

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

For the financial year ended JUNE 30, 2015

Issuer Registration number APP 25041970

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

ANTIGUA & BARBUDA  
(Territory of incorporation)

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

Reporting issuer's:

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

Fax number: +1268 481-1515

Email address: antprint@candw.ag

(Provide information stipulated in paragraphs 1 to 14 hereunder)

Indicate whether the reporting issuer has filed all reports required to be filed by section 98 of the Securities Act, Cap. 21:16 during the preceding 12 months

Yes \_\_\_\_\_

No X

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

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

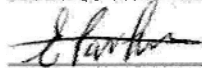
**SIGNATURES**

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

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

Name of Chief Executive Officer:

**Eustace Parker**



Signature

Date: **November 3, 2016**

Name of Director:

**Francis Henry**



Signature

Date: **November 3, 2016**

Name of Chief Financial Officer:

**Londel Benjamin**



Signature

Date: **November 3, 2016**

## **INFORMATION TO BE INCLUDED IN FORM ECSRC-K**

### **1. Business.**

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

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

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

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

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

### **2. Properties.**

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

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

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

### **3. Legal Proceedings.**

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

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

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

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

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

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

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

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

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

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

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

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

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

There was no relevant matter during the period.

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

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

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

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

## 6. Financial Statements and Selected Financial Data.

Provide Audited Financial Statements, which comprise the following:

**For the most recent financial year**

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

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

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

## 7. Disclosure about Risk Factors.

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

**Disclosure about Risk Factors**

**Figure-1  
2015 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 22% to 27%                                                                   | Medium                | Increased       |
| 7.2 | Market Risk            | (1) inventory supplier prices                           | (1) Slowing US GDP growth, stagnant US per capita income and low inflationary pressure                                                        | Medium                | Decreased       |
|     |                        | (2) degree of adoption to new techniques and technology | (2) opportunities to reduce operating cost through digital age technology and methodologies is on-going                                       |                       |                 |
|     |                        | (3) domestic economic recession                         | (3) economic conditions favourable to neutralizing demand for higher wages following 2008 wage freeze                                         |                       |                 |
| 7.3 | Liquidity Risk         | (1) current asset mix                                   | (1) average inventory levels on the rise again above target range                                                                             | Low/Medium            | Increased       |
|     |                        | (2) current liability mix                               | (2) current liability mix in line with expectations                                                                                           |                       |                 |
|     |                        | (3) working capital position                            | (3) working capital at 1.6 times current liabilities                                                                                          |                       |                 |
| 7.4 | Solvency Risk          | (1) asset to liability ratio                            | (1) assets were 2.1 times liabilities in 2015 v 2.2 times in 2014                                                                             | Low/Medium            | Increased       |
|     |                        | (2) equity to liability ratio                           | (2) shareholders' equity was 1.1 times total liabilities in 2015 v 1.2 in 2014                                                                |                       |                 |
|     |                        | (3) free capital ratio                                  | (3) free capital ratio improved from -11% to -5%                                                                                              |                       |                 |
| 7.5 | Credit Risk            | (1) incidence of bad debts                              | (1) no change in bad debt provisions                                                                                                          | Low                   | Unchanged       |
|     |                        | (2) domestic economic conditions                        | (2) domestic recessionary conditions continue with potential future impact on the horizon, but not yet observed                               |                       |                 |
| 7.6 | Internal Business Risk | (1) financial management competency                     | (1) continuing need for in-house accounting/finance skill sets                                                                                | Medium/High           | Decreased       |
|     |                        | (2) cost controls                                       | (2) cost of goods manufactured & sold as % of total sales too high to produce breakeven profitability                                         |                       |                 |
|     |                        | (3) access to bank credit                               | (3) unavailability of up-to-date monthly financial information and extremely dated financial statements are barriers to obtaining bank credit |                       |                 |

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

**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 2014 and 2015 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**

| <b>Table-BCR<br/>Business Concentration Risk</b> | 2015       | 2014       | Change    | % Change   |
|--------------------------------------------------|------------|------------|-----------|------------|
| Statutory Bodies & Central Government            | 108        | 85         | 23        | 26%        |
| Other Customers                                  | 293        | 300        | -7        | -2%        |
| Total Accounts Receivable                        | 401        | 385        | 16        | 4%         |
| <u>% Mix</u>                                     | <u>27%</u> | <u>22%</u> | <u>5%</u> | <u>21%</u> |

**7.1.1** A comparative review of the Company's Aging Schedule of Accounts Receivable between 2014 and 2015 reveals that Statutory Bodies and Government customers still represent a large share of business received from customers. Using the end-of-year Accounts Receivable balances for 2014 and 2015 as proxies for business received in the respective years, 2015's share of business received from the sector increased to 27% as against 22% in 2014. Concentration risk therefore increased in 2015, but not sufficiently to warrant a change in rating from the medium level assessed last year.

### **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.

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

| <b>Table-Z4</b><br><b>Total Manufactured Goods Materials</b><br><b>Costs</b> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Direct Materials Consumed                                                    | 255         | 382         | 327         | 322         | 112         | 205         | 387         |
| Add: Work-in-progress beginning of year                                      | 11          | 10          | 11          | 8           | 69          | 16          | 30          |
| Less: Work-in-progress end of year                                           | -22         | -11         | -10         | -11         | -8          | -69         | -16         |
| <b>Total Manufactured Goods Materials Costs</b>                              | <b>243</b>  | <b>382</b>  | <b>328</b>  | <b>319</b>  | <b>174</b>  | <b>152</b>  | <b>401</b>  |
| Sales                                                                        | 1,186       | 1,136       | 1,129       | 1,308       | 1,200       | 1,093       | 1,210       |
| <b>Materials Costs to Sales Ratio</b>                                        | <b>21%</b>  | <b>34%</b>  | <b>29%</b>  | <b>24%</b>  | <b>14%</b>  | <b>14%</b>  | <b>33%</b>  |

**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 economic data published in **Table-S** depicts a US economy whose GDP growth rate slowed to 1.6% in 2015 after posting a 4-year high of 2.4% in 2014. With per capital income little changed between both years and the unemployment rate hitting its lowest annual level in five years, inflationary pressure remained well under control with year-on-year growth of 0.7%. In those conditions, raw material prices for the Company's main imports showed marked declines as expressed in **Table-Z4** with the Materials Costs to Sales Ratio declining from 34% in 2014 to 21% in 2015.

**7.2.5** Based on the above discussion, market risk is adjudged to have declined during 2015



### 7.3 Liquidity Risk

| <b>Table-B1<br/>Current Asset Mix</b>        | <u>2015</u>           | <u>2014</u>           | <u>2013</u>           | <u>2012</u>           | <u>2011</u>           | <u>2010</u>           | <u>2009</u>           |
|----------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Cash & equivalents                           | 167                   | 97                    | 94                    | 188                   | 151                   | 201                   | 259                   |
| Accounts receivable                          | 414                   | 412                   | 385                   | 487                   | 440                   | 405                   | 351                   |
| Inventory & WIP                              | 572                   | 385                   | 512                   | 385                   | 399                   | 315                   | 238                   |
| <b>Total Current Assets</b>                  | <b>1,153</b>          | <b>894</b>            | <b>991</b>            | <b>1,060</b>          | <b>990</b>            | <b>921</b>            | <b>847</b>            |
| <b>Table-B2<br/>Current Liability Mix</b>    | <u>2015</u>           | <u>2014</u>           | <u>2,013</u>          | <u>2,012</u>          | <u>2,011</u>          | <u>2010</u>           | <u>2009</u>           |
| Trade creditors                              | 197                   | 109                   | 121                   | 99                    | 17                    | 233                   | 274                   |
| Provision for taxation                       | 181                   | 182                   | 197                   | 235                   | 254                   | 231                   | 214                   |
| Other A/Cs payable                           | 74                    | 73                    | 68                    | 68                    | 66                    | 66                    | 65                    |
| <b>Total Payable &amp; Accruals</b>          | <b>451</b>            | <b>362</b>            | <b>385</b>            | <b>400</b>            | <b>335</b>            | <b>530</b>            | <b>553</b>            |
| <b>Table-B1a<br/>Current Asset % Mix</b>     | <u>2015 %<br/>Mix</u> | <u>2014 %<br/>Mix</u> | <u>2013 %<br/>Mix</u> | <u>2012 %<br/>Mix</u> | <u>2011 %<br/>Mix</u> | <u>2010 %<br/>Mix</u> | <u>2009 %<br/>Mix</u> |
| Cash & cash equivalents                      | 14%                   | 11%                   | 9%                    | 18%                   | 15%                   | 22%                   | 31%                   |
| Accounts receivable                          | 36%                   | 46%                   | 39%                   | 46%                   | 44%                   | 44%                   | 41%                   |
| Inventory & WIP                              | 50%                   | 43%                   | 52%                   | 36%                   | 40%                   | 34%                   | 28%                   |
| <b>Total Current Assets</b>                  | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           |
| <b>Table-B2a<br/>Current Liability % Mix</b> | <u>2015 %<br/>Mix</u> | <u>2014 %<br/>Mix</u> | <u>2013 %<br/>Mix</u> | <u>2012 %<br/>Mix</u> | <u>2011 %<br/>Mix</u> | <u>2010 %<br/>Mix</u> | <u>2009 %<br/>Mix</u> |
| Trade creditors                              | 44%                   | 30%                   | 32%                   | 25%                   | 5%                    | 44%                   | 49%                   |
| Provision for taxation                       | 40%                   | 50%                   | 51%                   | 59%                   | 76%                   | 44%                   | 39%                   |
| Other accounts payables                      | 16%                   | 20%                   | 18%                   | 17%                   | 20%                   | 12%                   | 12%                   |
| <b>Total Accounts Payable &amp; Accruals</b> | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           | <b>100%</b>           |

- 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 2015 financial year the ratio, at 14%, was on the lower boundary of the target range following two successive years of improvement.
- 7.3.2** The accounts receivable mix is set to fluctuate between the target range of **40% to 50%**, but fell below the minimum target level in 2015 when it retreated from an acceptable level of 46% in 2014 to 36% in 2015.
- 7.3.3** Inventory's target range of **30% to 35%** was therefore further breached with an escalation from 43% in 2014 to 50% in 2015, more than 40% higher than the Company's maximum target level. Keeping with the inventory target range has been a 5-year challenge for Management. The Company will therefore give consideration to conducting a quarterly inventory evaluation exercise, which output will inform the degree of success APP can register in keeping this current asset within the target range.
- 7.3.4** APP at the end of 2015 provided \$2 in trade credit (**Accounts Receivable \$414,000**) to its customers for each \$1 it received from its suppliers (**Trade Creditors \$197,000**). Because the Company has kept its trade payables current, there has not been a need since 2006 to use bank credit to finance its operations. In fact, at the end of 2011 amounts due to trade creditors sunk to \$17,000, exemplifying its ability to quickly pay-down non-interest debt.

7.3.5 We conclude that although liquidity mix deteriorated at the end of 2015, with current asset mix components falling outside the target ranges set by the Company, liquidity fundamentals remained strong.

7.3.6 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.

| <b>Table-C<br/>Asset/Liability<br/>Ratio</b>        | 2015  | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2014/<br>15%<br>Chang<br>e | 2013/<br>14%<br>Chang<br>e | 2012/<br>13%<br>Chang<br>e | 2011/<br>12%<br>Chang<br>e | 2010/<br>11%<br>Chang<br>e | 2009/<br>10%<br>Chang<br>e |
|-----------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Total Assets                                        | 2,561 | 2,328 | 2,451 | 2,550 | 2,418 | 2,390 | 2,317 | 10%                        | -5%                        | -4%                        | 5%                         | 1%                         | 3%                         |
| Total Liabilities                                   | 1,220 | 1,038 | 1,028 | 1,054 | 952   | 1,002 | 1,048 | 18%                        | 1%                         | -3%                        | 11%                        | -5%                        | -4%                        |
| Assets/Liability<br>Ratio                           | 2.1   | 2.2   | 2.4   | 2.4   | 2.5   | 2.4   | 2.2   | -6%                        | -6%                        | -1%                        | -5%                        | 6%                         | 8%                         |
| <b>Table-D<br/>Equity/Liab.<br/>Ratio</b>           | 2015  | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2014/<br>15%<br>Chang<br>e | 2013/<br>14%<br>Chang<br>e | 2012/<br>13%<br>Chang<br>e | 2011/<br>12%<br>Chang<br>e | 2010/<br>11%<br>Chang<br>e | 2009/<br>10%<br>Chang<br>e |
| Total Equity                                        | 1,342 | 1,290 | 1,424 | 1,496 | 1,465 | 1,388 | 1,269 | 4%                         | -9%                        | -5%                        | 2%                         | 6%                         | 9%                         |
| Total Liabilities                                   | 1,220 | 1,038 | 1,028 | 1,054 | 952   | 1,002 | 1,048 | 18%                        | 1%                         | -3%                        | 11%                        | -5%                        | -4%                        |
| Equity/Liability<br>Ratio                           | 1.1   | 1.2   | 1.4   | 1.4   | 1.5   | 1.4   | 1.2   | -12%                       | -10%                       | -2%                        | -8%                        | 11%                        | 14%                        |
| <b>Table-E<br/>Free Capital<br/>Ratio</b>           | 2015  | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2014/<br>15%<br>Chang<br>e | 2013/<br>14%<br>Chang<br>e | 2012/<br>13%<br>Chang<br>e | 2011/<br>12%<br>Chang<br>e | 2010/<br>11%<br>Chang<br>e | 2009/<br>10%<br>Chang<br>e |
| Total Equity                                        | 1,342 | 1,290 | 1,424 | 1,496 | 1,465 | 1,388 | 1,269 | 4%                         | -9%                        | -5%                        | 2%                         | 6%                         | 9%                         |
| Total Fixed<br>Assets                               | 1,408 | 1,433 | 1,461 | 1,491 | 1,428 | 1,470 | 1,470 | -2%                        | -2%                        | -2%                        | 4%                         | -3%                        | 0%                         |
| Free Capital<br>(total equity less<br>fixed assets) | -66   | -143  | -37   | 5     | 37    | -82   | -201  | -54%                       | 285%                       | -                          | 817%                       | -86%                       | -                          |
| Free Capital<br>Ratio                               | -5%   | -11%  | -3%   | 0%    | 3%    | -6%   | -16%  | -55%                       | 325%                       | -                          | 854%                       | -86%                       | -                          |

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

7.4.2 The Company’s solvency saw marginal deterioration when the asset/liability ratio moved from 2.2 in 2014 to 2.1 in 2015. There was \$2.10 (**\$2.20, 2014**) in assets for each \$1 in liabilities (**Table-C**). This ratio needs to grow fairly consistently over time through a combination of retained earnings and/or new infusions of cash equity, neither of which has occurred over the past 15 years.

7.4.3 The Equity/Liability Ratio of 1.1 displayed in **Table-D** tells us that in 2015, Shareholders’ stake in the Company was worth \$1.10 for each \$1.00 outside creditors were owed by the Company. If creditors were to be owed increasingly more than Shareholders have invested in the Company’s equity, this would be tantamount to making the Company more leveraged. High leverage equals low solvency, and a greater likelihood that the Company may be unable to trade in the future.

7.4.4 When we discount total shareholders' equity by the value of fixed assets, and divide the result by total shareholders' equity before the discount, we arrive at a -5% free capital ratio. This means that from a solvency standpoint, too high a proportion of shareholders' value was invested in fixed assets. Unless the Company is able to consistently generate moderate levels of profitability, it will be unable to bring its free capital ratio in line with a target level of say 50%.

7.4.5 While solvency declined marginally in 2015, we still maintain a rating of low to medium.

### 7.5 Credit Risk

| <b>Table-H<br/>Bad Debt<br/>Provision<br/>Cover</b>   | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2014<br/>/15 %<br/>Change</u> | <u>2013<br/>/14 %<br/>Change</u> | <u>2012<br/>/13 %<br/>Change</u> | <u>2011<br/>/12 %<br/>Change</u> | <u>2010<br/>/11 %<br/>Change</u> | <u>2009<br/>/10 %<br/>Change</u> |
|-------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Trade receivables                                     | 512         | 496         | 472         | 556         | 461         | 452         | 402         | 3%                               | 5%                               | -15%                             | 21%                              | 2%                               | 12%                              |
| Less: provision for bad debts                         | 111         | 111         | 111         | 111         | 55          | 55          | 55          | 0%                               | 0%                               | 0%                               | 101%                             | 0%                               | 0%                               |
| <u>Net<br/>Receivables</u>                            | <u>401</u>  | <u>385</u>  | <u>361</u>  | <u>444</u>  | <u>405</u>  | <u>396</u>  | <u>346</u>  | <u>4%</u>                        | <u>7%</u>                        | <u>-19%</u>                      | <u>10%</u>                       | <u>2%</u>                        | <u>14%</u>                       |
| <u>Bad Debt to<br/>Trade<br/>Receivable<br/>Ratio</u> | <u>22%</u>  | <u>22%</u>  | <u>24%</u>  | <u>20%</u>  | <u>12%</u>  | <u>12%</u>  | <u>14%</u>  | <u>-3%</u>                       | <u>-5%</u>                       | <u>18%</u>                       | <u>67%</u>                       | <u>-2%</u>                       | <u>-11%</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 were approximately 22% at the end of the last two financial years, considered adequate in light of the quality of the portfolio.

7.5.3 We continue to rate this risk as low with no change in status occurring in 2015.

## **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. Continuous delays in the preparation of financial information and reports, an ongoing Company weakness, affect the ability of the Company's board and management to take certain timely and effective decisions in the management of the business.
- 7.6.3** ***Outdated financial information*** makes it difficult for the Company to spot deteriorating trends in time for management to take remedial action designed to minimize damage. For instance, if the Company were in a position to undertake quarterly stock-taking exercises, it would be able to quickly construct trading & manufacturing accounts, the basis for ascertaining gross profit margin, cost-of-goods-manufactured as a percentage of sales and other key profitability variables over which the business must exercise good control. Another difficulty posed by the late preparation of financial statements is the probability that Management may not be able to recall why some deficiency occurred or why a negative trend developed because of the efflux of time.

| <b>Table-T<br/>Gross Profit<br/>Margin %</b> | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   | <u>2012</u>   | <u>2011</u>   | <u>2010</u>   | <u>2009</u>   | <u>2014</u><br><u>/15 %</u><br><u>Chang</u><br><u>ε</u> | <u>2013</u><br><u>/14 %</u><br><u>Chang</u><br><u>ε</u> | <u>2012</u><br><u>/13 %</u><br><u>Chang</u><br><u>ε</u> | <u>2011</u><br><u>/12 %</u><br><u>Chang</u><br><u>ε</u> | <u>2010</u><br><u>/11 %</u><br><u>Chang</u><br><u>ε</u> | <u>2009</u><br><u>/10 %</u><br><u>Chang</u><br><u>ε</u> |
|----------------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|---------------------------------------------------------|
| COGS (Cost of Goods Sold)                    | 868           | 1,004         | 847           | 915           | 797           | 729           | 1,033         | -14%                                                    | 19%                                                     | -7%                                                     | 15%                                                     | 9%                                                      | -29%                                                    |
| Sales                                        | 1,186         | 1,136         | 1,129         | 1,308         | 1,200         | 1,093         | 1,210         | 4%                                                      | 1%                                                      | -14%                                                    | 9%                                                      | 10%                                                     | -10%                                                    |
| <u>Cost of each sales \$</u>                 | <u>0.73</u>   | <u>0.88</u>   | <u>0.75</u>   | <u>0.70</u>   | <u>0.66</u>   | <u>0.67</u>   | <u>0.85</u>   | <u>-17%</u>                                             | <u>18%</u>                                              | <u>7%</u>                                               | <u>5%</u>                                               | <u>0%</u>                                               | <u>-22%</u>                                             |
| <u>COGS to Sales Ratio</u>                   | <u>73%</u>    | <u>88%</u>    | <u>75%</u>    | <u>70%</u>    | <u>66%</u>    | <u>67%</u>    | <u>85%</u>    | <u>-17%</u>                                             | <u>18%</u>                                              | <u>7%</u>                                               | <u>5%</u>                                               | <u>0%</u>                                               | <u>-22%</u>                                             |
| Gross Margin                                 | 318           | 132           | 282           | 393           | 402           | 364           | 176           | 142%                                                    | -53%                                                    | -28%                                                    | -2%                                                     | 11%                                                     | 107%                                                    |
| Sales                                        | 1,186         | 1,136         | 1,129         | 1,308         | 1,200         | 1,093         | 1,210         | 4%                                                      | 1%                                                      | -14%                                                    | 9%                                                      | 10%                                                     | -10%                                                    |
| <u>Gross profit per sales \$</u>             | <u>0.27</u>   | <u>0.12</u>   | <u>0.25</u>   | <u>0.30</u>   | <u>0.34</u>   | <u>0.33</u>   | <u>0.15</u>   | <u>131%</u>                                             | <u>-54%</u>                                             | <u>-17%</u>                                             | <u>-10%</u>                                             | <u>1%</u>                                               | <u>129%</u>                                             |
| <u>Gross Margin %</u>                        | <u>26.8 %</u> | <u>11.6 %</u> | <u>25.0 %</u> | <u>30.1 %</u> | <u>33.5 %</u> | <u>33.3 %</u> | <u>14.6 %</u> | <u>131%</u>                                             | <u>-54%</u>                                             | <u>-17%</u>                                             | <u>-10%</u>                                             | <u>1%</u>                                               | <u>129%</u>                                             |

**7.6.4 Cost controls**, management's responsibility, call for maintenance of operating systems and interrogation of cost/revenue variances. **Table-T** shows that each sales dollar had cost the Company 73 cents at the end of 2015, a welcomed improvement over last year's 88 cents. As a consequence, the gross profit from each sales dollar yielded 27 cents, more than doubling last year's 12 cents. That notwithstanding, gross profit margin at 26.8% was below the Company's minimum target range of 30% to 35%.

| <b>Table-Z2<br/>Analyzing<br/>Insurance<br/>Costs</b> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2014</u><br><u>/15 %</u><br><u>Change</u> | <u>2013</u><br><u>/14 %</u><br><u>Change</u> | <u>2012</u><br><u>/13 %</u><br><u>Change</u> | <u>2011</u><br><u>/12 %</u><br><u>Change</u> | <u>2010</u><br><u>/11 %</u><br><u>Change</u> | <u>2009</u><br><u>/10 %</u><br><u>Change</u> |
|-------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|----------------------------------------------|
| Insurance as Manufact. Cost                           | 0           | 0           | 0           | 0           | 0           | 0           | 32          |                                              |                                              |                                              |                                              |                                              | -100%                                        |
| Insurance as Admin. Cost                              | 32          | 29          | 58          | 49          | 46          | 7           | 16          | 12%                                          | -51%                                         | 17%                                          | 7%                                           | 575%                                         | -56%                                         |
| <b>Total</b>                                          | <u>32</u>   | <u>29</u>   | <u>58</u>   | <u>49</u>   | <u>46</u>   | <u>7</u>    | <u>47</u>   | <u>12%</u>                                   | <u>-51%</u>                                  | <u>17%</u>                                   | <u>7%</u>                                    | <u>575%</u>                                  | <u>-86%</u>                                  |

**7.6.5** Insurance costs in the last two financial years were approximately 3/5<sup>th</sup> of the previous three financial years, but equal to the level displayed in 2009 for manufacturing insurance, indicating that insurance coverage was extended to those risks associated with manufacturing. The Company will review the position to determine how to proceed in the future.

**7.6.6** The publication of this annual report means that the APP is now one year behind in its reporting to the ECRSC. Prospective submission of the 2016 report by December 2016 will bring APP into ECRSC's compliance and closer to its goal of preparing quarterly financial reports to give Directors early warnings signals of significant operational variances. This improvement in the availability of financial information bolstered by the improvement in cost controls in terms of the cost of each sales dollar supports our decision to upgrade internal risk from high to medium/high.

## 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.

| <b>Table-A</b><br><b>Working Capital / Current Liability Ratio</b> | 2015  | 2014 | 2013 | 2012  | 2011 | 2010 | 2009 | 2014 /15 % Change | 2013 /14 % Change | 2012 /13 % Change | 2011 /12 % Change | 2010 /11 % Change | 2009 /10 % Change |
|--------------------------------------------------------------------|-------|------|------|-------|------|------|------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Total Current Assets                                               | 1,153 | 894  | 991  | 1,060 | 990  | 921  | 847  | 29%               | -10%              | -7%               | 7%                | 7%                | 9%                |
| Total Current Liabilities                                          | 451   | 362  | 385  | 400   | 335  | 530  | 553  | 24%               | -6%               | -4%               | 19%               | -37%              | -4%               |
| Working Capital (WC)                                               | 702   | 532  | 605  | 660   | 655  | 391  | 295  | 32%               | -12%              | -8%               | 1%                | 68%               | 33%               |
| WC/Curr. Liab Ratio                                                | 1.6   | 1.5  | 1.6  | 1.6   | 2.0  | 0.7  | 0.5  | 6%                | -7%               | -5%               | -16%              | 165%              | 38%               |
| <b>Table-B</b><br><b>Working Capital Directors' Advance Cover</b>  | 2015  | 2014 | 2013 | 2012  | 2011 | 2010 | 2009 | 2014 /15 % Change | 2013 /14 % Change | 2012 /13 % Change | 2011 /12 % Change | 2010 /11 % Change | 2009 /10 % Change |
| Working Capital                                                    | 702   | 532  | 605  | 660   | 655  | 391  | 295  | 32%               | -12%              | -8%               | 1%                | 68%               | 33%               |
| Directors' Advance                                                 | 767   | 674  | 641  | 693   | 654  | 472  | 496  | 14%               | 5%                | -8%               | 6%                | 39%               | -5%               |
| WC / Directors' Advance Cover                                      | -64   | -142 | -35  | -34   | 0    | -82  | -201 | -55%              | 302%              | 4%                | 23,258%           | 100%              | -59%              |
| WC / Directors' Advance % Cover                                    | 92%   | 79%  | 95%  | 95%   | 100% | 83%  | 59%  | 16%               | -16%              | -1%               | -5%               | 21%               | 39%               |

**10.3** *Working capital (Table-A)* as a percentage of current liabilities improved marginally in 2015, bringing it to the median five-year level of 1.6; which means that the Company's liquidity buffer was equal to 1.6 times its current liabilities. A relatively good position but one which could improve immensely if the Company were able to accumulate sustained and modest levels of retained earnings.

**10.4** **(Table-B)** The usual annual accumulation of directors' fees accounts in the main for the Directors' Advance of \$767,000. Working capital at \$702,000 was not sufficient to cover this long term liability. The Company may have to convert this liability into share capital unless it is able to turn around its poor profitability performance. Additionally, there is a strong case to freeze directors' fees unless and until sustained modest net profits are realized in the near and medium term.

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

**10.5** (Table-DAL) In 2009 Directors' Advance represented 47% of Total Liabilities. The proportion has now grown to 63% and appears to be intractable, additional evidence that the Company needs to address how it intends to treat with this hard core liability. If the past and current earnings trajectory continues into the future, repayment of the liability would require liquidation of the Company, an option Employee/Shareholders, the largest voting bloc, may not consider desirable. There is therefore a case for converting the liability into permanent share capital, a matter which would require the consent of the individual Directors to whom these sums are owed.

| <b>Table-B1</b><br><b>Current Asset Mix</b>        | <u>2015</u>           | <u>2014</u>           | <u>2013</u>           | <u>2012</u>           | <u>2011</u>           | <u>2010</u>           | <u>2009</u>           |
|----------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Cash & equivalents                                 | 167                   | 97                    | 94                    | 188                   | 151                   | 201                   | 259                   |
| Accounts receivable                                | 414                   | 412                   | 385                   | 487                   | 440                   | 405                   | 351                   |
| Inventory & WIP                                    | 572                   | 385                   | 512                   | 385                   | 399                   | 315                   | 238                   |
| Total Current Assets                               | 1,153                 | 894                   | 991                   | 1,060                 | 990                   | 921                   | 847                   |
| <b>Table-B2</b><br><b>Current Liability Mix</b>    | <u>2015</u>           | <u>2014</u>           | <u>2013</u>           | <u>2012</u>           | <u>2011</u>           | <u>2010</u>           | <u>2009</u>           |
| Trade creditors                                    | 197                   | 109                   | 121                   | 99                    | 17                    | 233                   | 274                   |
| Provision for taxation                             | 181                   | 182                   | 197                   | 235                   | 254                   | 231                   | 214                   |
| Other A/Cs payable                                 | 74                    | 73                    | 68                    | 68                    | 66                    | 66                    | 65                    |
| Total Payable & Accruals                           | 451                   | 362                   | 385                   | 400                   | 335                   | 530                   | 553                   |
| <b>Table-B1a</b><br><b>Current Asset % Mix</b>     | <u>2015 %<br/>Mix</u> | <u>2014 %<br/>Mix</u> | <u>2013 %<br/>Mix</u> | <u>2012 %<br/>Mix</u> | <u>2011 %<br/>Mix</u> | <u>2010 %<br/>Mix</u> | <u>2009 %<br/>Mix</u> |
| Cash & cash equivalents                            | 14%                   | 11%                   | 9%                    | 18%                   | 15%                   | 22%                   | 31%                   |
| Accounts receivable                                | 36%                   | 46%                   | 39%                   | 46%                   | 44%                   | 44%                   | 41%                   |
| Inventory & WIP                                    | 50%                   | 43%                   | 52%                   | 36%                   | 40%                   | 34%                   | 28%                   |
| Total Current Assets                               | 100%                  | 100%                  | 100%                  | 100%                  | 100%                  | 100%                  | 100%                  |
| <b>Table-B2a</b><br><b>Current Liability % Mix</b> | <u>2015 %<br/>Mix</u> | <u>2014 %<br/>Mix</u> | <u>2013 %<br/>Mix</u> | <u>2012 %<br/>Mix</u> | <u>2011 %<br/>Mix</u> | <u>2010 %<br/>Mix</u> | <u>2009 %<br/>Mix</u> |
| Trade creditors                                    | 44%                   | 30%                   | 32%                   | 25%                   | 5%                    | 44%                   | 49%                   |
| Provision for taxation                             | 40%                   | 50%                   | 51%                   | 59%                   | 76%                   | 44%                   | 39%                   |
| Other accounts payables                            | 16%                   | 20%                   | 18%                   | 17%                   | 20%                   | 12%                   | 12%                   |
| Total Accounts Payable & Accruals                  | 100%                  | 100%                  | 100%                  | 100%                  | 100%                  | 100%                  | 100%                  |

**10.6** Table-B2a indicates that provision for taxation, as a percentage of total current assets, has declined steadily from the 2011 high of 76% to a 6-year low of 40%. The lacklustre profitability performance which has permeated operations for the last seven years, with cumulative losses exceeding cumulative profits, will effectively cause this trend to continue uninterrupted, unless there is a solid turnaround in bottom-line performance.

**10.7** It is noteworthy that inventory, at \$572,000 in 2015, reached a 7-year high, despite a realization that such high levels represent a drag on inventory turnover performance. One might argue that since materials cost to sales ratio was at the low level of 21% in 2015, that the Company took advantage of low import costs by stock-piling raw materials.

**10.8** But such decisions should be undertaken based on a deliberate strategy which anticipates market conditions of high sales growth to mitigate the cost of stock-piling inventory.

| <b>Table-AR-1</b>                                      |         |      |       |       |     |       |                                        |      |       |       |     |       |
|--------------------------------------------------------|---------|------|-------|-------|-----|-------|----------------------------------------|------|-------|-------|-----|-------|
| <b>2014 Accounts Receivable Aging Schedule Summary</b> |         |      |       |       |     |       |                                        |      |       |       |     |       |
| <b>Accounts Receivable Aging Mix</b>                   |         |      |       |       |     |       | <b>Accounts Receivable % Aging Mix</b> |      |       |       |     |       |
|                                                        | 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%  |

**10.9** **Table-AR-1** reflects improvement in the age of Accounts Receivable with those categorized as current or up to 30 days old representing 31% of the 2015 mix, 11% points better than the 20% recorded in 2014. The greater than 90-days-old category shrunk from 71% to 61%, good progress but with room for improvement.

**10.10** An examination of the actual Accounts Receivable Aging Schedule revealed that Statutory Bodies and Government accounted for approximately 20% of the greater than 90-days-old category. Individuals and businesses accounted for the remainder. A detailed examination of the entire portfolio is planned for 2016 to ascertain precisely which accounts are considered collectible and which should be deemed uncollectible and written off directly against Bad Debt Provisions.

| <b>Table-T1</b>                                            | 2015       | 2014       | 2013       | 2012       | 2011       | 2010       | 2014/<br>15 %<br>Change | 2013/<br>14 %<br>Change | 2012/<br>13 %<br>Change | 2011/<br>12 %<br>Change | 2010/<br>11 %<br>Change |
|------------------------------------------------------------|------------|------------|------------|------------|------------|------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Inventory Turnover Rates</b>                            |            |            |            |            |            |            |                         |                         |                         |                         |                         |
| Cost of goods manufactured & sold                          | 868        | 1,004      | 847        | 915        | 797        | 729        | -14%                    | 19%                     | -7%                     | 15%                     | 9%                      |
| Inventory end of current year                              | 572        | 385        | 512        | 385        | 399        | 315        | 49%                     | 25%                     | 33%                     | -4%                     | 27%                     |
| Inventory end of previous                                  | 385        | 512        | 385        | 399        | 315        | 238        | 25%                     | 33%                     | -4%                     | 27%                     | 32%                     |
| <u>Average Inventory = Year-1+Year-2 inventory/2</u>       | <u>479</u> | <u>449</u> | <u>448</u> | <u>392</u> | <u>357</u> | <u>276</u> | <u>7%</u>               | <u>0%</u>               | <u>14%</u>              | <u>10%</u>              | <u>29%</u>              |
| Inventory Turnover =cost of goods sold / average inventory | 1.8        | 2.2        | 1.9        | 2.3        | 2.2        | 2.6        | 19%                     | 18%                     | 19%                     | 4%                      | -15%                    |
| # of months to turnover inventory = Inventory turnover/12  | 6.6        | 5.4        | 6.4        | 5.1        | 5.4        | 4.5        | 23%                     | 16%                     | 24%                     | -4%                     | 18%                     |

**10.11** **Table-T1** paints a dismal inventory turnover picture during the 2015 financial year, with the Company taking 6.6 months to sell average inventory, the worst performance in six years. The Company's target period for selling inventory is set to fluctuate within the range of **3.4 months to 4.8 months**, a level achieved during the past six years only in 2010 when time to sell average inventory settled at 4.5 months. If the Company implements a recommendation to start evaluating inventory on a quarterly basis, the information gained from the exercise will give Management the flexibility to take tactical action to reduce or increase purchases in line with inventory turnover guidelines.

## 10.12 Capital Resources

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

| <b>Table-EL</b><br><b>Equity (with and</b><br><b>without Revaluation</b><br><b>Reserve) to Liability</b><br><b>Ratio</b> | 2015  | 2014  | 2013  | 2012  | 2011  | 2010  | 2009  | 2014<br>/15<br>%<br>Chan<br>ge | 2013<br>/14<br>%<br>Chan<br>ge | 2012<br>/13<br>%<br>Chan<br>ge | 2011<br>/12<br>%<br>Chan<br>ge | 2010<br>/11<br>%<br>Chan<br>ge | 2009<br>/10<br>%<br>Chan<br>ge |
|--------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|-------|-------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Equity (including Revaluation Reserve)                                                                                   | 1,342 | 1,290 | 1,424 | 1,496 | 1,465 | 1,388 | 1,269 | 4%                             | -9%                            | -5%                            | 2%                             | 6%                             | -9%                            |
| Revaluation Reserve                                                                                                      | 1,468 | 1,468 | 1,468 | 1,468 | 1,468 | 1,468 | 1,468 | 0%                             | 0%                             | 0%                             | 0%                             | 0%                             | 0%                             |
| Equity (excluding Revaluation Reserve)                                                                                   | -126  | -178  | -45   | 28    | -3    | -80   | -199  | -29%                           | 300%                           | -259%                          | -1156%                         | -97%                           | -60%                           |
| Total Liabilities                                                                                                        | 1,220 | 1,038 | 1,028 | 1,054 | 952   | 1,002 | 1,048 | 18%                            | 1%                             | -3%                            | 11%                            | -5%                            | -4%                            |
| Equity (including Revaluation Reserve) to Liabilities Ratio                                                              | 1.10  | 1.24  | 1.38  | 1.42  | 1.54  | 1.38  | 1.21  | -12%                           | -10%                           | -2%                            | 0.0%                           | 0.0%                           | 0.0%                           |
| Equity (excluding Revaluation Reserve) to Liabilities Ratio                                                              | -0.10 | -0.17 | -0.04 | 0.03  | 0.00  | -0.08 | -0.19 | -40%                           | 296%                           | -263%                          | 0.0%                           | 0.0%                           | 0.0%                           |

**10.14** **Table-EL** shows that Revaluation Reserve, the surplus realized when the Company's property was re-valued around the turn of the century, exceeded total Shareholders' Equity by \$126,000 at the end of June, 2015. In fact, June 2012 excepting, Revaluation Reserve exceeded Total Equity at the end of each financial year dating back to June 30, 2000! *This disappointing performance is directly attributable to the net overall losses totalling \$250,000 that the Company sustained over the 16-year period ended June 30, 2015.* If APP had instead generated net annual after-tax and after-dividend profits of \$92,000 over the same period, the boost to Shareholders' Equity would have been sufficient to eclipse Revaluation Reserve. Many printing operations with sales turnover at the \$1 million level are able to earn after-tax and after-dividend net profits of \$100,000 annually.

**10.15** During the 5-year financial period 2004 to 2008, APP registered net profits for five consecutive years totalling \$593,000, which amounted to an average annual pre-tax profit of almost \$120,000. Imputing a corporate tax rate of 25%, the amount which accrued to retained earnings (**no dividend payments assumed**) was in the vicinity of \$90,000 per annum. Taking inspiration from this past successful performance interval, the Board of Directors is determined to take remedial action to attain a set of new strategic goals prospectively based on a business plan it intends to commission to guide operations during the period July 2017 to June 2020.

**10.16** It is clear to the Board that if the Company is unable to get onto an annual net profit track, it will require infusions of fresh capital to grow equity to the point whereby Total Shareholders' Equity minus (-) Revaluation Reserve equals the value of Revaluation Reserve. And attracting fresh capital in the face of sub-marginal performance is not viable.

| <b>Table-CA<br/>Capital Adequacy</b> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Net Income for the year              | 52          | -134        | -72         | 31          | 77          | 119         | -76         |
| Accumulated Deficit                  | -317        | -368        | -235        | -162        | -193        | -270        | -389        |
| Revaluation Reserve                  | 1,468       | 1,468       | 1,468       | 1,468       | 1,468       | 1,468       | 1,468       |
| Total Shareholders' Equity           | 1,342       | 1,290       | 1,424       | 1,496       | 1,465       | 1,388       | 1,269       |
| Gross Profit Margin %                | 27.1%       | 11.6%       | 25.0%       | 29.2%       | 33.5%       | 33.3%       | 14.6%       |

**10.17** When we sum the net profit and loss displayed in **Table-CA** over the 7-year period ended June 30, 2015, we arrive at a net cumulative loss of \$3,000. Targeting and succeeding in attaining a annual net pre-tax profit of \$125,000 over the next three years can liquidate the 2015 Accumulated Deficit of \$317,000. And if this minimum goal is achieved over the long term, retained earnings will eventually cover the full value of the Revaluation Reserve and put the Company's capital in proper balance. Targeted cost controls, smart marketing, proper inventory management, quarterly financial reporting, business plan target-setting and other strategic activities will populate our strategy plan.

**10.18** 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

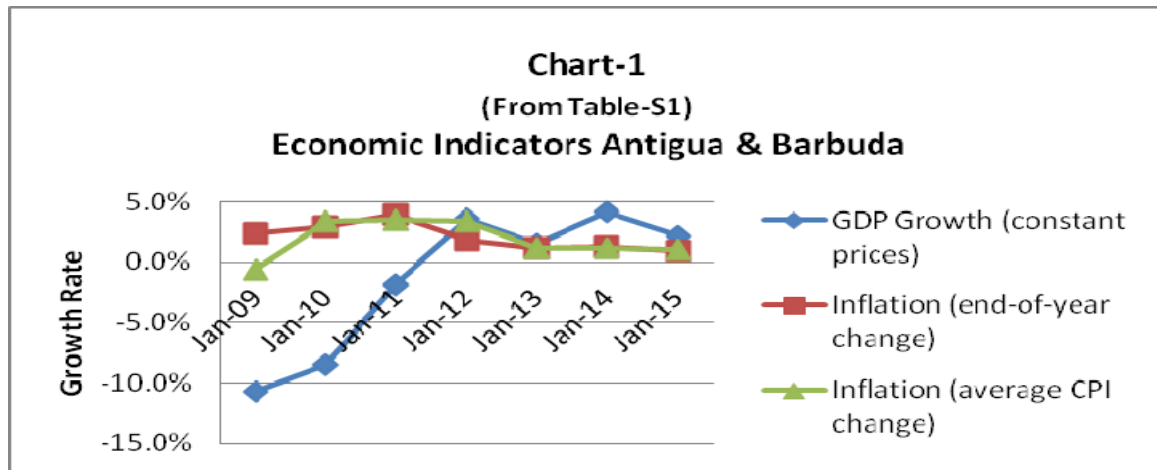
In discussing results of operations, issuers should highlight the company's products and services, facilities and future direction. There should be a discussion of operating considerations and unusual events, which have influenced results for the reporting period. Additionally, any trends or uncertainties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

### 10.19 Continuing Salary & Wage Freeze



|                                                | Dec-09 | Dec-10 | Dec-11 | Dec-12 | Dec-13 | Dec-14 | Dec-15 |
|------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| GDP Growth ( <i>constant prices</i> )          | -10.7% | -8.5%  | -1.9%  | 3.6%   | 1.5%   | 4.2%   | 2.2%   |
| Inflation ( <i>end-of-year change</i> )        | 2.4%   | 2.9%   | 4.0%   | 1.8%   | 1.1%   | 1.3%   | 0.9%   |
| Inflation ( <i>average CPI change</i> )        | -0.6%  | 3.4%   | 3.5%   | 3.4%   | 1.1%   | 1.1%   | 1.0%   |
| GDP per Capita ( <i>constant prices</i> ) EC\$ | 31     | 28     | 36     | 38     | 28     | 29     | 29     |

**10.20** Per Capita GDP growth remained flat in Antigua & Barbuda for the third consecutive year ended 2015 as did inflationary pressure, measured by the virtual non-movement of the CPI. As a matter of fact, the end of year inflation rate actually fell from 1.3% in 2014 to 0.9% in 2015. The safety valve provided by these weak movements in economic indicators allied with a full 2% point deceleration in GDP growth at constant prices, are all indications of a continuing weak labour market. This observation paired with the losses sustained by APP over the last 16 years continues to provide the rationale for maintaining the salaries and wages freeze imposed in 2008.

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

**10.21** Salaries & wages remain unchanged from the 2014 level of \$620,000 due to the Company's past net losses and ameliorating effects of a weak labour market on the industrial relations climate and Employees' almost 50% ownership of the Company.

## 10.22 Operating Performance

| <b>Table-T</b><br><b>Gross Profit Margin %</b> | 2015         | 2014         | 2013         | 2012         | 2011         | 2010         | 2009         | 2014<br>/15 %<br>Change | 2013<br>/14 %<br>Change | 2012<br>/13 %<br>Change | 2011<br>/12 %<br>Change | 2010<br>/11 %<br>Change | 2009<br>/10 %<br>Change |
|------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Cost of goods sold                             | 868          | 1,004        | 847          | 915          | 797          | 729          | 1,033        | -14%                    | 19%                     | -7%                     | 15%                     | 9%                      | -29%                    |
| Sales                                          | 1,186        | 1,136        | 1,129        | 1,308        | 1,200        | 1,093        | 1,210        | 4%                      | 1%                      | -14%                    | 9%                      | 10%                     | -10%                    |
| Cost of each sales dollar                      | <u>0.73</u>  | <u>0.88</u>  | <u>0.75</u>  | <u>0.70</u>  | <u>0.66</u>  | <u>0.67</u>  | <u>0.85</u>  | -17%                    | 18%                     | 7%                      | 5%                      | 0%                      | -22%                    |
| Cost of goods to Sales Ratio                   | <u>73%</u>   | <u>88%</u>   | <u>75%</u>   | <u>70%</u>   | <u>66%</u>   | <u>67%</u>   | <u>85%</u>   | -17%                    | 18%                     | 7%                      | 5%                      | 0%                      | -22%                    |
| Gross Margin                                   | 318          | 132          | 282          | 393          | 402          | 364          | 176          | 142%                    | -53%                    | -28%                    | -2%                     | 11%                     | 107%                    |
| Sales                                          | 1,186        | 1,136        | 1,129        | 1,308        | 1,200        | 1,093        | 1,210        | 4%                      | 1%                      | -14%                    | 9%                      | 10%                     | -10%                    |
| Gross profit per sales \$                      | <u>0.27</u>  | <u>0.12</u>  | <u>0.25</u>  | <u>0.30</u>  | <u>0.34</u>  | <u>0.33</u>  | <u>0.15</u>  | 131%                    | -54%                    | -17%                    | -10%                    | 1%                      | 129%                    |
| Gross Margin %                                 | <u>26.8%</u> | <u>11.6%</u> | <u>25.0%</u> | <u>30.1%</u> | <u>33.5%</u> | <u>33.3%</u> | <u>14.6%</u> | 131%                    | -54%                    | -17%                    | -10%                    | 1%                      | 129%                    |

**10.23 Table-T:** Although at 27%, gross profit margin is a far cry from the 12% recorded in 2014, APP was still below its minimum target level of 30%. A performance of 30% or higher is usually required in order for the Company to remain profitable.

| <b>Table-NPGP-1</b><br><b>Comparing Net Profit with Gross Profit Margin</b> | 2007  | 2006  | 2005  | 2004  | 2003   | 2002  | 2001  | 2000  |
|-----------------------------------------------------------------------------|-------|-------|-------|-------|--------|-------|-------|-------|
| Net Profit (after-tax)                                                      | 123   | 209   | 98    | 61    | -622   | -93   | -1    | -122  |
| Gross Profit Margin to Sales Ratio                                          | 40.2% | 39.3% | 42.2% | 31.5% | -10.6% | 28.0% | 19.2% | 11.3% |
| <b>Table-NPGP-2</b><br><b>Comparing Net Profit with Gross Profit Margin</b> | 2015  | 2014  | 2013  | 2012  | 2011   | 2010  | 2009  | 2008  |
| Net Profit (after-tax)                                                      | 52    | -134  | -72   | 31    | 77     | 119   | -76   | 102   |
| Gross Profit Margin to Sales Ratio                                          | 27.1% | 11.6% | 25.0% | 29.2% | 33.5%  | 33.3% | 17.2% | 34.4% |

**10.24** When we review the historical data provided in **Tables-NPGP-1&2**, we notice that at intervals in past years, even gross profit margins of 42% in 2005 and 34% in 2008 resulted in net profits of approximately \$100,000, indicating that other variables such as movements in Administrative Costs also have an impact on Net Profit. Nonetheless, the data supports the Company's position that Gross Profit Margins above the target 30% minimum are required to generate a sustainable level of relatively healthy net profits.



| <b>Table-Z5<br/>Cost of Goods<br/>Manufactured &amp;<br/>Sold - Growth</b> | <u>2014</u><br><u>/15</u><br><u>Chang</u><br>£ | <u>2013</u><br><u>/14</u><br><u>Chang</u><br>£ | <u>2012</u><br><u>/13</u><br><u>Chang</u><br>£ | <u>2011</u><br><u>/12</u><br><u>Chang</u><br>£ | <u>2010</u><br><u>/11</u><br><u>Chang</u><br>£ | <u>2009</u><br><u>/10</u><br><u>Chang</u><br>£ | <u>2014</u><br><u>/15 %</u><br><u>Chang</u><br>£ | <u>2013</u><br><u>/14 %</u><br><u>Chang</u><br>£ | <u>2012</u><br><u>/13 %</u><br><u>Chang</u><br>£ | <u>2011</u><br><u>/12 %</u><br><u>Chang</u><br>£ | <u>2010</u><br><u>/11 %</u><br><u>Chang</u><br>£ | <u>2009</u><br><u>/10 %</u><br><u>Chang</u><br>£ |                                       |                                       |
|----------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|---------------------------------------|---------------------------------------|
| Total Manufactured Goods Materials Costs                                   | -138                                           | 54                                             | 9                                              | 145                                            | 22                                             | -249                                           | -36%                                             | 16%                                              | 3%                                               | 83%                                              | 14%                                              | -62%                                             |                                       |                                       |
| Direct Labour                                                              | 7                                              | 70                                             | -48                                            | -48                                            | 65                                             | 10                                             | 1%                                               | 15%                                              | -10%                                             | -9%                                              | 13%                                              | 2%                                               |                                       |                                       |
| Depreciation - Factory                                                     | 0                                              | -1                                             | -14                                            | -8                                             | -7                                             | -1                                             | 0%                                               | -7%                                              | -42%                                             | -19%                                             | -15%                                             | -2%                                              |                                       |                                       |
| Insurance                                                                  | 0                                              | 0                                              | 0                                              | 0                                              | 0                                              | -32                                            |                                                  |                                                  |                                                  |                                                  |                                                  | -100%                                            |                                       |                                       |
| Light Power & Water                                                        | -6                                             | -1                                             | 7                                              | 6                                              | -1                                             | -2                                             | -16%                                             | -3%                                              | 21%                                              | 24%                                              | -5%                                              | -7%                                              |                                       |                                       |
| Repairs - Plant                                                            | 2                                              | 36                                             | -22                                            | 22                                             | -10                                            | -30                                            | 4%                                               | 564%                                             | -77%                                             | 361%                                             | -63%                                             | -65%                                             |                                       |                                       |
| <b>Cost of Goods<br/>Manufactured &amp; Sold<br/>(COGS)</b>                | <b>-136</b>                                    | <b>157</b>                                     | <b>-68</b>                                     | <b>117</b>                                     | <b>68</b>                                      | <b>-304</b>                                    | <b>-14%</b>                                      | <b>19%</b>                                       | <b>-7%</b>                                       | <b>15%</b>                                       | <b>9%</b>                                        | <b>-29%</b>                                      |                                       |                                       |
| <b>Table-Z5<br/>Cost of Goods<br/>Manufactured &amp;<br/>Sold - % Mix</b>  | 2015                                           | 2014                                           | 2013                                           | 2012                                           | 2011                                           | 2010                                           | 2009                                             | <u>2015</u><br><u>%</u><br><u>Mix</u>            | <u>2014</u><br><u>%</u><br><u>Mix</u>            | <u>2013</u><br><u>%</u><br><u>Mix</u>            | <u>2012</u><br><u>%</u><br><u>Mix</u>            | <u>2011</u><br><u>%</u><br><u>Mix</u>            | <u>2010</u><br><u>%</u><br><u>Mix</u> | <u>2009</u><br><u>%</u><br><u>Mix</u> |
| Total Manufactured Goods Materials Costs                                   | 243                                            | 382                                            | 328                                            | 319                                            | 174                                            | 152                                            | 401                                              | 28%                                              | 38%                                              | 39%                                              | 35%                                              | 22%                                              | 21%                                   | 39%                                   |
| Direct Labour                                                              | 531                                            | 524                                            | 454                                            | 502                                            | 550                                            | 485                                            | 475                                              | 61%                                              | 52%                                              | 54%                                              | 55%                                              | 69%                                              | 67%                                   | 46%                                   |
| Depreciation - Factory                                                     | 18                                             | 18                                             | 19                                             | 33                                             | 41                                             | 48                                             | 49                                               | 2%                                               | 2%                                               | 2%                                               | 4%                                               | 5%                                               | 7%                                    | 5%                                    |
| Insurance                                                                  | 0                                              | 0                                              | 0                                              | 0                                              | 0                                              | 0                                              | 32                                               | 0%                                               | 0%                                               | 0%                                               | 0%                                               | 0%                                               | 0%                                    | 3%                                    |
| Light Power & Water                                                        | 32                                             | 38                                             | 40                                             | 33                                             | 26                                             | 28                                             | 30                                               | 4%                                               | 4%                                               | 5%                                               | 4%                                               | 3%                                               | 4%                                    | 3%                                    |
| Repairs - Plant                                                            | 44                                             | 42                                             | 6                                              | 28                                             | 6                                              | 17                                             | 47                                               | 5%                                               | 4%                                               | 1%                                               | 3%                                               | 1%                                               | 2%                                    | 5%                                    |
| <b>Cost of Goods<br/>Manufactured &amp; Sold<br/>(COGS)</b>                | <b>868</b>                                     | <b><u>100</u><br/>4</b>                        | <b>847</b>                                     | <b>915</b>                                     | <b>797</b>                                     | <b>729</b>                                     | <b><u>103</u><br/>3</b>                          | <b><u>100</u><br/>%</b>                          | <b><u>100</u><br/>%</b>                          | <b><u>100</u><br/>%</b>                          | <b><u>100</u><br/>%</b>                          | <b><u>100</u><br/>%</b>                          | <b><u>100</u><br/>%</b>               | <b><u>100</u><br/>%</b>               |

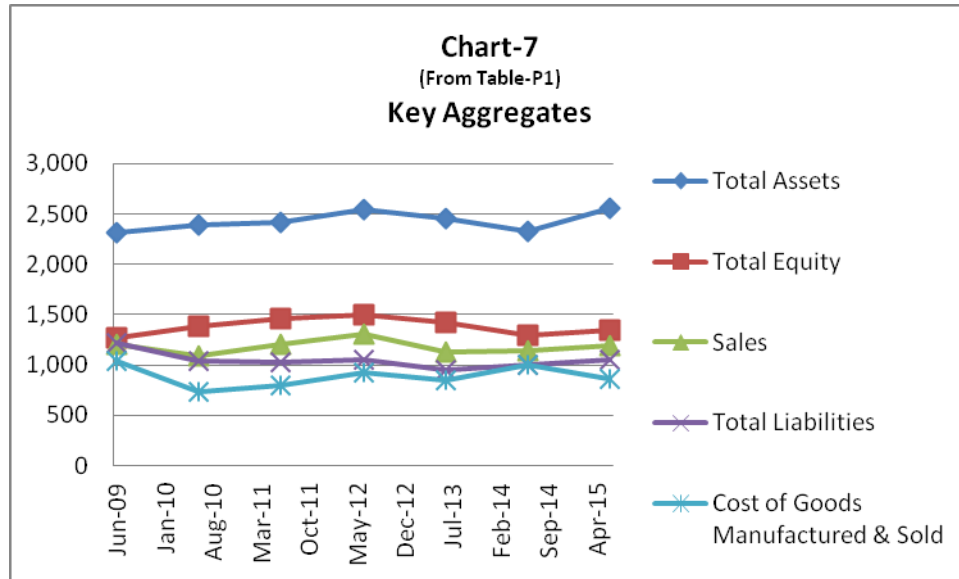
**10.25 Table-Z5:** The significant improvement in Gross Profit Margin between 2014 and 2015 is attributable mainly to a \$138,000 decline in manufactured goods materials cost. Growth in cost in the other manufacturing and sales area was negligible.

| <b>Table-Z3<br/>Aggregate<br/>Repairs</b> | 2015      | 2014      | 2013      | 2012      | 2011      | 2010      | 2009      | <u>2014</u><br><u>/15 %</u><br><u>Chang</u><br>£ | <u>2013</u><br><u>/14 %</u><br><u>Chang</u><br>£ | <u>2012</u><br><u>/13 %</u><br><u>Chang</u><br>£ | <u>2011</u><br><u>/12 %</u><br><u>Chang</u><br>£ | <u>2010</u><br><u>/11 %</u><br><u>Chang</u><br>£ | <u>2009</u><br><u>/10 %</u><br><u>Chang</u><br>£ |
|-------------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Repairs Office Equipment                  | 3         | 1         | 11        | 17        | 30        | 5         | 10        | 104%                                             | -88%                                             | -32%                                             | -44%                                             | 490%                                             | -50%                                             |
| Repairs & Maint'ce - General              | 3         | 3         | 4         | 2         | 3         | 1         | 0         | 0%                                               | -8%                                              | 63%                                              | -20%                                             | 243%                                             | #DIV /0!                                         |
| Repairs - Plant                           | 44        | 42        | 6         | 28        | 6         | 17        | 47        | 4%                                               | 564%                                             | -77%                                             | 361%                                             | -63%                                             | -65%                                             |
| <b>Total</b>                              | <b>50</b> | <b>47</b> | <b>21</b> | <b>47</b> | <b>38</b> | <b>22</b> | <b>57</b> | <b>7%</b>                                        | <b>120%</b>                                      | <b>-55%</b>                                      | <b>22%</b>                                       | <b>72%</b>                                       | <b>-61%</b>                                      |

**10.26** Repairs and maintenance outlays in 2014 and 2015 were virtually identical. The age of the plant calls for a continuation of this level of expense for the foreseeable future.

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

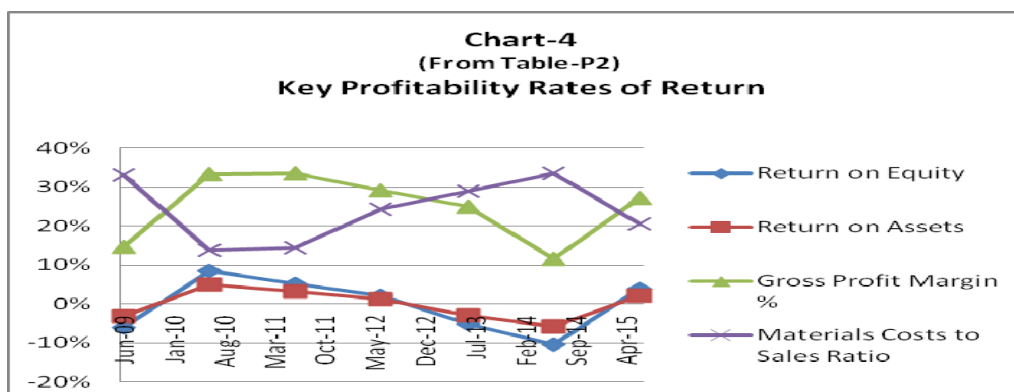
### **Summary of Operating Performance**



| <b><u>Table-P1</u></b><br><b><u>Key Aggregates</u></b> | <u>Jun-</u><br><u>09</u> | <u>Jun-</u><br><u>10</u> | <u>Jun-</u><br><u>11</u> | <u>Jun-</u><br><u>12</u> | <u>Jun-</u><br><u>13</u> | <u>Jun-</u><br><u>14</u> | <u>Jun-</u><br><u>15</u> |
|--------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Total Assets                                           | 2,317                    | 2,390                    | 2,418                    | 2,550                    | 2,451                    | 2,328                    | 2,561                    |
| Total Equity                                           | 1,269                    | 1,388                    | 1,465                    | 1,496                    | 1,424                    | 1,290                    | 1,342                    |
| Sales                                                  | 1,210                    | 1,093                    | 1,200                    | 1,308                    | 1,129                    | 1,136                    | 1,186                    |
| Total Liabilities                                      | 1,220                    | 1,038                    | 1,028                    | 1,054                    | 952                      | 1,002                    | 1,048                    |
| Cost of Goods Manufactured & Sold                      | 1,033                    | 729                      | 797                      | 927                      | 847                      | 1,004                    | 865                      |
| Net Profit (after-tax)                                 | -76                      | 119                      | 77                       | 31                       | -72                      | -134                     | 52                       |

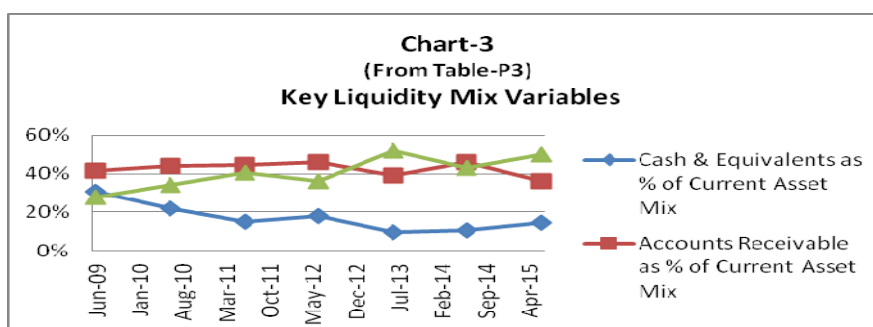
**-----> remember figures are stated in the reverse order in this section--->**  
**That is from 2009 to 2015 instead of from 2015 to 2009**

**10.27** It is noteworthy that Sales have failed to attain the 7-year high of \$1,308,000 reached in 2012



|                                | Jun-09 | Jun-10 | Jun-11 | Jun-12 | Jun-13 | Jun-14 | Jun-15 |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Return on Equity               | -6%    | 9%     | 5%     | 2%     | -5%    | -10%   | 4%     |
| Return on Assets               | -3%    | 5%     | 3%     | 1%     | -3%    | -6%    | 2%     |
| Gross Profit Margin %          | 15%    | 33%    | 34%    | 29%    | 25%    | 12%    | 27%    |
| Materials Costs to Sales Ratio | 33%    | 14%    | 14%    | 24%    | 29%    | 34%    | 21%    |

**10.28** Although the Company posted a recovery in 2015, following two consecutive years of negative returns on equity, the 2015 4% return on equity was inadequate. To properly reverse the Company's fortunes, APP would need to produce consistent returns of the order of 10% or higher.



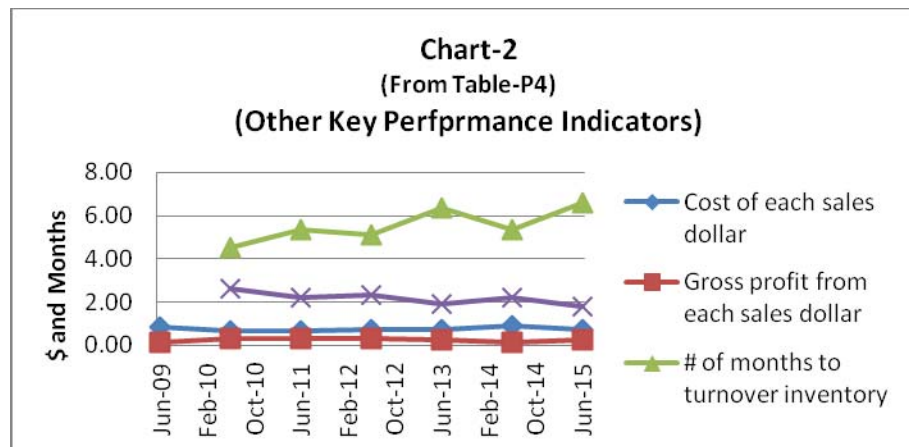
|                                               | Jun-09 | Jun-10 | Jun-11 | Jun-12 | Jun-13 | Jun-14 | Jun-15 |
|-----------------------------------------------|--------|--------|--------|--------|--------|--------|--------|
| Cash & Equivalents as % of Current Asset Mix  | 31%    | 22%    | 15%    | 18%    | 9%     | 11%    | 14%    |
| Accounts Receivable as % of Current Asset Mix | 41%    | 44%    | 44%    | 46%    | 39%    | 46%    | 36%    |
| Inventory & WIP as % of Current Asset Mix     | 28%    | 34%    | 40%    | 36%    | 52%    | 43%    | 50%    |

**10.29** The Company continues to struggle with keeping its inventory levels within the target range of 30% to 35% of current asset mix. It overshot its target for five consecutive years ended 2015.

**10.30** For the most part the 40% to 50% target range for Accounts Receivable has remained in compliance.

**10.31** During the last three years of the 7-year review period ended June 2015, Cash as a percentage of total current assets kept below the 15% to 20% target range, but was within the range or higher in the previous 4-year period.

**10.32** Provided Management is able to contain inventory within the stipulated target range, as well as simultaneously boost the effectiveness of its debt collection activity, all current asset elements are expected to operate within target boundaries.



| <b>Table-P4</b><br><b>Other Key Performance Indicators</b> | <u>Jun-</u><br><u>09</u> | <u>Jun-</u><br><u>10</u> | <u>Jun-</u><br><u>11</u> | <u>Jun-</u><br><u>12</u> | <u>Jun-</u><br><u>13</u> | <u>Jun-</u><br><u>14</u> | <u>Jun-</u><br><u>15</u> |
|------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Cost of each sales dollar                                  | 0.85                     | 0.67                     | 0.66                     | 0.70                     | 0.75                     | 0.88                     | 0.73                     |
| Gross profit from each sales dollar                        | 0.15                     | 0.33                     | 0.34                     | 0.30                     | 0.25                     | 0.12                     | 0.27                     |
| # of months to turnover inventory                          | 0.00                     | 4.54                     | 5.37                     | 5.14                     | 6.35                     | 5.36                     | 6.62                     |
| Inventory Turnover                                         |                          | 2.64                     | 2.23                     | 2.33                     | 1.89                     | 2.24                     | 1.81                     |
| Net Profit (after-tax)                                     |                          | -76                      | 119                      | 77                       | 31                       | -72                      | -134                     |

**10.33** APP's target cost for each \$1.00 of sales is set to fluctuate within a range of **65 cents to 70 cents** maximum. During the 7-year review period, the Company violated its target with costs ranging from 73 cents in 2015 to 88 cents in 2014. This continuous variability in cost performance is the principal feature accounting for the 16-year (2000-2015) net cumulative loss of \$250,000.

**10.34** That the Company turned a profit of \$52,000 in 2015 is encouraging; but as the old cliché claims, one year's progress does not establish a trend. Nevertheless, 2016-17 prospective action to produce a business plan to guide future company focus, in conjunction with introduction of a budget cycle and quarterly financial and operations reporting for consideration and action by the Board at its scheduled board meetings, portends renewed vigour and enthusiasm for a different future for APP. That is one based on strict accountability, performance management and adoption of modern corporate governance principles and conventions.

**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 2015 (**submitted under separate cover**)

**ANTIGUA PRINTING AND PUBLISHING LIMITED**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2015**

| <b><u>C O N T E N T S</u></b>               | <b><u>Page</u></b> |
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| 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 - 13             |
| COST OF GOODS MANUFACTURED AND SOLD         | 14                 |
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**ALLEN, THOMAS & ASSOCIATES**  
**Chartered Accountants**

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

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

Page 1

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

We have reviewed the Statement of Financial Position of Antigua Printing and Publishing Limited as at 30<sup>th</sup> June 2015 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 30<sup>th</sup> June, 2015 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:  
8<sup>th</sup> November 2016



Allen, Thomas & Associates  
Chartered Accountants

**ANTIGUA PRINTING AND PUBLISHING LIMITED****STATEMENT OF FINANCIAL POSITION****AT 30<sup>TH</sup> JUNE 2015****(Expressed in Eastern Caribbean Dollars)**

| <b>Assets</b>                                      | <b>Notes</b> | <b><u>2015</u></b> | <b><u>2014</u></b> |
|----------------------------------------------------|--------------|--------------------|--------------------|
| <b>Current Assets</b>                              |              |                    |                    |
| Cash at bank and on hand                           |              | 166,782            | 96,546             |
| Accounts Receivable and prepayments                | 4            | 414,069            | 412,402            |
| Inventory and work-in-progress                     | 5            | 572,433            | 385,164            |
| <b>Total Current Assets</b>                        |              | <u>1,153,284</u>   | <u>894,112</u>     |
| <b>Non-Current Assets</b>                          |              |                    |                    |
| Plant and Machinery                                | 6            | 1,407,997          | 1,433,570          |
| <b>Total Assets</b>                                |              | <u>\$2,561,281</u> | <u>\$2,327,682</u> |
| <b>Liabilities and Shareholders' Equity:</b>       |              |                    |                    |
| <b>Current Liabilities</b>                         |              |                    |                    |
| Accounts Payable and accruals                      | 7            | 450,808            | 395,189            |
| Note payable                                       |              | 2,000              | 2,000              |
| <b>Total Current Liabilities</b>                   |              | <u>452,808</u>     | <u>397,189</u>     |
| <b>Non-Current Liabilities</b>                     |              |                    |                    |
| Shareholders Advance                               |              | 766,906            | 640,581            |
| <b>Total Non-Current Liabilities</b>               |              | <u>766,906</u>     | <u>640,581</u>     |
| <b>Total Liabilities</b>                           |              | <u>1,219,714</u>   | <u>1,037,770</u>   |
| <b>Shareholders' Equity:</b>                       |              |                    |                    |
| Share Capital                                      | 8            | 190,000            | 190,000            |
| Revaluation Reserve                                | 9            | 1,468,037          | 1,468,037          |
| Share Premium                                      | 10           | 100                | 100                |
| Accumulated Deficit                                |              | (316,570)          | (368,225)          |
| <b>Total Shareholders' Equity</b>                  |              | <u>1,341,567</u>   | <u>1,289,912</u>   |
| <b>Total Liabilities and Shareholders' Equity:</b> |              | <u>\$2,561,281</u> | <u>\$2,327,682</u> |

Approved on behalf of the Board:

: Director

: Director

The notes on pages 6 to 13 form part of these financial statements.



**ANTIGUA PRINTING AND PUBLISHING LIMITED****STATEMENT OF COMPREHENSIVE INCOME****FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2015****(Expressed in Eastern Caribbean Dollars)**

|                                                                   | <u>2015</u>     | <u>2014</u>        |
|-------------------------------------------------------------------|-----------------|--------------------|
| Sales                                                             | 1,186,314       | 1,135,787          |
| <b>Cost of Goods Manufactured and Sold</b> - (Schedule 1) Page 14 | (864,747)       | (1,004,127)        |
|                                                                   | -----           | -----              |
| <b>Gross Margin</b> - :27.11%: 2014: 11.59:%                      | 321,567         | 131,660            |
| Sundry Income                                                     | 49,048          | 26,252             |
|                                                                   | -----           | -----              |
| <b>Income Before Indirect Expenses</b>                            | 370,615         | 157,912            |
|                                                                   | -----           | -----              |
| <b>Indirect Expenses</b>                                          |                 |                    |
| Administrative (Schedule 2) Page 15                               | 306,153         | 287,053            |
| Interest and bank charges                                         | 4,745           | 4,480              |
|                                                                   | -----           | -----              |
|                                                                   | 310,898         | 291,533            |
|                                                                   | -----           | -----              |
| <b>Profit Before taxation</b>                                     | 59,717          | (133,621)          |
| Provision for Taxation                                            | (8,062)         | -                  |
|                                                                   | -----           | -----              |
| <b>Total Comprehensive Loss for the Year</b>                      | <b>\$51,655</b> | <b>\$(133,621)</b> |
|                                                                   | =====           | =====              |

**ANTIGUA PRINTING AND PUBLISHING LIMITED****STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**  
**FOR THE YEAR ENDED 30<sup>TH</sup>JUNE 2015**

(Expressed in Eastern Caribbean Dollars)

|                                                 | Share<br>Capital | Share<br>Premium | Accumulated<br>Deficit | Revaluation<br>Reserve | Total       |
|-------------------------------------------------|------------------|------------------|------------------------|------------------------|-------------|
| Equity at - 30 <sup>th</sup> June 2013          | 190,000          | 100              | (234,604)              | 1,468,037              | 1,423,533   |
| Comprehensive Loss (Page 3)                     | -                | -                | (133,621)              | -                      | (133,621)   |
|                                                 | -----            | -----            | -----                  | -----                  | -----       |
| Equity at – 30 <sup>th</sup> June 2014 (Page 2) | 190,000          | 100              | (368,225)              | 1,468,037              | 1,289,912   |
| Comprehensive Income (Page 3)                   | -                | -                | 51,655                 | -                      | 51,655      |
|                                                 | -----            | -----            | -----                  | -----                  | -----       |
| Equity at – 30 <sup>th</sup> June 2015 (Page 2) | \$190,000        | \$100            | \$(316,570)            | \$1,468,037            | \$1,341,567 |
|                                                 | =====            | =====            | =====                  | =====                  | =====       |

ANTIGUA PRINTING AND PUBLISHING LIMITEDSTATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2015

(Expressed in Eastern Caribbean Dollars)

|                                                       | <u>2015</u> | <u>2014</u> |
|-------------------------------------------------------|-------------|-------------|
| <b>Operating Activities</b>                           |             |             |
| Net Comprehensive Income for the year                 | 51,655      | (133,621)   |
| Add: Non cash item – Depreciation                     | 27,073      | 30,761      |
|                                                       | -----       | -----       |
|                                                       | 78,728      | (102,860)   |
| <br>                                                  |             |             |
| (Increase)/Decrease in Inventory and work-in-progress | (187,269)   | 126,917     |
| Increase/(Decrease) in Payables                       | 55,619      | 9,929       |
| (Increase)/Decrease in Receivables and Prepayments    | (1,667)     | (27,636)    |
|                                                       | -----       | -----       |
| <b>Net Operating Activity</b>                         | (133,317)   | 109,210     |
|                                                       | -----       | -----       |
| <br>                                                  |             |             |
| <b>Investing Activities</b>                           |             |             |
| (Decrease) Purchase of Plant and Equipment            | (1,500)     | (3,580)     |
|                                                       | -----       | -----       |
|                                                       | (1,500)     | (3,580)     |
| <br>                                                  |             |             |
| <b>Financing Activities</b>                           |             |             |
| Increase/(Decrease) Due to Directors                  | 126,325     | -           |
|                                                       | -----       | -----       |
|                                                       | 126,325     | -           |
| <br>                                                  |             |             |
| <b>Net Increase/(Decrease) in cash</b>                | 70,236      | 2,770       |
| <br>                                                  |             |             |
| <b>Cash Balance - Beginning of year</b>               | 96,546      | 93,776      |
|                                                       | -----       | -----       |
| <b>Cash Balance - End of year</b>                     | \$166,782   | \$96,546    |
|                                                       | =====       | =====       |

(Page 6)

**ANTIGUA PRINTING AND PUBLISHING LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2015****(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 25 April 1970 and as amended by the companies Act 1995. It is primarily engaged in offset printing services, the design of stationery, manufacture, sale and distribution of printed products and materials.

**2. Basis of Preparation****a) Statement of Compliance**

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

These financial statements were approved by the Board of Directors on 4<sup>th</sup> November 2016.

**b) Basis of Measurement**

The financial statements are prepared under the historical cost convention.

**c) Functional and Presentation Currency**

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

**d) Use of Estimates and Judgment**

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

**3. Accounting Policies****a) Foreign Currency Translations**

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

**b) Inventories**

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

**c) Cash and cash equivalents**

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

**ANTIGUA PRINTING AND PUBLISHING LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2015**

(Continued)

(Expressed in Eastern Caribbean Dollars)

**3. Accounting Policies - Continued**d) Plant and Equipment

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

|                         |                                            |
|-------------------------|--------------------------------------------|
| Building                | 2% per annum                               |
| Machinery and Equipment | 7% per annum                               |
| Furniture & Fittings    | 5% per annum                               |
| Computer Hardware       | 33 <sup>1</sup> / <sub>3</sub> % 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 30<sup>th</sup> JUNE 2015****(Continued)****(Expressed in Eastern Caribbean Dollars)****3. Accounting Policies - Continued**iii) Un-quoted Investments

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

h) Interest - Bearing Borrowing

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

i) Interest Income

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

i) Related Parties

A party is related to the Company, if:

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

i) The party is and associate of the Company;

ii) The party is a joint venture in which the Company is a venture;

iii) The party is a member of the key management personnel of the Company or its parent

iv) The party is a close member of the family or any individual referred to in (i) or (iii)

v) The party is the entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

vi) The party is a post employment benefit plan for the benefit of employees of the Company or of any Company that is a related party of the Company.

**ANTIGUA PRINTING AND PUBLISHING LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2015****(Continued)****(Expressed in Eastern Caribbean Dollars)**

|                                               |                        |                        |
|-----------------------------------------------|------------------------|------------------------|
| <b>4. Accounts Receivable and Prepayments</b> | <b><u>2015</u></b>     | <b><u>2014</u></b>     |
| Trade Receivables                             | 511,823                | 496,245                |
| Less: Provision for bad debts                 | (111,288)              | (111,288)              |
|                                               | -----                  | -----                  |
|                                               | 400,535                | 384,957                |
| Withholding Tax                               | 4,571                  | 4,571                  |
| Prepaid Expenses                              | -                      | 12,934                 |
| Staff Loan                                    | 11,008                 | 5,259                  |
| Due From TBSL                                 | (1,644)                | 4,282                  |
| Other Receivable                              | (401)                  | 399                    |
|                                               | -----                  | -----                  |
| <b>(Page 2)</b>                               | <b>\$414,069</b>       | <b>\$412,402</b>       |
|                                               | =====                  | =====                  |
| <br><b>5. Inventory</b>                       | <br><b><u>2015</u></b> | <br><b><u>2014</u></b> |
| Paper                                         | 241,926                | 192,900                |
| Less: Provision for obsolescence              | (2,000)                | (3,000)                |
|                                               | -----                  | -----                  |
|                                               | 239,926                | 189,900                |
| Supplies                                      | 243,918                | 123,090                |
| Spare Parts                                   | 66,327                 | 61,647                 |
| Work-in-progress                              | 22,262                 | 10,527                 |
|                                               | -----                  | -----                  |
| <b>(Page 2)</b>                               | <b>\$572,433</b>       | <b>\$385,164</b>       |
|                                               | =====                  | =====                  |







**ANTIGUA PRINTING AND PUBLISHING LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2015**

(Continued)

(Expressed in Eastern Caribbean Dollars)

| <b>7. Accounts Payable and Accruals</b> | <b><u>2015</u></b> | <b><u>2014</u></b> |
|-----------------------------------------|--------------------|--------------------|
| Trade Creditors                         | 197,370            | 141,965            |
| Consumption Tax                         | 249                | 249                |
| Social Security                         | 3,524              | 3,404              |
| Medical Benefits                        | 2,652              | 2,809              |
| Education Levy                          | 3,536              | 2,058              |
| Personal Income Tax Payable             | 238                | 412                |
| Payroll Insurance                       | 4,103              | 4,103              |
| Provision for Taxation                  | 181,427            | 182,365            |
| Dividend Payable                        | 25,210             | 25,210             |
| Other payable                           | 32,500             | 32,500             |
| Union Dues payable                      | -                  | 114                |
|                                         | -----              | -----              |
| <b>(Page 2)</b>                         | <b>\$450,808</b>   | <b>\$395,189</b>   |
|                                         | =====              | =====              |

| <b>8. Share Capital</b>                       | <b><u>2015</u></b> | <b><u>2014</u></b> |
|-----------------------------------------------|--------------------|--------------------|
| 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          |
|                                               | =====              | =====              |
| <b>9. Revaluation Reserve</b>                 | <b><u>2015</u></b> | <b><u>2014</u></b> |
| Revaluation as at: 30 <sup>th</sup> June 2003 | 341,599            | 341,599            |
| Revaluation as at: 30 <sup>th</sup> June 2004 | 1,126,438          | 1,126,438          |
|                                               | -----              | -----              |
| <b>(Page 2)</b>                               | <b>\$1,468,037</b> | <b>\$1,468,037</b> |
|                                               | =====              | =====              |

The increase in the revaluation reserve resulted from a valuation exercise carried out by Lewis Simon and Partners Consulting Engineers on 6<sup>th</sup> November 2003.

| <b>10. Share Premium</b> | <b><u>2015</u></b> | <b><u>2014</u></b> |
|--------------------------|--------------------|--------------------|
| <b>(Page 2)</b>          | \$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.

**ANTIGUA PRINTING AND PUBLISHING LIMITED****NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2015**

(Continued)

(Expressed in Eastern Caribbean Dollars)

|                                                            |                    |                    |
|------------------------------------------------------------|--------------------|--------------------|
| <b>11. Capital Commitment &amp; Contingent Liabilities</b> | <b><u>2015</u></b> | <b><u>2014</u></b> |
| None                                                       | \$-                | \$-                |
|                                                            | ====               | =====              |

**a. Contingent Liability**

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

|                            |                    |                    |
|----------------------------|--------------------|--------------------|
| <b>12. Related Parties</b> | <b><u>2015</u></b> | <b><u>2014</u></b> |
| Directors Fees             | 33,000             | 33,000             |
| Directors Advance          | 766,906            | 640,581            |
|                            | -----              | -----              |
| <b>Total</b>               | <b>\$799,906</b>   | <b>\$673,581</b>   |
|                            | =====              | =====              |

**13. 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 30<sup>th</sup> JUNE 2015  
(Expressed in Eastern Caribbean Dollars)**

| <b><u>Schedule 1</u></b>                            | <b><u>2015</u></b> | <b><u>2014</u></b> |
|-----------------------------------------------------|--------------------|--------------------|
| <b>Direct Materials</b>                             |                    |                    |
| Inventory, beginning of year                        | 374,637            | 501,621            |
| Purchases of materials                              | 430,471            | 254,749            |
|                                                     | -----              | -----              |
|                                                     | 805,108            | 756,370            |
| Less: Inventory end of year                         | (550,171)          | (374,637)          |
|                                                     | -----              | -----              |
| <b>Direct Material Consumed</b>                     | 254,937            | 381,733            |
| <b>Direct Labour</b>                                | 531,040            | 524,156            |
| <b>Factory Overhead</b>                             |                    |                    |
| Depreciation                                        | 14,405             | 17,773             |
| Light, Power and Water                              | 32,206             | 38,443             |
| Repairs –Plant                                      | 43,894             | 42,089             |
|                                                     | -----              | -----              |
|                                                     | 90,505             | 98,305             |
|                                                     | -----              | -----              |
| <b>Manufacturing Costs Incurred During The Year</b> | 876,482            | 1,004,194          |
| Add: Work in progress, beginning of year            | 10,527             | 10,460             |
|                                                     | -----              | -----              |
|                                                     | 887,009            | 1,014,654          |
| Less: Work in progress, end of year                 | (22,262)           | (10,527)           |
|                                                     | -----              | -----              |
|                                                     | <b>(Page 3)</b>    |                    |
|                                                     | \$864,747          | \$1,004,127        |
|                                                     | =====              | =====              |

**ANTIGUA PRINTING AND PUBLISHING LIMITED****SCHEDULE OF ADMINISTRATIVE EXPENSES****FOR THE YEAR ENDED 30<sup>th</sup> JUNE 2015****(Expressed in Eastern Caribbean Dollars)**

| <b><u>Schedule 2</u></b>                           | <b><u>2015</u></b> | <b><u>2014</u></b> |
|----------------------------------------------------|--------------------|--------------------|
| Advertising and Promotion                          | 403                | 403                |
| Audit fee                                          | 12,000             | 12,000             |
| Directors' Fees                                    | 45,000             | 33,000             |
| Depreciation                                       | 12,668             | 12,972             |
| Insurance                                          | 31,929             | 28,607             |
| Legal and Professional Fees                        | 22,222             | 23,902             |
| Motor Vehicle Operating                            | 18,825             | 17,012             |
| Office Supplies and Stationery                     | 5,488              | 6,748              |
| Postage, Telephone and Telex                       | 16,930             | 18,768             |
| Repairs Office Equipment                           | 2,811              | 1,377              |
| Salaries and Wages                                 | 91,093             | 93,893             |
| Bonus                                              | 8,656              | 10,844             |
| Social Security and Medical Benefits Contributions | 6,503              | 6,868              |
| Pest Control                                       | 3,300              | 3,300              |
| Repair & Maintenance                               | 21,284             | 9,289              |
| Uncategorized Expenses                             | 1,866              | -                  |
| Property Tax                                       | 4,500              | 7,500              |
| Donations                                          | 300                | 570                |
| License, Rates and Taxes                           | 375                |                    |
|                                                    | -----              | -----              |
| <b>(Page 3)</b>                                    | <b>\$306,153</b>   | <b>\$287,053</b>   |
|                                                    | =====              | =====              |