

Schedule 1
FORM ECSRC – K
ANNUAL REPORT
PURSUANT TO SECTION 98(1) OF THE SECURITIES ACT

For the financial year ended JUNE 30, 2017

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), including all adjustments necessary for fair presentation under the circumstances.

Name of Chief Executive Officer:

Eustace Parker

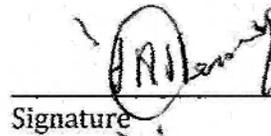


Signature

Date: November 15, 2017

Name of Director:

Francis Henry

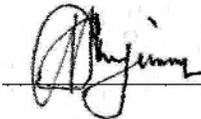


Signature

Date: November 15, 2017

Name of Chief Financial Officer

Londel Benjamin



Date: November 15, 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.

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 and Mr. Charles Max Fernandez 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. The firm of solicitors which previously worked on regularizing the Company's registration, has indicated that it will discontinue the task. APP's shareholders therefore need to determine its future direction.

- (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
2017 Risk Management Matrix**

7	<u>Risk Category</u>	<u>Identified Risk Factor</u>	<u>Rationale for Rating</u>	<u>Overall Rating</u>	<u>Movement</u>
7.1	Concentration Risk	(1) statutory bodies & central government concentration	(1) proportion of Statutory & Government business increased from 29% to 36%	Medium/High	Unchanged
7.2	Market Risk	(1) inventory supplier prices	(1) Paper market prices slowing and expected to plateau in near-term	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) domestic economic data not yet available, but anecdotally slow growth assumption		
7.3	Liquidity Risk	(1) current asset mix	(1) average inventory levels edged closer to its target range, cash mix increased significantly	Low	Improved
		(2) current liability mix	(2) current liability mix in line with expectations		
		(3) working capital position	(3) working capital at 3.4 times current liabilities,		
7.4	Solvency Risk	(1) asset to liability ratio	(1) assets were 3.4 times liabilities in 2017 v 3.2 times in 2016	Low	Improved
		(2) equity to liability ratio	(2) shareholders' equity was 2.4 times total liabilities in 2017 v 2.2 in 2016		
		(3) free capital ratio	(3) free capital ratio appreciated from -11% to -5%,		
7.5	Credit Risk	(1) incidence of bad debts	(1) bad debt provisions increased from 19.5% in 2016 to 25.5% in 2017 to cover increased perceived risk, no need to change rating	Low	Unchanged
		(2) domestic economic conditions	(2) unchanged slow economic growth		
7.6	Internal Business Risk	(1) financial management competency	(1) continuing need for in-house accounting/finance skill sets	Medium	Unchanged
		(2) cost controls	(2) cost of goods manufactured & sold as % of total sales reached an historic best position		
		(3) access to bank credit	(3) Quarterly financials production not yet in operation		

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 2016 and 2017 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

<u>Table-BCR Business Concentration Risk</u>	2014 Mix	2015 Mix	2016 Mix	2017 Mix	2014 % Mix	2015 % Mix	2016 % Mix	2017 % Mix	<u>Table-BCR Business Concentration Risk</u>
Statutory Bodies & Central Government	83	106	151	184	22%	26%	29%	36%	Statutory Bodies & Central Government
Other Customers	302	295	364	330	78%	74%	71%	64%	Other Customers
Total Accounts Receivable	385	401	515	514	100%	100%	100%	100%	Total Accounts Receivable

<u>Table-BCR Business Concentration Risk</u>	2015 Change	2016 Change	2017 Change	2015 % Change	2016 % Change	2017 % Change	<u>Table-BCR Business Concentration Risk</u>
Statutory Bodies & Central Government	23	45	33	27%	42%	22%	Statutory Bodies & Central Government
Other Customers	-7	69	-34	-2%	24%	-9%	Other Customers
Total Accounts Receivable	16	114	-1	4%	29%	0%	Total Accounts Receivable

7.1.1 A comparative review of the Company's Aging Schedule of Accounts Receivable between 2014 and 2017 reveals that *Statutory Bodies and Government customers still represent a large and ever-increasing share of business received from customers*. Using the end-of-year Accounts Receivable balances for 2014 to 2017 as proxies for business received in the respective years, 2017's share of business received from the sector continued its upward trend from a 2014 start of 22% to 36% in 2017. Continued high dependence on the sector to support sales turnover carries the risk that a sudden sharp downturn in demand from the sector could cause serious profitability erosion. Although vulnerability to the sector increased during 2017, we will still retain our risk rating of medium-high. Any rise above 40% in subsequent fiscal periods would however trigger a high rating.

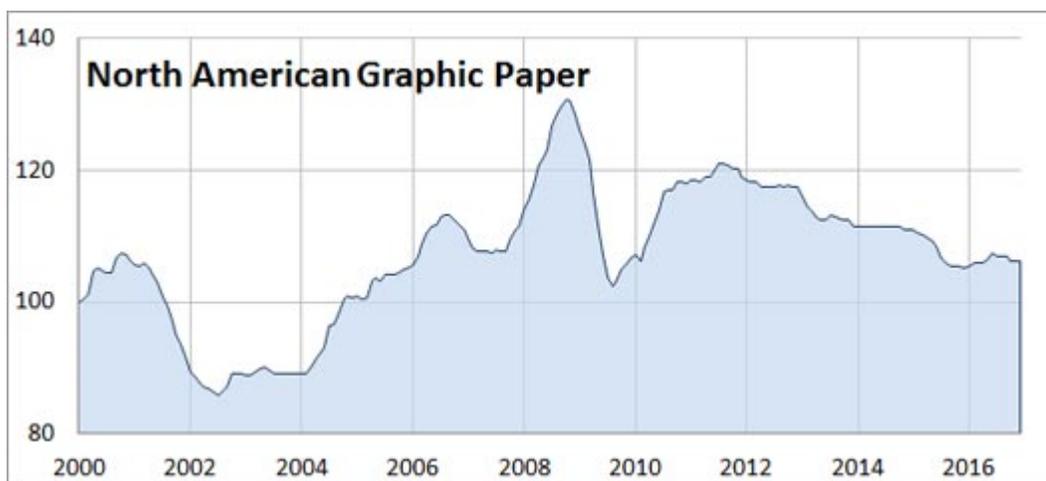
7.2 Market Risk

7.2.1 Market risk relates to exposure to adverse exogenous (**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 US Economic Indicators	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Table-S US Economic Indicators
Economic Growth (GDP)	2.5%	1.6%	2.2%	1.5%	2.4%	2.6%	2.1%	2.4%	Economic Growth (GDP)
Unemployment Rate	9.3%	8.9%	8.1%	7.4%	5.6%	5.0%	4.7%	4.4%	Unemployment Rate
Inflation Rate (CPI)	1.6%	3.1%	2.1%	1.5%	-0.6%	0.7%	2.1%	1.6%	Inflation Rate (CPI)
GDP per capita	48	50	51	53	50	51	52	N/A	GDP per capita
Table-Z4 Total Manufactured Goods Materials Costs	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Table-Z4 Total Manufactured Goods Materials Costs
Direct Materials Consumed	205	112	322	327	382	255	328	182	Direct Materials Consumed
Add: Work-in-progress start of year	16	69	8	11	10	11	22	24	Add: Work-in-progress start of year
Less: Work-in-progress end of year	-69	-8	-11	-10	-11	-22	-24	-12	Less: Work-in-progress end of year
Manufactured Goods Materials Costs	152	174	319	328	382	243	327	194	Manufactured Goods Materials Costs
Sales	1,093	1,200	1,308	1,129	1,136	1,186	1,461	1,430	Sales
Materials Costs to Sales Ratio	14%	14%	24%	29%	34%	21%	22%	14%	Materials Costs to Sales Ratio



<https://www.risiinfo.com>

- 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. The above North American Graphic Paper chart indicates that paper prices in the US have been falling since in 2014.
- 7.2.5 **Table-S** portends modest economic growth for the US economy, close to full employment, and very modest CPI-measured inflation. These economic aggregates viewed in combination with other factors such as sustained depressed oil prices, suggest that paper prices are likely to plateau in 2017.
- 7.2.6 APP's materials cost to sales ratio reached the healthy level of 14% in 2017, an achievement attained for the third time in eight years. If the Company is able to sustain this cost/sales relationship for a sustained period in the future, it will have succeeded in managing this risk factor most satisfactorily.
- 7.2.7 Based on the above discussion, market risk is adjudged to have remained at a medium rating. If in subsequent years the 14% or better cost/sales ratio is maintained, we will consider using an improved rating.

7.3 Liquidity Risk

Table-B1 Current Asset Mix	2010	2011	2012	2013	2014	2015	2016	2017	Table-B1a Current Asset % Mix
Cash & cash equivalents	201	151	188	94	97	167	207	392	Cash & cash equivalents
Accounts receivable	405	440	487	385	412	414	545	483	Accounts receivable
Inventory & WIP	315	399	385	512	385	572	477	541	Inventory & WIP
Total Current Assets	921	990	1,060	991	894	1,153	1,228	1,416	Total Current Assets
Table-B2 Current Liability Mix	2010	2011	2012	2013	2014	2015	2016	2017	Table-B2b Current Liability % Mix
Trade creditors	233	17	99	121	109	197	162	143	Trade creditors
Provision for taxation	231	254	235	197	182	181	247	235	Provision for taxation
Other accounts payable	66	66	68	68	73	74	75	89	Other accounts payable
Total Accounts Payable & Accruals	530	337	402	387	364	453	484	468	Total Accounts Payable & Accruals
Table-B1a Current Asset % Mix	2010 % Mix	2011 % Mix	2012 % Mix	2013 % Mix	2014 % Mix	2015 % Mix	2016 % Mix	2017 % Mix	Table-B1A Current Asset Growth
Cash & cash equivalents	22%	15%	18%	9%	11%	14%	17%	28%	Cash & cash equivalents
Accounts receivable	44%	44%	46%	39%	46%	36%	44%	34%	Accounts receivable
Inventory & WIP	34%	40%	36%	52%	43%	50%	39%	38%	Inventory & WIP
Total Current Assets	100%	Total Current Assets							
Table-B2b Current Liability % Mix	2010 % Mix	2011 % Mix	2012 % Mix	2013 % Mix	2014 % Mix	2015 % Mix	2016 % Mix	2017 % Mix	Table-B2A Current Liability Growth
Trade creditors	44%	5%	25%	31%	30%	44%	33%	31%	Trade creditors
Provision for taxation	44%	76%	58%	51%	50%	40%	51%	50%	Provision for taxation
Other accounts payable	12%	20%	17%	18%	20%	16%	15%	19%	Other accounts payables
Total Accounts Payable & Accruals	100%	Total Accounts Payable & Accruals							

- 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 2017 financial year the ratio rose to an 8-year record level of 28%, a commendable achievement.
- 7.3.2 The accounts receivable mix is set to fluctuate between the target range **40% to 50%**. The decline in accounts receivable mix from 44% to 34%, simultaneous with the increase in cash mix from 17% to 28%, signals a stronger liquidity position.
- 7.3.3 Inventory's target range is **30% to 35%**. At 38% in 2017, this mix variable has moved closer to its target range.
- 7.3.4 At the end of 2017, both accounts receivable (**trade credit granted to customers**) and accounts payable (**trade credit provided by suppliers**) declined 11%.
- 7.3.5 We continue to rate this risk category as low. 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	2010	2011	2012	2013	2014	2015	2016	2017	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change
Total Assets	2,390	2,418	2,550	2,451	2,328	2,561	5,472	5,633	1%	5%	-4%	-5%	10%	114%	3%
Total Liabilities	1,002	952	1,054	1,028	1,038	1,220	1,694	1,679	-5%	11%	-3%	1%	18%	39%	-1%
<u>Assets/Liability Ratio</u>	<u>2.4</u>	<u>2.5</u>	<u>2.4</u>	<u>2.4</u>	<u>2.2</u>	<u>2.1</u>	<u>3.2</u>	<u>3.4</u>	<u>6%</u>	<u>-5%</u>	<u>-1%</u>	<u>-6%</u>	<u>-6%</u>	<u>54%</u>	<u>4%</u>
Table-D	2010	2011	2012	2013	2014	2015	2016	2017	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change
Total Equity	1,388	1,465	1,496	1,424	1,290	1,342	3,778	3,954	6%	2%	-5%	-9%	4%	182%	5%
Total Liabilities	1,002	952	1,054	1,028	1,038	1,220	1,694	1,679	-5%	11%	-3%	1%	18%	39%	-1%
<u>Equity/Liability Ratio</u>	<u>1.4</u>	<u>1.5</u>	<u>1.4</u>	<u>1.4</u>	<u>1.2</u>	<u>1.1</u>	<u>2.2</u>	<u>2.4</u>	<u>11%</u>	<u>-8%</u>	<u>-2%</u>	<u>-10%</u>	<u>-12%</u>	<u>103%</u>	<u>6%</u>
Table-E	2010	2011	2012	2013	2014	2015	2016	2017	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change
Total Equity	1,388	1,465	1,496	1,424	1,290	1,342	3,778	3,954	6%	2%	-5%	-9%	4%	182%	5%
Total Fixed Assets	1,470	1,428	1,491	1,461	1,433	1,408	4,244	4,217	-3%	4%	-2%	-2%	-2%	201%	-1%
Free Capital (total equity less total fixed assets)	-82	37	5	-37	-143	-66	-466	-263	-145%	-86%	-817%	285%	-54%	601%	-44%
<u>Free Capital Ratio</u>	<u>-6%</u>	<u>3%</u>	<u>0%</u>	<u>-3%</u>	<u>-10%</u>	<u>-5%</u>	<u>-11%</u>	<u>-6%</u>	<u>-147%</u>	<u>-87%</u>	<u>-832%</u>	<u>293%</u>	<u>-53%</u>	<u>133%</u>	<u>-43%</u>

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

7.4.2 The combined effects of a 3% growth in assets and 1% decline in liabilities gave rise to improvement in the asset/liability ratio from 3.2 to 3.4 times. In concert with these liquidity-favourable movements and boosted by strong growth in profitability, total equity appreciated by 5% concurrent with the 1% decline in total liabilities, revealing upward movement in the equity/liability ratio. The 5% positive growth in equity against a 1% decline in fixed assets, generated improvement in the free capital ratio from -11% in 2016 to -6% in 2017, bringing APP within sight of producing a positive free capital ratio within the next three years.

7.4.3 The above positive movements in the solvency metrics reaffirm our rating of low for this risk factor.

7.5 Credit Risk

Table-H Bad Debt Provision Cover	2010	2011	2012	2013	2014	2015	2016	2017	Table-H Bad Debt Provision Cover
Trade receivables	452	461	556	472	496	512	641	640	Trade receivables
Less: provision for bad debts	55	55	111	111	111	111	126	163	Less: provision for bad debts
<u>Net Receivables</u>	<u>396</u>	<u>405</u>	<u>444</u>	<u>361</u>	<u>385</u>	<u>401</u>	<u>515</u>	<u>476</u>	<u>Net Receivables</u>
<u>Bad Debt Provision to Trade Receivable Ratio</u>	<u>12.2%</u>	<u>12.0%</u>	<u>20.0%</u>	<u>23.6%</u>	<u>22.4%</u>	<u>21.7%</u>	<u>19.6%</u>	<u>25.5%</u>	<u>Bad Debt Provision to Trade Receivable Ratio</u>
Table-H Bad Debt Provision Cover % Change	2010 % Change	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change	Table-H Bad Debt Provision Cover % Change
Trade receivables	12%	2%	21%	-15%	5%	3%	25%	0%	Trade receivables
Less: provision for bad debts	0%	0%	101%	0%	0%	0%	13%	30%	Less: pro. for bad debts
<u>Net Receivables</u>	<u>2%</u>	<u>2%</u>	<u>10%</u>	<u>-19%</u>	<u>7%</u>	<u>4%</u>	<u>29%</u>	<u>-8%</u>	<u>Net Receivables</u>
<u>Bad Debt Provision to Trade Receivable Ratio</u>	<u>-2%</u>	<u>-2%</u>	<u>67%</u>	<u>18%</u>	<u>-5%</u>	<u>-3%</u>	<u>-10%</u>	<u>30%</u>	<u>Bad Debt Provision to Trade Receivable Ratio</u>

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 stood at 25.5% at the end of 2017, a 30% increase over 2016, signalling a more conservative approach by APP to the collectability of its trade accounts receivable. This approach finds validation in **Table-AR-1** when we observe that the accounts receivable categories with ages exceeding 60 days occupied 71% of the age mix compared with the 2016 mix of 64%. The greater than 90-day category should be less than 50% but remains stubbornly above 60%.

Table-AR-1

Accounts Receivable Aging Schedule Summary

Year	Accounts Receivable Aging Mix						Accounts Receivable % Aging Mix					
	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%
2017	76	45	23	44	326	514	15%	9%	4%	8%	63%	100%

7.5.3 Notwithstanding the credit risk deterioration revealed in this analysis, we submit that increased bad debt provisioning adequately ameliorates the increased risk. We therefore continue to rate this risk as low, with no change in status.

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 cured.

7.6.3 The goal of preparing timely internal quarterly financial statements and accompanying analysis has not yet seen actualization, but remains on the Board's radar of important future tasks. In fact, the Board took a decision to commence the process of quarterly financial reporting starting with fiscal quarter ending December 31, 2017.

Table-T Gross Profit Margin	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Table-T Gross Profit Margin
Cost of goods manufactured & sold	729	797	915	847	1,004	865	961	812	Cost of goods manufactured & sold
Sales	1,093	1,200	1,308	1,129	1,136	1,186	1,461	1,430	Sales
<u>Cost of each sales dollar</u>	<u>0.67</u>	<u>0.66</u>	<u>0.70</u>	<u>0.75</u>	<u>0.88</u>	<u>0.73</u>	<u>0.66</u>	<u>0.57</u>	<u>Cost of each sales dollar</u>
<u>Cost of goods to Sales Ratio</u>	<u>67%</u>	<u>66%</u>	<u>70%</u>	<u>75%</u>	<u>88%</u>	<u>73%</u>	<u>66%</u>	<u>57%</u>	<u>Cost of goods to Sales Ratio</u>
Gross Margin	364	402	393	282	132	322	500	618	Gross Margin
Sales	1,093	1,200	1,308	1,129	1,136	1,186	1,461	1,430	Sales
<u>Gross profit from each sales dollar</u>	<u>0.33</u>	<u>0.34</u>	<u>0.30</u>	<u>0.25</u>	<u>0.12</u>	<u>0.27</u>	<u>0.34</u>	<u>0.43</u>	<u>Gross profit from each sales dollar</u>
<u>Gross Margin %</u>	<u>33.3%</u>	<u>33.5%</u>	<u>30.1%</u>	<u>25.0%</u>	<u>11.6%</u>	<u>27.1%</u>	<u>34.2%</u>	<u>43.2%</u>	<u>Gross Margin %</u>
Table-T Gross Profit Margin % Change	<u>2010 % Change</u>	<u>2011 % Change</u>	<u>2012 % Change</u>	<u>2013 % Change</u>	<u>2014 % Change</u>	<u>2015 % Change</u>	<u>2016 % Change</u>	<u>2017 % Change</u>	Table-T Gross Profit Margin % Change
Cost of goods manufactured & sold	-29%	9%	15%	-7%	19%	-14%	11%	-16%	Cost of goods manufactured & sold
Sales	-10%	10%	9%	-14%	1%	4%	23%	-2%	Sales
Cost of each sales dollar	-22%	0%	5%	7%	18%	-18%	-10%	-14%	Cost of each sales dollar
Cost of goods to Sales Ratio	-22%	0%	5%	7%	18%	-18%	-10%	-14%	Cost of goods to Sales Ratio
Gross Margin	107%	11%	-2%	-28%	-53%	144%	55%	24%	Gross Margin
Sales	-10%	10%	9%	-14%	1%	4%	23%	-2%	Sales
<u>Gross profit from each sales dollar</u>	<u>129%</u>	<u>1%</u>	<u>-10%</u>	<u>-17%</u>	<u>-54%</u>	<u>134%</u>	<u>26%</u>	<u>26%</u>	<u>Gross profit from each sales dollar</u>
<u>Gross Margin %</u>	<u>129%</u>	<u>1%</u>	<u>-10%</u>	<u>-17%</u>	<u>-54%</u>	<u>134%</u>	<u>26%</u>	<u>26%</u>	<u>Gross Margin %</u>

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 57 cents (**2016 cost 66 cents**), the lowest cost in eight years. At 43 cents, gross profit per sales dollar exceeded APP's target range of 30-35 cents, a commendable performance.

Table-Z2 Analyzing Insurance Costs	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Table-Z2 Analyzing Insurance Costs
Insurance as Admin. Cost	7	46	49	58	29	32	42	47	Insurance as Admin. Cost
Total	7	46	49	58	29	32	42	47	Total
Table-Z2 Analyzing Insurance Costs %	<u>2010 % Change</u>	<u>2011 % Change</u>	<u>2012 % Change</u>	<u>2013 % Change</u>	<u>2014 % Change</u>	<u>2015 % Change</u>	<u>2016 % Change</u>	<u>2017 % Change</u>	Table-Z2 Analyzing Insurance Costs %
Insurance as Admin. Cost		575%	7%	17%	-51%	12%	33%	11%	Insurance as Admin. Cost
Total		575%	7%	17%	-51%	12%	33%	11%	Total

7.6.5 Insurance costs increased 11%, from \$42,000 to \$47,000 between 2016 and 2017,

7.6.6 Although the last two consecutive years ending 2017 have produced strong cost-of-goods-sold/sales ratios, it will be necessary to witness a similar performance next year before contemplating any further reduction in risk level immediately following 2016's upgrade. Additionally, APP has not yet commenced producing quarterly financial statements with analysis and operating reports. In the circumstances, the medium rating for internal risk remains unchanged for 2017.

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	2010	2011	2012	2013	2014	2015	2016	2017	Table-A Current Liability Cover
Total Current Assets	921	990	1,060	991	894	1,153	1,228	1,416	Total Current Assets
Total Current Liabilities	530	337	402	387	364	453	484	468	Total Current Liabilities
Working Capital (WC)	391	653	658	603	530	700	744	948	Working Capital (WC)
Current Assets / Current Liabilities Ratio	1.7	2.9	2.6	2.6	2.5	2.5	2.5	3.0	Current Assets / Current Liabilities Ratio
WC Ratio = WC / Curr. Liab.	0.7	1.9	1.6	1.6	1.5	1.5	1.5	2.0	WC Ratio = WC / Curr. Liab.
Table-B Working Capital Directors' Advance Cover	2010	2011	2012	2013	2014	2015	2016	2017	Table-B Working Capital Directors' Advance Cover
Working Capital	391	653	658	603	530	700	744	948	Working Capital
Directors' Advance	472	654	693	641	674	767	823	824	Directors' Advance
WC / Directors' Advance Cover	-82	-2	-36	-37	-144	-66	-79	124	WC / Directors' Advance Cover
WC / Directors' Advance % Cover	83%	100%	95%	94%	79%	91%	90%	115%	WC / Directors' Advance % Cover
Table-A Current Liability Cover % Change	2010 %	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	Table-A Current Liability Cover % Change
Total Current Assets	9%	7%	7%	-7%	-10%	29%	7%	15%	Total Current Assets
Total Current Liabilities	-4%	-36%	19%	-4%	-6%	24%	7%	-3%	Total Current Liabilities
Working Capital (WC)	33%	67%	1%	-8%	-12%	32%	6%	27%	Working Capital (WC)
Current Assets / Current Liabilities Ratio	13%	69%	-10%	-3%	-4%	4%	0%	19%	Current Assets / Current Liabilities Ratio
WC Ratio = WC / Curr. Liab.	38%	163%	-16%	-5%	-7%	6%	-1%	32%	WC Ratio = WC / Curr. Liab.
Table-B Working Capital Directors' Advance Cover % Change	2011 %	2011 %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %	Table-B Working Capital Directors' Advance Cover % Change
Working Capital	33%	67%	1%	-8%	-12%	32%	6%	27%	Working Capital
Directors' Advance	-5%	39%	6%	-8%	5%	14%	7%	0%	Directors' Advance
WC / Directors' Advance Cover	-59%	-98%	1832%	4%	286%	-54%	19%	-257%	WC / Directors' Advance Cover
WC / Directors' Advance % Cover	39%	21%	-5%	-1%	-16%	16%	-1%	27%	WC / Directors' Advance % Cover

10.3 (Table-A) Working capital reached an 8-year historic high of two times current liabilities. This means that for the first time in the review period, current assets covered current liabilities three times, making for a strong liquidity position.

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). For the first time in eight years, APP's working capital, which ended the 2017 fiscal year at \$948,000, was sufficient to pay-off directors' advance totalling \$824,000. Progressing working capital to directors' advance % cover to 115%

occurred because of another 8-year high: - Net profit after tax reached an historic high of \$176,000, following 2016's strong posting of \$144,000.

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 2017 and 2018 stood at \$823,000. As an interim measure, Directors made provision for paying directors fees for 2017 by crediting the accounts payable account of each director with the 2017 fees. As APP moves into strategic planning mode in the 2018 fiscal year, 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. If the current net profit performance is sustained in the next financial year and beyond, a phased liquidation of directors' advance could be accommodated.

Table-DAL Directors' Advance as % Total Liabilities	2010	2011	2012	2013	2014	2015	2016	2017	Table-DAL Directors' Advance as % Total Liabilities
Current Liabilities (incl. notes payable)	532	339	404	389	366	455	486	470	Current Liabilities (incl. notes payable)
Directors' Advance	472	654	693	641	674	767	823	824	Directors' Advance
Deferred Un-realized Income	0	0	0	0	0	0	387	387	Deferred Un-realized Income
Total Liabilities	1,004	993	1,097	1,030	1,040	1,222	1,696	1,294	Total Liabilities
Directors' Advance to Total Liabilities Ratio	47%	66%	63%	62%	65%	63%	49%	49%	Directors' Advance to Total Liabilities Ratio

10.6 (Table-DAL) In both 2016 and 2017, Directors' Advance represented 49% of Total Liabilities, replicating levels attained in 2009 and 2010. After a directors' advance liquidation schedule is established and implemented, this ratio should recede and reduce to zero upon full liquidation of the liability.

Table-B1 Current Asset Mix	2010	2011	2012	2013	2014	2015	2016	2017	Table-B1 Current Asset Mix
Cash & cash equivalents	201	151	188	94	97	167	207	392	Cash & cash equivalents
Accounts receivable	405	440	487	385	412	414	545	483	Accounts receivable
Inventory & WIP	315	399	385	512	385	572	477	541	Inventory & WIP
Total Current Assets	921	990	1,060	991	894	1,153	1,228	1,416	Total Current Assets
Table-B2 Current Liability Mix	2010	2011	2012	2013	2014	2015	2016	2017	Table-B2 Current Liability Mix
Trade creditors	233	17	99	121	109	197	162	143	Trade creditors
Provision for taxation	231	254	235	197	182	181	247	235	Provision for taxation
Other accounts payable	66	66	68	68	73	74	75	89	Other accounts payable
Total Accounts Payable & Accruals	530	337	402	387	364	453	484	468	Total Accounts Payable & Accruals
Table-B1a Current Asset % Mix	2010 % Mix	2011 % Mix	2012 % Mix	2013 % Mix	2014 % Mix	2015 % Mix	2016 % Mix	2017 % Mix	Table-B1a Current Asset % Mix
Cash & cash equivalents	22%	15%	18%	9%	11%	14%	17%	28%	Cash & cash equivalents
Accounts receivable	44%	44%	46%	39%	46%	36%	44%	34%	Accounts receivable
Inventory & WIP	34%	40%	36%	52%	43%	50%	39%	38%	Inventory & WIP
Total Current Assets	100%	100%	100%	100%	100%	100%	100%	100%	Total Current Assets
Table-B2b Current Liability % Mix	2010 % Mix	2011 % Mix	2012 % Mix	2013 % Mix	2014 % Mix	2015 % Mix	2016 % Mix	2017 % Mix	Table-B2b Current Liability % Mix
Trade creditors	44%	5%	25%	31%	30%	44%	33%	31%	Trade creditors
Provision for taxation	44%	76%	58%	51%	50%	40%	51%	50%	Provision for taxation
Other accounts payable	12%	20%	17%	18%	20%	16%	15%	19%	Other accounts payable
Total Accounts Payable & Accruals	100%	100%	100%	100%	100%	100%	100%	100%	Total Accounts Payable & Accruals

10.7 Table-B1a indicates that provision for taxation, as a percentage of total accounts payable & accruals remained at circa 50% for the last two fiscal periods. APP recognizes the need to settle its corporate tax liability with Inland Revenue. Cash on hand at the end of 2017 was \$392,000 (2016, 207,000), while the amount provided for taxation was \$235,000. On this basis, if all taxes were paid at the end of

fiscal 2017, APP's bank balance would shrink to \$157,000. This revelation reinforces the need to pay the tax liability in instalments. And the same applies to repayment of directors' advance discussed in 10.5 and 10.6 above.

Table-AR-1													
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	Year
2014	48	31	22	12	272	385	12%	8%	6%	3%	71%	100%	2014
2015	97	28	22	9	244	401	24%	7%	5%	2%	61%	100%	2015
2016	51	106	32	24	302	515	10%	21%	6%	5%	59%	100%	2016
2017	76	45	23	44	326	514	15%	9%	4%	8%	63%	100%	2017

10.8 **Table-AR-1** shows that although the receivable accounts in the categories with ages greater than 60 days are below their four-year high of 74% (3% + 71%) recorded in 2014, the 71% (8% + 63%) reading for 2017 is tending ever closer to the 4-year high. APP needs to arrest this upward trend in the age of receivable accounts to avoid having to do big debt write-offs.

Table-T1 Inventory Turnover Rates	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Table-T1 Inventory Turnover Rates
Cost of goods manufactured & sold	729	797	915	847	1,004	865	961	812	Cost of goods manufactured & sold
Inventory end of current year	315	399	385	512	385	572	477	541	Inventory end of current year
Inventory end of previous	238	315	399	385	512	385	572	541	Inventory end of previous
<u>Average Inventory = Year-1+Year-2 inventory/2</u>	<u>276</u>	<u>357</u>	<u>392</u>	<u>448</u>	<u>449</u>	<u>479</u>	<u>525</u>	<u>541</u>	<u>Average Inventory = Year-1+Year-2 inventory/2</u>
Inventory Turnover =cost of goods sold / average inventory	2.6	2.2	2.3	1.9	2.2	1.8	1.8	1.5	Inventory Turnover =cost of goods sold / average inventory
# of months to turnover inventory = Inventory turnover/12	4.5	5.4	5.1	6.4	5.4	6.6	6.6	8.0	# of months to turnover inventory = Inventory turnover/12
Table-T1 Inventory Turnover Rates % Change	2010 % Change	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change	Table-T1 Inventory Turnover Rates % Change
Cost of goods manufactured & sold	N/A	9%	15%	-7%	19%	-14%	11%	-16%	Cost of goods manufactured & sold
Inventory end of current year	N/A	27%	-4%	33%	-25%	49%	-17%	13%	Inventory end of current year
Inventory end of previous	N/A	32%	27%	-4%	33%	-25%	49%	-6%	Inventory end of previous
Average Inventory = Year-1+Year-2 inventory/2	N/A	29%	10%	14%	0%	7%	10%	3%	Average Inventory = Year-1+Year-2 inventory/2
Inventory Turnover =cost of goods sold / average inventory	N/A	-15%	4%	-19%	18%	-19%	1%	-18%	Inventory Turnover =cost of goods sold / average inventory
# of months to turnover inventory = Inventory turnover/12	N/A	18%	-4%	24%	-16%	24%	-1%	22%	# of months to turnover inventory = Inventory turnover/12

10.9 **Table-T1** reveals that APP is taking an increasing longer time to sell average inventory. In 2010, it took 4.5 months to sell average inventory. Time to sell average inventory almost doubled in 2017, with the Company taking eight months to sell average inventory! The high level of inventory holdings may relate to making bulk purchases to obtain better prices and lower manufacturing costs, the main contributor to the 2017's record net profit performance. But it may also call into question the consistency of the inventory valuation methodology APP uses. The Company will therefore commission their external accountants to conduct an audit of the inventory methodology applied as well as certify the value of the 2018 inventory.

Consideration for commencement of quarterly stock-taking exercises will also engage the Board's attention in 2018.

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 receive 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 Liability Ratio	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	Table-EL Equity (without Revaluation Reserve) to Liability Ratio
Equity (including Revaluation Reserve)	1,388	1,465	1,496	1,424	1,290	1,342	3,778	3,954	Equity (including Revaluation Reserve)
Revaluation Reserve	1,468	1,468	1,468	1,468	1,468	1,468	3,761	3,761	Revaluation Reserve
Equity (excluding Revaluation Reserve)	-80	-3	28	-45	-178	-126	17	193	Equity (excluding Revaluation Reserve)
Total Liabilities	1,002	952	1,054	1,028	1,038	1,220	1,694	1,679	Total Liabilities
Equity (including Revaluation Reserve) to Liabilities Ratio	1.38	1.54	1.42	1.38	1.24	1.10	2.23	2.36	Equity (including Revaluation Reserve) to Liabilities Ratio
Equity (excluding Revaluation Reserve) to Liabilities Ratio	-0.08	0.00	0.03	-0.04	-0.17	-0.10	0.01	0.12	Equity (excluding Revaluation Reserve) to Liabilities Ratio
Table-EL Equity (without Revaluation Reserve) to Liability Ratio	2010 % Change	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change	Table-EL Equity (without Revaluation Reserve) to Liability Ratio
Equity (including Revaluation Reserve)	6%	6%	2%	-5%	-9%	4%	182%	5%	Equity (including Revaluation Reserve)
Revaluation Reserve	0%	0%	0%	0%	0%	0%	156%	0%	Revaluation Reserve
Equity (excluding Revaluation Reserve)	-97%	-97%	-	-259%	300%	-29%	-114%	1019%	Equity (excluding Revaluation Reserve)
Total Liabilities	-5%	-5%	1156%	-3%	1%	18%	39%	-1%	Total Liabilities
Equity (including Revaluation Reserve) to Liabilities Ratio	0.0%	11%	-8%	-2%	-10%	-12%	103%	6%	Equity (including Revaluation Reserve) to Liabilities Ratio
Equity (excluding Revaluation Reserve) to Liabilities Ratio	0.0%	-97%	-	-263%	296%	-40%	-110%	1029%	Equity (excluding Revaluation Reserve) to Liabilities Ratio

10.12 **Table-EL** indicates that without the property revaluation reserves resident in the capital accounts, APP would have solvency issues. Total equity was \$193,000 more than the revaluation reserve, or approximately 112% of the reserve. When we exclude the revaluation reserve from the computation of total equity, the resulting equity to total liabilities ratio of 12% means that APP has now exceeded its target to get total equity to exceed the revaluation reserve by at least 10%. The Company's long term goal is to get total equity to exceed the value of revaluation reserve by 100%. At the current rate of trajectory (**assuming average net profit after tax of \$200,000**), this may take 20 years.

10.13 Equity, including revaluation reserve, peaked over the 8-year period ended June 2017 at \$3.94 million or 3.36 times total liabilities, manifestation of strong solvency. Even if real estate were to be sold at deeply discounted prices, there would be more than sufficient residual resources to continue running the business after applying the property sales proceeds to the liquidation of total liabilities.

Table-CA Capital Adequacy	2010	2011	2012	2013	2014	2015	2016	2017	Table-CA Capital Adequacy
Net Income for the year	119	77	31	-72	-134	52	144	176	Net Income for the year
Accumulated Deficit	-270	-193	-162	-235	-368	-317	-173	3	Accumulated Deficit
Revaluation Reserve	1,468	1,468	1,468	1,468	1,468	1,468	3,761	3,761	Revaluation Reserve
Total Shareholders' Equity	1,388	1,465	1,496	1,424	1,290	1,342	3,778	3,954	Total Shareholders' Equity
Gross Profit Margin %	33.3%	33.5%	29.2%	25.0%	11.6%	27.1%	34.2%	43.2%	Gross Profit Margin %
Table-CA Capital Adequacy % Change	2010 % Change	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change	Table-CA Capital Adequacy % Change
Net Income for the year	-35%	-35%	-60%	-337%	84%	-139%	178%	22%	Net Income for the year
Accumulated Deficit	-29%	-29%	-16%	45%	57%	-14%	-45%	-102%	Accumulated Deficit
Revaluation Reserve	0%	0%	0%	0%	0%	0%	156%	0%	Revaluation Reserve
Total Shareholders' Equity	6%	6%	2%	-5%	-9%	4%	182%	5%	Total Shareholders' Equity
Gross Profit Margin %	0.7%	1%	-13%	-14%	-54%	134%	26%	26%	Gross Profit Margin %

10.14 Taken together as a set of discrete measurements used to gauge the direction in which capital adequacy is trending, the data sets on display in **Table-CA** portray a Company that is attaining many of the targets it had set to attain an acceptable level of capital adequacy. In the last two financial years, net income, shareholders' equity and gross profit margin all reached 8-year highs. In 2017, the accumulated deficit which ran for over 15 years, edged over the breakeven point, by ending the fiscal year at \$3,000.

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.

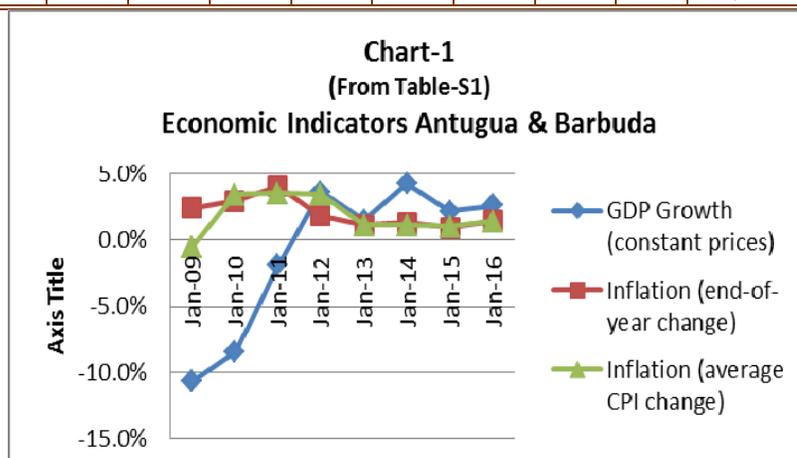
Provide a narrative explanation of the following (but not limited to):

- 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	<u>Dec-10</u>	<u>Dec-11</u>	<u>Dec-12</u>	<u>Dec-13</u>	<u>Dec-14</u>	<u>Dec-15</u>	<u>Dec-16</u>	<u>Jan-17</u>	Table-S1 Economic Indicators Antigua & Barbuda
GDP Growth (constant prices)	-	-	3.6%	1.5%	4.2%	2.2%	2.6%	N/A	GDP Growth (constant prices)
Inflation (end-of-year change)	2.9%	4.0%	1.8%	1.1%	1.3%	0.9%	1.5%	N/A	Inflation (end-of-year change)
Inflation (average CPI change)	3.4%	3.5%	3.4%	1.1%	1.1%	1.0%	1.4%	N/A	Inflation (average CPI change)
GDP per Capita (constant prices) EC\$	28	36	38	28	29	29	29	N/A	GDP per Capita (constant prices) EC\$



10.17 Economic statistics on Antigua & Barbuda for 2017 were not available for 2017, but we assume that growth in 2017 closely approximates the 2016 actuals. On the basis of **Table-G** below, compensation to employees has remained virtually unchanged for the past three years ended 2017, without any attrition in staff numbers. If profitability performance continues its current forward march, the Board can give consideration to developing a bonus scheme to be shared by all employees in equal proportion to their base salaries.

Table-G Aggregate Salaries & Wages	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Salaries & Wages - Admin. Cost	91	81	89	79	94	91	110	111
Direct Labour - Manufacturing Cost	485	550	502	454	524	531	529	513
Total Salaries & Wages	576	631	591	533	618	622	639	625
Table-G Aggregate Salaries & Wages % Change	<u>2010 % Change</u>	<u>2011 % Change</u>	<u>2012 % Change</u>	<u>2013 % Change</u>	<u>2014 % Change</u>	<u>2015 % Change</u>	<u>2016 % Change</u>	<u>2017 % Change</u>
Salaries & Wages - Admin. Cost	-11%	-11%	10%	-12%	19%	-3%	21%	1%
Direct Labour - Manufacturing Cost	13%	13%	-9%	-10%	15%	1%	0%	-3%
Total Salaries & Wages	10%	10%	-6%	-10%	16%	1%	3%	-2%

10.18 Operating Performance

Table-T Gross Profit Margin	2010	2011	2012	2013	2014	2015	2016	2017	Table-T Gross Profit Margin
Cost of goods manufactured & sold	729	797	915	847	1,004	865	961	812	Cost of goods manufactured & sold
Sales	1,093	1,200	1,308	1,129	1,136	1,186	1,461	1,430	Sales
<u>Cost of each sales dollar</u>	<u>0.67</u>	<u>0.66</u>	<u>0.70</u>	<u>0.75</u>	<u>0.88</u>	<u>0.73</u>	<u>0.66</u>	<u>0.57</u>	<u>Cost of each sales dollar</u>
<u>Cost of goods to Sales Ratio</u>	<u>67%</u>	<u>66%</u>	<u>70%</u>	<u>75%</u>	<u>88%</u>	<u>73%</u>	<u>66%</u>	<u>57%</u>	<u>Cost of goods to Sales Ratio</u>
Gross Margin	364	402	393	282	132	322	500	618	Gross Margin
Sales	1,093	1,200	1,308	1,129	1,136	1,186	1,461	1,430	Sales
<u>Gross profit from each sales dollar</u>	<u>0.33</u>	<u>0.34</u>	<u>0.30</u>	<u>0.25</u>	<u>0.12</u>	<u>0.27</u>	<u>0.34</u>	<u>0.43</u>	<u>Gross profit from each sales dollar</u>
Gross Margin %	33.3%	33.5%	30.1%	25.0%	11.6%	27.1%	34.2%	43.2%	Gross Margin %
Table-T Gross Profit Margin % Change	2010 % Change	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change	Table-T Gross Profit Margin % Change
Cost of goods manufactured & sold	9%	9%	15%	-7%	19%	-14%	11%	-16%	Cost of goods manufactured & sold
Sales	10%	10%	9%	-14%	1%	4%	23%	-2%	Sales
Cost of each sales dollar	0%	0%	5%	7%	18%	-18%	-10%	-14%	Cost of each sales dollar
Cost of goods to Sales Ratio	0%	0%	5%	7%	18%	-18%	-10%	-14%	Cost of goods to Sales Ratio
Gross Margin	11%	11%	-2%	-28%	-53%	144%	55%	24%	Gross Margin
Sales	10%	10%	9%	-14%	1%	4%	23%	-2%	Sales
<u>Gross profit from each sales dollar</u>	<u>1%</u>	<u>1%</u>	<u>-10%</u>	<u>-17%</u>	<u>-54%</u>	<u>134%</u>	<u>26%</u>	<u>26%</u>	<u>Gross profit from each sales dollar</u>
<u>Gross Margin %</u>	<u>1%</u>	<u>1%</u>	<u>-10%</u>	<u>-17%</u>	<u>-54%</u>	<u>134%</u>	<u>26%</u>	<u>26%</u>	<u>Gross Margin %</u>

10.19 Table-T: Cost per sale dollar is targeted not to go above 70 cents. Powered by a 2017 fall in cost-of-good-sold of 16%, it fell to an 8-year low of 57 cents (2016, 66 cents). This is especially remarkable, given that total sales in 2016 were only \$31,000 higher than in 2017 (2016, \$1,461,000 -v- 2017, \$1,430,000), yet the difference in COGS between both fiscal years was \$149,000 (2016, \$961,000 -v- 2017, \$812,000)[Table-Z5].

Table-Z5 Cost of Goods Manufactured & Sold - Growth	2011 Change	2012 Change	2013 Change	2014 Change	2015 Change	2016 Change	2017 Change	Table-Z5 Cost of Goods Manufactured & Sold - Growth
Total Manufactured Goods Materials Costs	22	145	9	54	-138	84	-133	Total Manufactured Goods Materials Costs
Direct Labour	65	-48	-48	70	7	-2	-16	Direct Labour
Depreciation - Factory	-7	-8	-14	-1	-3	17	13	Depreciation - Factory
Insurance	0	0	0	0	0	0	0	Insurance
Light Power & Water	-1	6	7	-1	-6	-7	2	Light Power & Water
Repairs - Plant	-10	22	-22	36	2	3	-15	Repairs - Plant
Cost of Goods Manufactured & Sold (COGS)	68	117	-68	157	-139	96	-149	Cost of Goods Manufactured & Sold (COGS)
Table-Z5 Cost of Goods Manufactured & Sold - % Growth	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change	Table-Z5 Cost of Goods Manufactured & Sold - % Growth
Total Manufactured Goods Materials Costs	14%	83%	3%	16%	-36%	35%	-41%	Total Manufactured Goods Materials Costs
Direct Labour	13%	-9%	-10%	15%	1%	0%	-3%	Direct Labour
Depreciation - Factory	-15%	-19%	-42%	-7%	-19%	120%	42%	Depreciation - Factory
Insurance	0	0	0	0	0	0	0	Insurance
Light Power & Water	-5%	24%	21%	-3%	-16%	-20%	7%	Light Power & Water
Repairs - Plant	-63%	361%	-77%	564%	4%	7%	-32%	Repairs - Plant
Cost of Goods Manufactured & Sold (COGS)	9%	15%	-7%	19%	-14%	11%	-16%	Cost of Goods Manufactured & Sold (COGS)

Table-Z6 Materials Costs to Sales Ratio	2010	2011	2012	2013	2014	2015	2016	2017
Sales	1,093	1,200	1,308	1,129	1,136	1,186	1,461	1,430
Cost of goods manufactured & sold	729	797	927	847	1,004	865	961	812
Gross Margin	364	402	381	282	132	322	500	618
Gross Profit Margin %	33.3%	33.5%	29.2%	25.0%	11.6%	27.1%	34.2%	43.2%
Table-Z6 Materials Costs to Sales Ratio % Change	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change	
Sales	10%	9%	-14%	1%	4%	23%	-2%	
Cost of goods manufactured & sold	9%	16%	-9%	19%	-14%	11%	-16%	
Gross Margin	10%	-5%	-26%	-53%	144%	55%	24%	
Gross Profit Margin %	1%	-13%	-14%	-54%	134%	26%	26%	

10.20 Table-Z6: In 2017, sales declined by 2%; yet in the same period, the cost of goods manufactured and sold fell 16%, representing significant productivity gains. Attribution factors explaining this significant level of progress, comprise: (1) obtaining lower prices for materials purchased from better selection and bulk purchases and falling prices on the Company's main production materials inputs.

Table-Z3 Aggregate Repairs	2010	2011	2012	2013	2014	2015	2016	2017	Table-Z3 Aggregate Repairs % Change	2011 % Change	2012 % Change	2013 % Change	2014 % Change	2015 % Change	2016 % Change	2017 % Change
Repairs Office Equipment	5	30	17	11	1	3	1	1	Repairs Office Equipment	490%	-44%	-32%	-88%	104%	-76%	70%
Repairs & Maintenance - General	1	3	2	4	3	3	3	3	Repairs & Maintenance - General	243%	-20%	63%	-8%	0%	0%	0%
Repairs - Plant	17	6	28	6	42	44	47	32	Repairs - Plant	-63%	361%	-77%	564%	4%	7%	-32%
Total	22	38	47	21	47	50	51	36	Total	72%	22%	-55%	120%	7%	2%	-29%

10.21 Repairs to APP's aging plant continue to dominate maintenance costs, but 2017 saw the first decline in four years.

Summary of Operating Performance

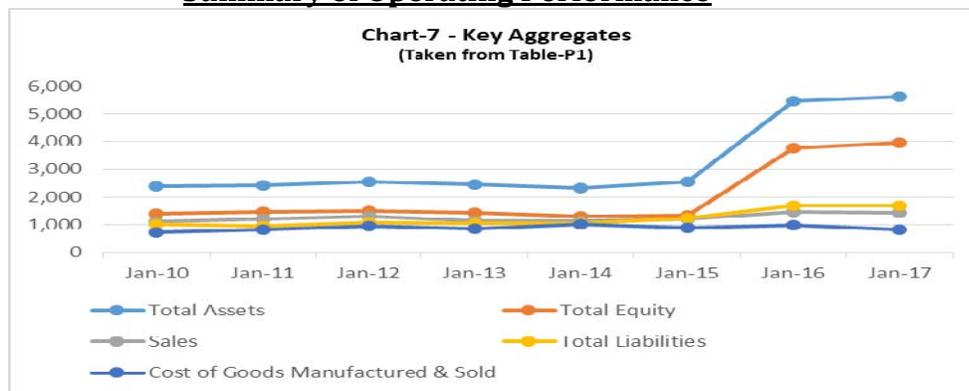


Table-P1 Key Aggregates	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Table-P1 Key Aggregates
Total Assets	0	2,390	2,418	2,550	2,451	2,328	2,561	5,472	5,633	Total Assets
Total Equity	1,269	1,388	1,465	1,496	1,424	1,290	1,342	3,778	3,954	Total Equity
Sales	1,210	1,093	1,200	1,308	1,129	1,136	1,186	1,461	1,430	Sales
Total Liabilities	1,220	1,002	952	1,054	1,028	1,038	1,220	1,694	1,679	Total Liabilities
Cost of Goods Manufactured & Sold	1,033	729	797	927	847	1,004	865	961	812	Cost of Goods Manufactured & Sold
Net Profit (after-tax)	-76	119	77	31	-72	-134	52	144	176	Net Profit (after-tax)

10.22 The most significant revelation displayed by the key aggregates 9-year array is the observation that in 2017, a level of sales lower than the 2016 sales (**2% lower**), generated 22% more in net profit.

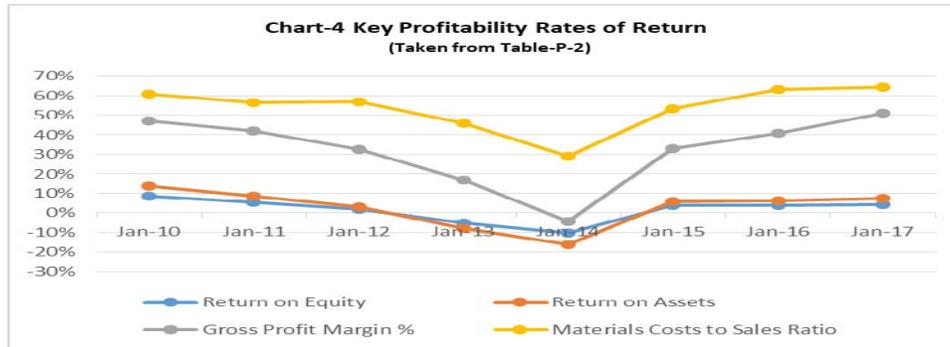


Table-P2 Key Profitability Rates of Return	<u>Jun-09</u>	<u>Jun-10</u>	<u>Jun-11</u>	<u>Jun-12</u>	<u>Jun-13</u>	<u>Jun-14</u>	<u>Jun-15</u>	<u>Jun-16</u>	<u>Jun-17</u>	Table-P2 Key Profitability Rates of Return
Return on Equity	-6%	9%	5%	2%	-5%	-10%	4%	4%	4%	Return on Equity
Return on Assets	-3%	5%	3%	1%	-3%	-6%	2%	3%	3%	Return on Assets
Gross Profit Margin %	15%	33%	34%	29%	25%	12%	27%	34%	43%	Gross Profit Margin %
Materials Costs to Sales Ratio	33%	14%	14%	24%	29%	34%	21%	22%	14%	Materials Costs to Sales Ratio

10.23 **Table-P2** undoubtedly shows that APP exhibited its best operating performance in 2010, but in 2017 as in 2010 and 2011, the Company attained its lowest materials cost to sales ratio at 14 cents per sales dollar. Rigid cost controls in operations and manufacturing, boosted by sensible purchasing of raw materials with the assistance of cooling raw material prices, produced gratifying 2017 results. Return on equity is still on the low side, due mainly to the 2016 revaluation of real estate assets, making the Company's 10% goal illusive for the immediate future. To generate a 10% return on equity, the Company would have to make net profit after tax of approximately \$400,000. 2017's net after-tax profit of \$176,000 is approximately 44% of the amount required to reach the target. Achieving this requires significant marketing and sales effort aided by a reorganization of the Company.

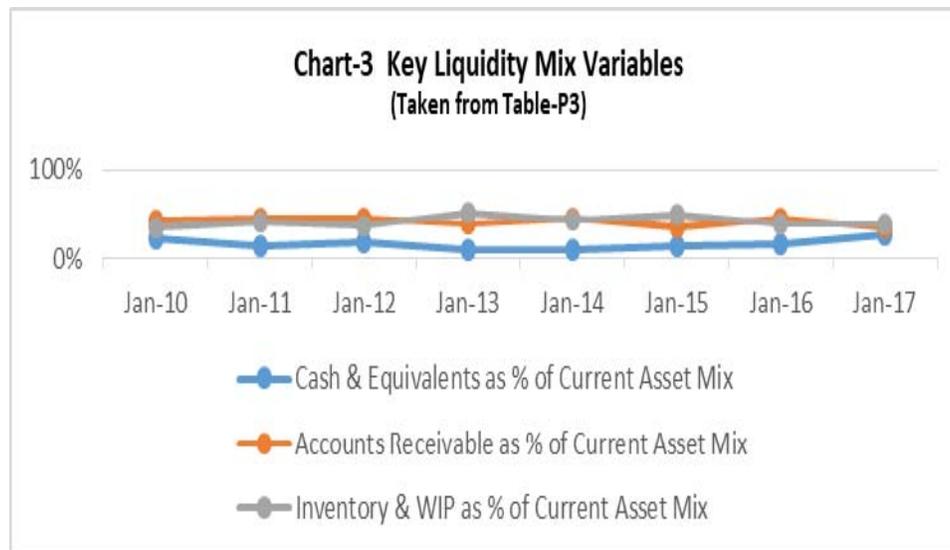


Table-P3 Key Liquidity % Mix Variables	<u>Jun-</u> <u>09</u>	<u>Jun-</u> <u>10</u>	<u>Jun-</u> <u>11</u>	<u>Jun-</u> <u>12</u>	<u>Jun-</u> <u>13</u>	<u>Jun-</u> <u>14</u>	<u>Jun-</u> <u>15</u>	<u>Jun-</u> <u>16</u>	<u>Jun-</u> <u>17</u>	Table-P3 Key Liquidity % Mix Variables
Cash & Equivalents as % of Current Asset Mix	31%	22%	15%	18%	9%	11%	14%	17%	28%	Cash & Equivalents as % of Current Asset Mix
Accounts Receivable as % of Current Asset Mix	41%	44%	44%	46%	39%	46%	36%	44%	34%	Accounts Receivable as % of Current Asset Mix
Inventory & WIP as % of Current Asset Mix	28%	34%	40%	36%	52%	43%	50%	39%	38%	Inventory & WIP as % of Current Asset Mix

10.24 The Company's target inventory range is set at **30% to 35%** of current asset mix. Although it is still 3% points outside the target range, it is moving in the right direction and should normalize within the next year or so. The other two liquidity variables are either within range or below, with cash improving significantly from 17% in 2016 to 28% in 2017. Having this portion of cash on hand positions the Company to avoid costly bank credit and establish a stronger credit reputation with suppliers. It also permits bulk purchasing of inventory in excess of current supplier credit limits in case of need. One such need could be an opportunity to take on a very large project calling for huge upfront outlays, a welcome boost to sales turnover capable of getting return on equity to desired levels.

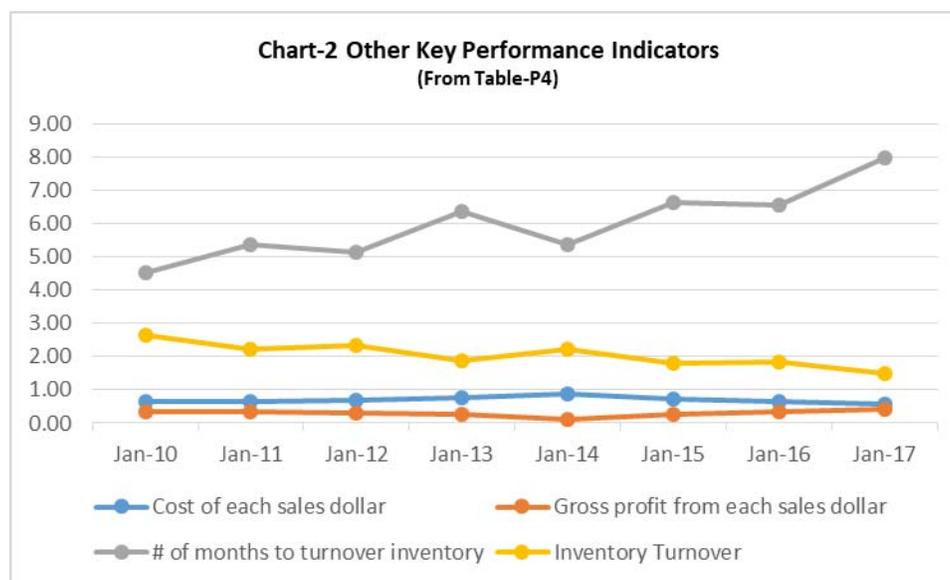


Table-P4 Other Key Performance Indicators	Jun-09	Jun-10	Jun-11	Jun-12	Jun-13	Jun-14	Jun-15	Jun-16	Jun-17	Table-P4 Other Key Performance Indicators
Cost of each sales dollar	0.85	0.67	0.66	0.70	0.75	0.88	0.73	0.66	0.57	Cost of each sales dollar
Gross profit from each sales dollar	0.15	0.33	0.34	0.30	0.25	0.12	0.27	0.34	0.43	Gross profit from each sales dollar
# of months to turnover inventory	n.a	4.54	5.37	5.14	6.35	5.36	6.64	6.55	7.99	# of months to turnover inventory
Inventory Turnover	n.a	2.64	2.23	2.33	1.89	2.24	1.81	1.83	1.50	Inventory Turnover
Net Profit (after-tax)		119	77	31	-72	-134	52	144	176	Net Profit (after-tax)

10.25 In 2017, because APP kept a high level of inventory in relation to annual sales, it took the Company eight months to sell average inventory. It therefore turned over inventory 1.5 times in 2017 as against 2.6 times in 2010, its best performing year. Reducing average inventory is also called for to comply with its inventory current asset mix target. And the best way to achieve both these inventory goals and simultaneously increase return on equity, is achieving much higher sales growth. This may involve capturing overseas niche market business, especially if the domestic printing market has reached a high level on the maturity spectrum.

10.26 APP put down a marker in 2016, to designate a break from past lacklustre operating performance. 2017's performance bears testimony to the Company's new determination; and 2018's outturn prospects should be energized by the success registered in the last two fiscal periods.

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 2017 (**submitted under separate cover**)

ANTIGUA PRINTING AND PUBLISHING LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

<u>C O N T E N T S</u>	<u>Page</u>
AUDITORS' REVIEW REPORT	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF COMPREHENSIVE INCOME	3
STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY	4
STATEMENT OF CASH FLOWS	5
NOTES TO THE FINANCIAL STATEMENTS	6 - 14
COST OF GOODS MANUFACTURED AND SOLD	15
SCHEDULE OF ADMINISTRATIVE EXPENSES	16

ALLEN, THOMAS & ASSOCIATES INC.
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

Page 1

**INDEPENDENT AUDITORS' 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 2017 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.

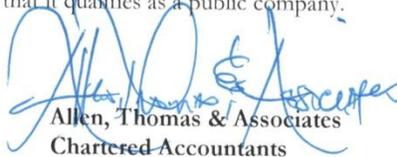
We conducted our review in accordance with International Standards of Review for Small and Medium Sized Entities. Those standards require that we plan and perform our review to obtain reasonable assurance that the financial statements are free of material misstatement. A review is less scope and the 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 10 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, 2017 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 13)

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.

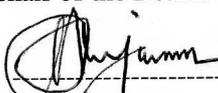
Antigua & Barbuda:
16th November 2017


Allen, Thomas & Associates
Chartered Accountants

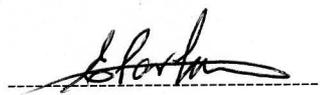
ANTIGUA PRINTING AND PUBLISHING LIMITED**STATEMENT OF FINANCIAL POSITION****AT 30TH JUNE 2017****(Expressed in Eastern Caribbean Dollars)**

Assets	Notes	<u>2017</u>	<u>2016</u>
Current Assets			
Cash at bank and on hand		392,421	206,655
Accounts Receivable and prepayments	4	483,219	544,784
Inventory and work-in-progress	5	540,665	476,845
		-----	-----
Total Current Assets		1,416,305	1,228,284
		-----	-----
Non-Current Assets			
Plant and Machinery	6	4,217,061	4,244,054
		-----	-----
Total Assets		\$5,633,366	\$5,472,338
		=====	=====
Liabilities and Shareholders' Equity:			
Current Liabilities			
Accounts Payable and accruals	7	465,884	481,812
Note payable		2,000	2,000
		-----	-----
Total Current Liabilities		467,884	483,812
		-----	-----
Non-Current Liabilities			
Shareholders Advance	8	824,359	823,325
Deferred Un-realized Income	9	386,824	386,824
		-----	-----
Total Non-Current Liabilities		1,211,183	1,210,149
		-----	-----
Total Liabilities		1,679,067	1,693,961
		-----	-----
Shareholders' Equity:			
Share Capital	10	190,000	190,000
Revaluation Reserve	11	3,761,113	3,761,113
Share Premium	12	100	100
Accumulated Deficit		3,086	(172,836)
		-----	-----
Total Shareholders' Equity		3,954,299	3,778,377
		-----	-----
Total Liabilities and Shareholders' Equity:		\$5,633,366	\$5,472,338
		=====	=====

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 2017
(Expressed in Eastern Caribbean Dollars)

	<u>2017</u>	<u>2016</u>
Sales	1,398,055	1,460,670
Cost of Goods Manufactured and Sold - (Schedule 1) Page 15	(811,883)	(960,995)
	-----	-----
Gross Margin - :40.98%: 2016: 34.21:%	586,172	499,675
Sundry Income	32,247	39,318
	-----	-----
Income Before Indirect Expenses	618,419	538,993
	-----	-----
Indirect Expenses		
Administrative (Schedule 2) Page 16	375,496	341,998
Interest and bank charges	4,891	5,349
	-----	-----
	380,387	347,347
	-----	-----
Profit Before taxation	238,032	191,646
Provision for Taxation	(62,110)	(47,912)
	-----	-----
Total Comprehensive Income for the Year	\$175,922	\$143,734
	=====	=====

ANTIGUA PRINTING AND PUBLISHING LIMITED**STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**
FOR THE YEAR ENDED 30TH JUNE 2017

(Expressed in Eastern Caribbean Dollars)

		Share Capital	Share Premium	Retained Earnings	Revaluation Reserve	Total
Equity at – 30th June 2015	(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 June 2016	(Page 2)	190,000	100	(172,836)	4,147,937	4,165,201
Comprehensive Income	(Page 3)	-		175,922	-	175,922
		-----	-----	-----	-----	-----
Equity at – 30th June 2017	(Page 2)	\$190,000	\$100	\$3,086	\$4,147,937	\$4,341,123
		=====	=====	=====	=====	=====

ANTIGUA PRINTING AND PUBLISHING LIMITED**STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED 30TH JUNE 2017

(Expressed in Eastern Caribbean Dollars)

	<u>2017</u>	<u>2016</u>
Operating Activities		
Net Comprehensive Income for the year	175,922	143,734
Add: Non cash item – Depreciation	54,463	49,098
	-----	-----
	230,385	192,832
(Increase)/Decrease in Inventory and work-in-progress	(63,820)	95,588
Increase/(Decrease) in Payables	(15,928)	31,004
(Increase)/Decrease in Receivables and Prepayments	61,565	(130,715)
	-----	-----
Net Operating Activity	(18,183)	(4,123)
	-----	-----
Investing Activities		
(Decrease) Purchase of Plant and Equipment	(27,470)	(2,885,155)
	-----	-----
	(27,470)	(2,885,155)
Financing Activities		
Increase/(Decrease) Due to Directors	1,034	56,419
Increase/(Decrease) Deferred Unrealized Income	-	386,824
Increase/(Decrease) Revaluation Reserve	-	2,293,076
	-----	-----
	(1,034)	2,736,319
	-----	-----
Net Increase/(Decrease) in cash	185,766	39,873
Cash Balance - Beginning of year	206,655	166,782
	-----	-----
Cash Balance - End of year	\$392,421	\$206,655
	=====	=====

ANTIGUA PRINTING AND PUBLISHING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30TH JUNE 2017****(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 and or management on 16th November 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 30TH JUNE 2017

(Continued)

(Expressed in Eastern Caribbean Dollars)

3. Accounting Policies - Continuedd) 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) Investmentsi) 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 needs 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 2017

(Continued)

(Expressed in Eastern Caribbean Dollars)

3. Accounting Policies - Continuediii) 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 an 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 LIMITEDNOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2017

(Continued)

(Expressed in Eastern Caribbean Dollars)

4. Accounts Receivable and Prepayments	<u>2017</u>	<u>2016</u>
Trade Receivables	639,702	640,932
Less: Provision for bad debts	(163,321)	(125,837)
	-----	-----
	476,381	515,095
Withholding Tax	4,571	4571
Staff Loan	2,267	84
Other Receivable	-	25,034
	-----	-----
(Page 2)	\$483,219	\$544,784
	=====	=====

5. Inventory	<u>2017</u>	<u>2016</u>
Paper	233,712	250,524
Less: Provision for obsolescence	(2,000)	(2,000)
	-----	-----
	231,712	248,524
Supplies	208,942	133,642
Spare Parts	88,366	71,094
Work-in-progress	11,645	23,585
	-----	-----
(Page 2)	\$540,665	\$476,845
	=====	=====

ANTIGUA PRINTING AND PUBLISHING LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
FOR THE YEAR ENDED 30TH JUNE 2017

(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	3,049,200	1,093,600	1,785,896	139,477	7,805	29,818	6,105,796
Additions			16,957	6,978	3,535		27,470
Balance at 30/06/2017	3,049,200	1,093,600	1,802,853	146,455	11,340	29,818	6,133,266
Accumulated Depreciation							
Balance at beginning of year	-	286,687	1,428,655	136,859	3,577	5,964	1,861,742
Depreciation charge for year	-		44,845	1,042	2,612	5,964	54,463
Balance at 30/06/2017	-	286,687	1,473,500	137,901	6,189	11,928	1,916,205
N.B.V. 30th June 2017	\$3,049,200	\$806,913	\$329,353	\$8,554	\$5,151	\$17,890	\$4,217,061
N.B.V. 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 2017
(Continued)
(Expressed in Eastern Caribbean Dollars)

7. Accounts Payable and Accruals	<u>2017</u>	<u>2016</u>
Trade Creditors	143,489	161,701
Consumption Tax	6,093	9,318
Social Security	2,792	2,946
Medical Benefits	2,090	2,062
Education Levy	983	721
Personal Income Tax Payable	490	209
Provision for Taxation	235,145	247,145
Dividend Payable	23,530	25,210
Other payable	32,500	32,500
Deposit	18,772	-
	-----	-----
(Page 2)	\$465,884	\$481,812
	=====	=====

8. Shareholders' Advance	<u>2017</u>	<u>2016</u>
Balance (Page 2)	\$824,359	\$823,325
	=====	=====

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	<u>2017</u>	<u>2016</u>
Balance (Page 2)	\$386,824	\$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 2017

(Continued)

(Expressed in Eastern Caribbean Dollars)

10. Share Capital	<u>2017</u>	<u>2016</u>
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
	=====	=====
 11. Revaluation Reserve	 <u>2017</u>	 <u>2016</u>
Revaluation brought forward 30 th June 2003 from 1977 - Land	341,599	341,599
Revaluation as at: 30 th June 2004 - Land	261,801	261,801
Revaluation as at: 31 st March 2004 - Building	864,637	864,637
	-----	-----
	1,468,037	1,468,037
Deferred Revaluation Surplus	(386,824)	(386,824)
Revaluation as at: 31 st March 2016 - Land	2,395,800	2,395,800
Revaluation as at: 31 st March 2016 - Building	284,100	284,100
	-----	-----
(Page 2)	\$3,761,113	\$3,761,113
	=====	=====

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

12. Share Premium	<u>2017</u>	<u>2016</u>
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.

13. Capital Commitment & Contingent Liabilities	<u>2017</u>	<u>2016</u>
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 2017

(Continued)

(Expressed in Eastern Caribbean Dollars)

14. Related Parties	<u>2017</u>	<u>2016</u>
Directors Fees	33,000	33,000
Directors Advance	824,359	823,325
	-----	-----
	\$857,359	\$856,325
	=====	=====

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 2017****(Expressed in Eastern Caribbean Dollars)**

<u>Schedule 1</u>	<u>2017</u>	<u>2016</u>
Direct Materials		
Inventory, beginning of year	453,259	550,171
Purchases of materials	257,943	231,576
	-----	-----
	711,202	781,747
Less: Inventory end of year	(529,020)	(453,259)
	-----	-----
Direct Material Consumed	182,182	328,488
Direct Labour	513,462	529,468
Factory Overhead		
Depreciation	44,972	31,645
Light, Power and Water	27,525	25,630
Repairs –Plant	31,801	47,088
	-----	-----
	104,298	104,363
	-----	-----
Manufacturing Costs Incurred During the Year	799,942	962,319
Add: Work in progress, beginning of year	23,586	22,262
	-----	-----
	823,528	984,581
Less: Work in progress, end of year	(11,645)	(23,586)
	-----	-----
(Page 3)	\$811,883	\$960,995
	=====	=====

ANTIGUA PRINTING AND PUBLISHING LIMITED**SCHEDULE OF ADMINISTRATIVE EXPENSES****FOR THE YEAR ENDED 30TH JUNE 2017****(Expressed in Eastern Caribbean Dollars)**

<u>Schedule 2</u>	<u>2017</u>	<u>2016</u>
Advertising and Promotion	-	360
Accounting fee	15,000	15,000
Bad debt expense	37,484	14,550
Directors' Fees	33,000	33,000
Depreciation	9,487	17,453
Insurance	47,311	42,461
Legal and Professional Fees	59,545	26,276
Motor Vehicle Operating	12,638	19,030
Office Supplies and Stationery	5,447	5,580
Postage, Telephone and Telex	16,849	19,402
Repairs Office Equipment	1,166	685
Salaries and Wages	111,087	109,901
Social Security and Medical Benefits Contributions	5,047	7,367
Pest Control	3,300	3,300
Repair & Maintenance	9,572	23,301
Sundry Expenses	1,326	1,552
Property Tax	6,112	1,500
Donations	150	305
License, Rates and Taxes	975	975
	-----	-----
(Page 3)	\$375,496	\$341,998
	=====	=====