0.12 | 0.27 | 0.34 |
| # of months to turnover inventory | n.a | 4.54 | 5.37 | 5.14 | 6.35 | 5.36 | 6.64 | 6.55 |
| Inventory Turnover | n.a | 2.64 | 2.23 | 2.33 | 1.89 | 2.24 | 1.81 | 1.83 |

**10.26** APP's target cost for each $1.00 of sales is set to fluctuate within a range of **65 cents to 70 cents** maximum. During the 8-year review period, the Company both breached and was in compliance with its cost-of-each-dollar-sale an equal number of times. Performance variability is the norm rather than the exception, and while there is nothing APP can do to change the past, it certainly intends to take deliberate action to anchor down a solid performance outcome, by drawing on the advice embedded in a strategic plan directors intend to commission and implement well before the end of the 2018 financial year.

## 11. Changes in and Disagreements with Auditors on Accounting and Financial Disclosure.

Describe any changes in auditors or disagreements with auditors, if any, on financial disclosure.

We have no changes in or disagreements with the Auditors on accounting and financial disclosure.

## 12. Directors and Executive Officers of the Reporting Issuer.

Furnish biographical information on directors and executive officers indicating the nature of their expertise.

Complete Biographical Data Form attached as Appendix-1(a) for each director and executive officer

## 13. Other Information.

The reporting issuer may, at its option, report under this item any information, not previously reported in a Form ECSRC – MC report provided that the material change occurred within seven days of the due date of the Form ECSRC – K report. If disclosure of such information is made under this item, it need not be repeated in a Form ECSRC – MC report which would otherwise be required to be filed with respect to such information.

Nothing to report

## 14. List of Exhibits

List all exhibits, financial statements, and all other documents filed with this report.

1. Primary Owners
2. Management Team
3. Audited Financial Statements for 2016 (**submitted under separate cover**)

# ANTIGUA PRINTING AND PUBLISHING LIMITED

## FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30TH JUNE 2016

**C O N T E N T S** **Page**

**ALLEN, THOMAS & ASSOCIATES**
**Chartered Accountants**

P.O. Box 2670
High Street,
St. John's, Antigua
West Indies.

Tel: (268) 562-1870
Fax: (268) 562-1871
e-mail: tomaln@hotmail.com



## INDEPENDENT ACCOUNTANTS' REPORT TO THE SHAREHOLDERS OF ANTIGUA PRINTING AND PUBLISHING LIMITED

We have reviewed the Statement of Financial Position of Antigua Printing and Publishing Limited as at 30th June 2016 and the related Statements of Comprehensive Income and Changes in Shareholders Equity for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our review.

We conducted our review in accordance with International Standards of Review for Small and Medium Sized Entities. Those standards require that we plan and perform our review to obtain reasonable assurance that the financial statements are free of material misstatement. A review is less scope and the depth examination than an audit but includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. A review also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We did not perform an audit

In our opinion, the financial statements set out on pages 2 to 16 which are in agreement with the books of the Company are properly drawn up, so as to present fairly the state of affairs of the Antigua Printing and Publishing Limited at 30th June, 2016 and the results of its operations for the year then ended in accordance with companies law and International Financial Reporting Standards for SMEs.

**Emphasis of Matter** (Note 14)
The company's registration status has been unclear for several years as its structure and operation is substantially that of a private limited company, however, due to the number of registered shareholders the company registry has suggested that it qualifies as a public company.

Allen, Thomas & Associates

**Antigua & Barbuda:**
**24th January 2017**

**Allen, Thomas & Associates**
**Chartered Accountants**

**ANTIGUA PRINTING AND PUBLISHING LIMITED**
**STATEMENT OF FINANCIAL POSITION**
**AT 30TH JUNE 2016**
**(Expressed in Eastern Caribbean Dollars)**

| **Assets** | **Notes** | **2016** | **2015** |
|---|---|---|---|
| **Current Assets** | | | |
| Cash at bank and on hand | | 206,655 | 166,782 |
| Accounts Receivable and prepayments | 4 | 544,784 | 414,069 |
| Inventory and work-in-progress | 5 | 476,845 | 572,433 |
| **Total Current Assets** | | 1,228,284 | 1,153,284 |
| **Non-Current Assets** | | | |
| Plant and Machinery | 6 | 4,244,054 | 1,407,997 |
| **Total Assets** | | $5,472,338 | $2,561,281 |
| **Liabilities and Shareholders' Equity:** | | | |
| **Current Liabilities** | | | |
| Accounts Payable and accruals | 7 | 481,812 | 450,808 |
| Note payable | | 2,000 | 2,000 |
| **Total Current Liabilities** | | 483,812 | 452,808 |
| **Non-Current Liabilities** | | | |
| Shareholders Advance | 8 | 823,325 | 766,906 |
| Deferred Un-realized Income | 9 | 386,824 | - |
| **Total Non-Current Liabilities** | | 1,210,149 | 766,906 |
| **Total Liabilities** | | 1,693,961 | 1,219,714 |
| **Shareholders' Equity:** | | | |
| Share Capital | 10 | 190,000 | 190,000 |
| Revaluation Reserve | 11 | 3,761,113 | 1,468,037 |
| Share Premium | 12 | 100 | 100 |
| Accumulated Deficit | | (172,836) | (316,570) |
| **Total Shareholders' Equity** | | 3,778,377 | 1,341,567 |
| **Total Liabilities and Shareholders' Equity:** | | $5,472,338 | $2,561,281 |

Approved on behalf of the Board:

------------------------------ ----------------------------------

**: Director** **: Director**

The notes on pages 6 to 14 form part of these financial statements.

# ANTIGUA PRINTING AND PUBLISHING LIMITED

## STATEMENT OF COMPREHENSIVE INCOME
## FOR THE YEAR ENDED 30TH JUNE 2016
**(Expressed in Eastern Caribbean Dollars)**

| | | 2016 | 2015 |
|---|---|---|---|
| **Sales** | | 1,460,670 | 1,186,314 |
| **Cost of Goods Manufactured and Sold** | - (Schedule 1) Page 15 | (960,995) | (864,747) |
| | | ------------- | ------------- |
| **Gross Margin** - :34.21%: 2015: 27.11:% | | 499,675 | 321,567 |
| Sundry Income | | 39,318 | 49,048 |
| | | ----------- | ----------- |
| **Income Before Indirect Expenses** | | 538,993 | 370,615 |
| | | ----------- | ----------- |
| **Indirect Expenses** | | | |
| Administrative | (Schedule 2) Page 16 | 341,998 | 306,153 |
| Interest and bank charges | | 5,349 | 4,745 |
| | | ---------- | ---------- |
| | | 347,347 | 310,898 |
| | | ----------- | ----------- |
| **Profit Before taxation** | | 191,646 | 59,717 |
| Provision for Taxation | | (47,912) | (8,062) |
| | | ----------- | --------- |
| **Total Comprehensive Loss for the Year** | | $143,734 | $51,655 |
| | | ===== | ==== |

**ANTIGUA PRINTING AND PUBLISHING LIMITED**

**STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**
**FOR THE YEAR ENDED 30TH JUNE 2016**

**(Expressed in Eastern Caribbean Dollars)**

| | Share Capital | Share Premium | Accumulated Deficit | Revaluation Reserve | Total |
|---|---|---|---|---|---|
| **Equity at - 30th June 2013** | 190,000 | 100 | (234,604) | 1,468,037 | 1,423,533 |
| Comprehensive Loss (Page 3) | - | - | (133,621) | - | (133,621) |
| **Equity at – 30th June2014** (Page 2) | 190,000 | 100 | (368,225) | 1,468,037 | 1,289,912 |
| Comprehensive Income (Page 3) | - | - | 51,655 | - | 51,655 |
| **Equity at – 30th June2015** (Page 2) | 190,000 | 100 | (316,570) | 1,468,037 | 1,341,567 |
| Comprehensive Income (Page 3) | - | - | 143,734 | 2,679,900 | 2,823,634 |
| **Equity at – 30th June2016** (Page 2) | $190,000 | $100 | $(172,836) | $4,147,937 | $4,165,201 |

## ANTIGUA PRINTING AND PUBLISHING LIMITED

## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30TH JUNE 2016

**(Expressed in Eastern Caribbean Dollars)**

| | 2016 | 2015 |
|---|---|---|
| **Operating Activities** | | |
| Net Comprehensive Income for the year | 143,734 | 51,655 |
| Add: Non cash item – Depreciation | 49,098 | 27,073 |
| | 192,832 | 78,728 |
| (Increase)/Decrease in Inventory and work-in-progress | 95,588 | (187,269) |
| Increase/(Decrease) in Payables | 31,004 | 55,619 |
| (Increase)/Decrease in Receivables and Prepayments | (130,715) | (1,667) |
| **Net Operating Activity** | (4,123) | (133,317) |
| **Investing Activities** | | |
| (Decrease) Purchase of Plant and Equipment | (2,885,155) | (1,500) |
| | (2,885,155) | (1,500) |
| **Financing Activities** | | |
| Increase/(Decrease) Due to Directors | 56,419 | 126,325 |
| Increase/(Decrease) Deferred Unrealized Income | 386,824 | - |
| Increase/(Decrease) Revaluation Reserve | 2,293,076 | - |
| | 2,736,319 | 126,325 |
| **Net Increase/(Decrease) in cash** | 39,873 | 70,236 |
| **Cash Balance - Beginning of year** | 166,782 | 96,546 |
| **Cash Balance - End of year** **(Page 6)** | $206,655 | $166,782 |

## ANTIGUA PRINTING AND PUBLISHING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED 30TH JUNE 2016
## (Expressed in Eastern Caribbean Dollars)

**1. Incorporation and Principal Activities**

The company was incorporated under section 358 of the Companies 1948 of the laws of Antigua and Barbuda on 25th April 1970 and as amended by the companies Act 1995. It is primarily engaged in offset printing services, the design of stationery, manufacture, sale and distribution of printed products and materials.

**2. Basis of Preparation**

a) Statement of Compliance

The accounting policies primarily follow the guidelines of Antigua Printing and Publishing Limited Financial and Accounting Guidelines. Otherwise, the accounting policies conform to International Financial Reporting Standards (IFRS).

These financial statements were approved by the Board of Directors on 24th January 2017.

b) Basis of Measurement

The financial statements are prepared under the historical cost convention.

c) Functional and Presentation Currency

These financial statements are prepared in Eastern Caribbean Dollars, which was the functional currency of the reporting entity for the financial year under review.

d) Use of Estimates and Judgment

The preparation of the financial statement in conformity with the International Financial Reporting Standards (IFRS) requires the Management to judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**3. Accounting Policies**

a) Foreign Currency Translations

Foreign currency transactions during the year have been converted at the exchange rates ruling at the date of these transactions. Foreign currency assets and liabilities at the year-end have been translated at the rates ruling at the Balance Sheet date.

b) Inventories

Inventories are stated at the lower of cost and the estimated net realizable value of separate items.

c) Cash and cash equivalents

For the purpose of the cash flow statements, cash and cash equivalents comprise cash on hand and deposits with banks of less than ninety days maturity and bank overdrafts. In the balance sheet, bank overdrafts, are included in current liabilities.

**ANTIGUA PRINTING AND PUBLISHING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30$^{TH}$ JUNE 2016**
**(Continued)**
**(Expressed in Eastern Caribbean Dollars)**

**3. Accounting Policies - Continued**

d) Plant and Equipment

Fixed Assets are stated at cost less accumulated depreciation. The costs of repairs and replacements of a routine nature are charged to operations, whilst expenditures improving or extending the useful lives of the assets that are capitalized. Depreciation is computed on the straight line basis at rates considered adequate to write off the cost of depreciable fixed assets, less salvage value, over their estimated useful lives. The annual rates are:

| | |
|---|---|
| Building | 2% per annum |
| Machinery and Equipment | 7% per annum |
| Furniture & Fittings | 5% per annum |
| Computer Hardware | 33 $^1/_3$ % per annum |
| Motor Vehicle | 20% per annum |
| Container | 20% per annum |

e) Impairment

The carrying amount of the Company's assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated at each balance sheet date. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the income statement

f) Trade receivables

Trade receivables are carried at original invoice amount less provision made for the impairment of these receivables. Such provision for impairment of trade receivable is established if there is objective evidence that the company will not be able to collect all amounts due according to the original terms receivables. The amount of the provision is the difference between the carrying amount and the recoverable amount.

g) Investments

i) Investment Securities Held to Maturity

Investment securities with fixed maturity profiles where management has both the intent and the ability to hold to maturity are classified as held to maturity. Securities held to maturity are initially recognized at cost and are subsequently re-measured at amortized cost less provision for impairment losses. Interest income earned while holding securities is reported as interest income.

ii) Investment Securities Available for Sale

Investment securities intended to be held for an indefinite period of time, which may be sold in response to the heeds for liquidity or changes in interest rates, exchange rates or equity prices are classified as available for sale. Available for sale financial assets are initially recognised at cost and are subsequently re-measured at fair value based on quoted bid prices.

ANTIGUA PRINTING AND PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2016
(Continued)
(Expressed in Eastern Caribbean Dollars)

**3. Accounting Policies - Continued**

iii) Un-quoted Investments
Unquoted equity instruments for which fair values cannot be reliably measured are recognised at cost less Impairment. When the securities are disposed of or impaired, the related accumulated fair value adjustments are included in the Income as gains or losses from investments.

h) Interest - Bearing Borrowing
Interest bearing borrowings are recognised initially at fair value less attributable transaction cost. Subsequent to initial recognition, interest bearing borrowing are stated at amortized cost with any difference between cost and redemption value being recognised in the statement of Comprehensive Income over the borrowings on an effective interest basis.

i) Interest Income
Interest Income is recognised on the accruals basis in the statement of Comprehensive Income, using the effective interest method.

i) Related Parties
A party is related to the Company, if:
Directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Company (this includes, parents, subsidiaries and fellow subsidiaries); has an interest in the Company that gives its significant influence over the company: or has joint control over the Company;

i) The party is and associate of the Company;
ii) The party is a joint venture in which the Company is a venture;
iii) The party is a member of the key management personnel of the Company or its parent
iv) The party is a close member of the family or any individual referred to in (i) or (iii)
v) The party is the entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
vi) The party is a post employment benefit plan for the benefit of employees of the Company or of any Company that is a related party of the Company.

**ANTIGUA PRINTING AND PUBLISHING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30TH JUNE 2016**
**(Continued)**
**(Expressed in Eastern Caribbean Dollars)**

| 4. Accounts Receivable and Prepayments | 2016 | 2015 |
|---|---|---|
| Trade Receivables | 640,932 | 511,823 |
| Less: Provision for bad debts | (125,837) | (111,288) |
| | 515,095 | 400,535 |
| Withholding Tax | 4571 | 4,571 |
| Staff Loan | 84 | 11,008 |
| Due From TBSL | - | (1,644) |
| Other Receivable | 25,034 | (401) |
| **(Page 2)** | $544,784 | $414,069 |

| 5. Inventory | 2016 | 2015 |
|---|---|---|
| Paper | 250,524 | 241,926 |
| Less: Provision for obsolescence | (2,000) | (2,000) |
| | 248,524 | 239,926 |
| Supplies | 133,642 | 243,918 |
| Spare Parts | 71,094 | 66,327 |
| Work-in-progress | 23,585 | 22,262 |
| **(Page 2)** | $476,845 | $572,433 |

**ANTIGUA PRINTING AND PUBLISHING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30TH JUNE 2016**
**(Continued)**
**(Expressed in Eastern Caribbean Dollars)**

**6. Plant and Machinery**

| | Land | Building | Machinery Equip | Furniture Fittings | Computer | Motor Vehicle | Total |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| Balance at beginning of year | 653,400 | 809,500 | 1,618,734 | 135,427 | 3,580 | - | 3,220,641 |
| Additions | 2,395,800 | 284,100 | 167,162 | 4,050 | 4,225 | 29,818 | 2,885,155 |
| **Balance at 30/06/2016** | 3,049,200 | 1,093,600 | 1,785,896 | 139,477 | 7,805 | 29,818 | 6,105,796 |
| **Accumulated Depreciation** | | | | | | | |
| Balance at beginning of year | - | 286,687 | 1,397,010 | 126,574 | 2,373 | - | 1,812,644 |
| Depreciation charge for year | - | | 31,645 | 10,285 | 1,204 | 5,964 | 4,9098 |
| **Balance at 30/06/2016** | - | 286,687 | 1,428,655 | 136,859 | 3,577 | 5,964 | 1,861,742 |
| **Net Book Values** | | | | | | | |
| **30th June 2016** | $3,049,200 | $806,913 | $357,241 | $2,618 | $4,228 | $23,854 | $4,244,054 |

**ANTIGUA PRINTING AND PUBLISHING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30TH JUNE 2016**
**(Continued)**
**(Expressed in Eastern Caribbean Dollars)**

**6. Plant and Machinery**

| | Land | Building | Machinery Equipment | Furniture Fittings | Computer | Total |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| Balance at beginning of year | 653,400 | 809,500 | 1,618,734 | 133,927 | 3,580 | 3,219,141 |
| Additions | - | - | - | 1,500 | - | 1,500 |
| **Balance at 30/06/2015** | 653,400 | 809,500 | 1,618,734 | 135,427 | 3,580 | 3,220,641 |
| **Accumulated Depreciation** | | | | | | |
| Balance at beginning of year | - | 276,017 | 1,382,605 | 125,757 | 1,192 | 1,785,571 |
| Depreciation charge for year | - | 10,670 | 14,405 | 817 | 1,181 | 27,073 |
| **Balance at 30/06/2015** | - | 286,687 | 1,397,010 | 126,574 | 2,373 | 1,812,644 |
| **Net Book Values** | | | | | | |
| **30th June 2015** | $653,400 | $522,813 | $221,724 | $8,853 | $1,207 | $1,407,997 |

**ANTIGUA PRINTING AND PUBLISHING LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30TH JUNE 2016**
**(Continued)**
**(Expressed in Eastern Caribbean Dollars)**

| 7. Accounts Payable and Accruals | 2016 | 2015 |
|---|---|---|
| Trade Creditors | 161,701 | 197,370 |
| Consumption Tax | 9,318 | 249 |
| Social Security | 2,946 | 3,524 |
| Medical Benefits | 2,062 | 2,652 |
| Education Levy | 721 | 3,536 |
| Personal Income Tax Payable | 209 | 238 |
| Payroll Insurance | - | 4,103 |
| Provision for Taxation | 247,145 | 181,427 |
| Dividend Payable | 25,210 | 25,210 |
| Other payable | 32,500 | 32,500 |
| **(Page 2)** | $481,812 | $450,808 |

| 8. Shareholders' Advance | 2016 | 2015 |
|---|---|---|
| **Balance (Page 2)** | $823,325 | $766,906 |

This amount represents unpaid Directors fees, which has remained unpaid for several years given the company's cash flow over the years, The date of settlement has not yet been determined, but management does anticipate settlement with the next year.

| 9. Deferred Unrealized Income | 2016 | 2015 |
|---|---|---|
| **Balance (Page 2)** | $386,824 | $- |

This amount represents un-amortized Reserves, which relates to depreciable Plant, Property and equipment. The amount will be amortized annually over the remaining life of the related assets.

ANTIGUA PRINTING AND PUBLISHING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2016
(Continued)
(Expressed in Eastern Caribbean Dollars)

| | 2016 | 2015 |
|---|---|---|
| **10. Share Capital** | | |
| Authorized | | |
| 1,900 shares of $100 each | $190,000 | $190,000 |
| | ===== | ===== |
| Issued and fully paid | | |
| 1,900 shares of $100 each | $190,000 | $190,000 |
| | ===== | ===== |

| | 2016 | 2015 |
|---|---|---|
| **11. Revaluation Reserve** | | |
| Revaluation brought forward 30th June 2003 from 1977 - Land | 341,599 | 341,599 |
| Revaluation as at: 30th June 2004 - Land | 261,801 | 261,801 |
| Revaluation as at: 31st March 2004 - Building | 864,637 | 864,637 |
| | ------------- | ------------ |
| | 1,468,037 | 1,468,037 |
| Deferred Revaluation Surplus | (386,824) | - |
| Revaluation as at: 31st March 2016 - Land | 2,395,800 | - |
| Revaluation as at: 31st March 2016 - Building | 284,100 | - |
| | -------------- | ------------- |
| **(Page 2)** | $3,761,113 | $1,468,037 |
| | ======= | ====== |

The increase in the revaluation reserve resulted from a valuation exercise carried out by Lewis Simon and Partners Consulting Engineers on 6st March 2016.

| | 2016 | 2015 |
|---|---|---|
| **12. Share Premium** | | |
| **Balance (Page 2)** | $100 | $100 |
| | === | === |

The share premium represents the difference between the par value of the shares and the amount paid by the shareholders for the shares.

| | 2016 | 2015 |
|---|---|---|
| **13. Capital Commitment & Contingent Liabilities** | | |
| None | $- | $- |
| | === | === |

**a. Contingent Liability**
There is no pending or threatened litigation against Antigua Printing and Publishing Limited as at the financial year end.

**ANTIGUA PRINTING AND PUBLISHING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**
**FOR THE YEAR ENDED 30TH JUNE 2016**
**(Continued)**
**(Expressed in Eastern Caribbean Dollars)**

| **14. Related Parties** | **2016** | **2015** |
|---|---|---|
| Directors Fees | 33,000 | 33,000 |
| Directors Advance | 823,325 | 766,906 |
| | ------------ | ------------ |
| **Total** | $856,325 | $799,906 |
| | ===== | ===== |

**15. Emphasis of Matter**

The company's registration status has been unclear for several years as its structure and operation is substantially that of a private limited company, however, due to the number of registered shareholders the company registry has suggested that it qualifies as a public company. Management has disputed that the proposed public company registration and has been trying for several years to have the position regularised.

## ANTIGUA PRINTING AND PUBLISHING LIMITED

## COST OF GOODS MANUFACTURED AND SOLD
## FOR THE YEAR ENDED 30TH JUNE 2016
**(Expressed in Eastern Caribbean Dollars)**

| Schedule 1 | 2016 | 2015 |
|---|---|---|
| **Direct Materials** | | |
| Inventory, beginning of year | 550,171 | 374,637 |
| Purchases of materials | 231,576 | 430,471 |
| | 781,747 | 805,108 |
| Less: Inventory end of year | (453,259) | (550,171) |
| **Direct Material Consumed** | 328,488 | 254,937 |
| **Direct Labour** | 529,468 | 531,040 |
| **Factory Overhead** | | |
| Depreciation | 31,645 | 14,405 |
| Light, Power and Water | 25,630 | 32,206 |
| Repairs –Plant | 47,088 | 43,894 |
| | 104,363 | 90,505 |
| **Manufacturing Costs Incurred During The Year** | 962,319 | 876,482 |
| Add: Work in progress, beginning of year | 22,262 | 10,527 |
| | 984,581 | 887,009 |
| Less: Work in progress, end of year | (23,586) | (22,262) |
| **(Page 3)** | $960,995 | $864,747 |

## ANTIGUA PRINTING AND PUBLISHING LIMITED

### SCHEDULE OF ADMINISTRATIVE EXPENSES
### FOR THE YEAR ENDED 30TH JUNE 2016
### (Expressed in Eastern Caribbean Dollars)

| Schedule 2 | 2016 | 2015 |
|---|---|---|
| Advertising and Promotion | 360 | 403 |
| Accounting fee | 15,000 | 12,000 |
| Bad debt expense | 14,550 | - |
| Directors' Fees | 33,000 | 45,000 |
| Depreciation | 17,453 | 12,668 |
| Insurance | 42,461 | 31,929 |
| Legal and Professional Fees | 26,276 | 22,222 |
| Motor Vehicle Operating | 19,030 | 18,825 |
| Office Supplies and Stationery | 5,580 | 5488 |
| Postage, Telephone and Telex | 19,402 | 16,930 |
| Repairs Office Equipment | 685 | 2,811 |
| Salaries and Wages | 109,901 | 91,093 |
| Bonus | - | 8,656 |
| Social Security and Medical Benefits Contributions | 7,367 | 6,503 |
| Pest Control | 3,300 | 3,300 |
| Repair & Maintenance | 23,301 | 21,284 |
| Sundry Expenses | 1,552 | 1,866 |
| Property Tax | 1,500 | 4,500 |
| Donations | 305 | 300 |
| License, Rates and Taxes | 975 | 375 |
| | ----------- | ----------- |
| **(Page 3)** | $341,998 | $306,153 |
| | ===== | ===== |