THE SPIRIT OF PARTNERSHIP, DRIVER OF PROGRESS

ARAWAK
PORT DEVELOPMENT

ANNUAL REPORT 2017

"OPERATIONAL EXCELLENCE TO MAXIMIZE VALUE THROUGH PEOPLE DEVELOPMENT AND TECHNOLOGY"

"CONSISTENTLY DELIVERING OPERATIONAL EXCELLENCE"

ANNUAL REPORT 2017

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ARAWAK PORT DEVELOPMENT LIMITED (APD)

APD Limited is the owner and operator of the Nassau Container Port and Gladstone Freight Terminal, with the mission to facilitate Port growth and build a bridge to a new and more prosperous future for Bahamians. In 2009, APD Limited (Arawak Port Development) was incorporated for the purpose of developing and operating the new port in Nassau, Bahamas which is privately owned and now considered one of the most efficient in the Caribbean.

The company is responsible for the design, development, construction, management, operation and maintenance of the 56.6-acre Nassau Container Port and 15-acre Gladstone Freight Terminal. Nassau Container Port (NCP) celebrated its formal opening on May 3, 2012 and Gladstone Freight Terminal (GFT) was officially launched on August 13, 2012.

APD LIMITED WAS PLANNED AND ESTABLISHED TO:

- Support the redevelopment of Downtown Nassau, the capital of The Bahamas
- Fuel growth of the essential and lucrative commercial shipping sector in The Bahamas
- Bring exciting new employment and skill-building opportunities to Bahamians
- Introduce efficiencies to the trade sector
- Stimulate business growth in New Providence.

By the terms of a Memorandum of Understanding with the Government of The Bahamas, APD Limited holds a 20-year exclusive control over international imports and exports to and from New Providence via sea.

Ownership of the Port and inland terminal is a partnership between Arawak Cay Port Development Holdings Limited (40 percent equity stake) and the Government of The Bahamas (40 percent equity stake). Each stakeholder has invested in the Port operating company, APD Limited. In January 2012, a historic IPO allowed the Bahamian public to acquire 20 percent of the total equity of APD Limited.

In its role as owner/operator of NCP and GFT, APD Limited has an inherent responsibility to efficiently, securely and safely serve the market while providing opportunities to all shareholders.

PORT ADVANTAGES

- General cargo, container, bulk and break bulk operations
- Meets ISPS code requirements and supported by 24/7 security presence
- Dedicated deconsolidation and LCL facilities
- Onsite Customs Department to provide entry processing and freight inspection
- Three container vessel berths and Dry Bulk berth, with 28- foot draft
- Break Bulk Berth with 21-foot draft
- Two Roll On Roll Off berths
- NAVIS Terminal Operating System
- Greater Bahamas Customs control facilitates faster cargo delivery
- Backup power and emergency fuel storage in the event of natural disaster.

NASSAU CONTAINER PORT (NCP)

Nassau Container Port (NCP) is a strategically located port facility for container and general cargo shipping in the Caribbean, and beyond to North America and the world. The port facility is located on Arawak Cay, just two miles west of Downtown Nassau at the mouth of Nassau Harbour.

The Port provides facilities for both domestic and international bulk, break bulk, container and project cargo clients. Importers can use several ocean carriers simultaneously and conduct all business at Arawak Cay.

In compliance with the standards of the International Ship and Port Facility Security (ISPS) Code, the port features around-the-clock security guards, perimeter fencing, and surveillance cameras to ensure the highest level of security.

HOURS OF OPERATION

Monday through Friday 8 a.m. to 4 p.m. - public holidays excluded. The Port will accommodate requests to serve carriers and importers outside of the regular operating hours; additional fees and rules will apply.

MAJOR OCEAN CARRIERS, TERMINAL OPERATORS, AND STEVEDORES OPERATING FROM NCP AT ARAWAK CAY

- ABACO SHIPPING TWO (DUKE OF TOPSAIL)
- ARAWAK STEVEDORING LIMITED (ASL)
- ARAWAK BULK TERMINALS
- BETTY K AGENCIES LTD
- MAILBOAT COMPANY LTD
- MSC (MEDITERRANEAN SHIPPING COMPANY) - RORO COMPANY
- TROPICAL SHIPPING

BULK CAR CARRIERS
Mitsui
Hoegh Auto Liner
K-Line
Eukor
Hyundai Glovis
Eurocar

GLADSTONE FREIGHT TERMINAL (GFT)

The 15-acre Gladstone Freight Terminal is NCP's inland terminal, situated in the centre of New Providence. The facility offers 90,000 feet of cargo warehousing and deconsolidation space. With comprehensive Customs services available at GFT, importers have access to entry processing and can pay their ocean freight and customs duties and collect their goods in a single trip, saving valuable time.

GFT is extensively monitored by surveillance cameras and supported by the Royal Bahamas Police Force, and has a backup power supply and fuel storage capabilities. In the event of a natural disaster, both Nassau Container Port and Gladstone Freight Terminal have the means to become operational should key elements of the island's utility supply temporarily become unavailable and require additional time to come on-line.

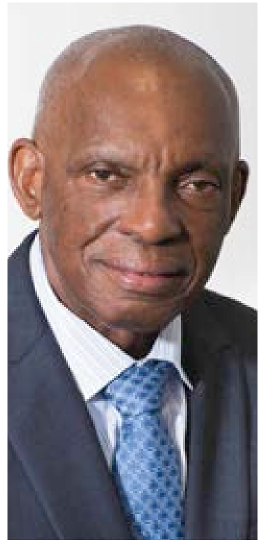
BOARD OF DIRECTORS

JACK SANDS
Chairman, Appointed ACPDHL and confirmed by the Prime Minister

A respected name in the shipping, building supply and mortgage businesses for over 50 years, Jack W.E. Sands began his distinguished career at Kelly's Lumber Yard Limited in 1959. Mr. Sands currently serves as President and Director of Betty K Agencies Limited, positions that he has held for 37 years. He has served as President and Director of Betty K Agencies (USA), LLC since its inception 14 years ago.

In addition, Mr Sands serves as Vice President, Secretary, and Managing Director of Kelly's Lumber Yard Limited; Secretary and Director of Kelly's Lumber Yard 2005 Limited; President of Import Export Brokers Limited; President and Director of Dorick Navigation SA; Secretary and Director of Rovert Properties Limited, and Chairman of APD Limited.

Mr. Sands served formerly as Director on the Boards of Bahamas First Holdings Limited, Nassau Underwriters Agency Limited, and Bahamas Telecommunications Corporation. He graduated from Queen's College, Nassau, Bahamas in 1959. Mr. Sands became Chairman of the Board of APD Limited in 2014.

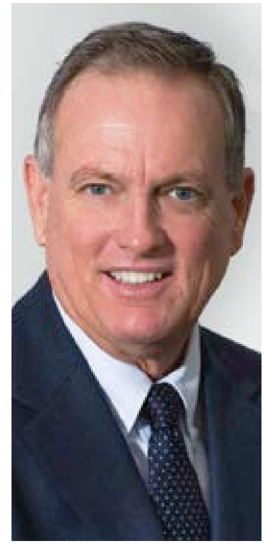


SAMUEL CAMPBELL
Deputy Chairman, Appointed by Government

Samuel Campbell is a Bahamian attorney-at-law, a barrister of the Inner Temple, London, and a Counsel and Attorney of the Supreme Court of The Bahamas. Mr Campbell is a Partner of Samuel Campbell & Co., specializing in the field of Commercial, Criminal Litigation, Personal Injury Claims, Matrimonial, Real Estate, Probate and Company Law.

Mr Campbell pursued his bachelor of laws degree (LLB) at the University of London, England and legal studies at the Inner Temple, London, completing both programmes in 1974. He was called to the Bar of England and Wales and the Bahamas Bar in that same year. Upon his return to The Bahamas, he was appointed Assistant Crown Counsel, in the Office of the Attorney General (1975-1977). He joined the firm of Wallace Whitfield & Company in 1977. He became a founding partner of Wells, Campbell & Co. in 1979, and was engaged there until he launched his law firm Samuel Campbell & Co. in 1983.

His wider legal engagements and civil contributions include the following: Member of the Board of Governors, Saint John's College (1978-1980); Acting Magistrate (1980); Member of the Judicial and Legal Services Commission (1997-1999); Vice Chancellor, The Anglican Archdiocese of The Bahamas and The Turks & Caicos Islands (2007-2012), and Member of the Commonwealth Lawyers Association.



CHRISTOPHER LIGHTBOURN
Secretary, Appointed by ACPDHL

Christopher Lightbourn has been involved in construction, development, and shipping for more than 25 years. Mr. Lightbourn was appointed a member of the public/private SW Port Task Force in 2006, which ultimately resulted in the relocation of container port activities from Downtown Nassau to Arawak Cay, a mile or so to the west. Mr. Lightbourn has a Bachelor of Science degree in Commerce from the University of Virginia, U.S.A. and is a licensed C.P.A. He has served as Director of the Board of APD Limited since inception in 2009. He also serves as Director for several local companies.

R. CRAIG SYMONETTE

Appointed by ACPDHL

Mr. Symonette was educated at St Andrews School in Nassau, The Leys School in England and The UWO in Canada where he obtained his HBA in business administration. Mr. Symonette was the founding partner of Bahamas Ferries, a passenger and cargo transportation company operating within the islands of The Bahamas. He is also active in local business and serves as a Director on the boards of Commonwealth Bank, RBC Trust Bahamas Ltd, AML Foods and Gotland Shipping of Sweden.

Mr. Symonette has been a member of the APD Board of Directors since the fiscal year 2013/2014.

FRANKLYN A BUTLER II

Appointed by ACPDHL

Franklyn Butler II serves as an independent Director. He is President and Managing Director of Milo B Butler & Sons Co. Ltd., Mr Butler had managed the company's Sales and Operations units for ten years previously. He serves as a Director of several companies, including Tuscan Shores Developments Company. He is also Vice-Chairman of Cable Bahamas and Chairman of Milo B Butler & Sons Limited, as well as Chairman of the Board of NewCo 2015 Limited (NewCo), recipient of the nation's second licence for the provision of cellular and data services. Mr. Butler is also Chairman of AML Foods.

Mr. Butler is a graduate of St. Anne's High School, Fox Hill, New Providence. He furthered his education in England at Trent College in Nottingham, England, where he studied for and received his 'A' levels. He went on to the University of Warwick in Coventry, England, graduating with a Bachelor of Science degree in Accounting and Finance.

JACK THOMPSON

Appointed by Government

Jack A Thompson, a Nassauvian by birth, began his public service career in 1980, with a first appointment as an Assistant Teacher at South Andros High School, attaining the rank of principal of J. H. Major Junior High in 1981. In 1989 Mr Thompson joined the Department of Local Government. In the following decade, he served as Assistant Family Island Commissioner in the following districts: Exuma & Ragged Island, Bimini & the Berry Islands, San Salvador & Rum Cay and North Abaco. He next served as Chief Passport Officer (1998-2003); Deputy High Commissioner to Ottawa, Canada. In 2004, he was called home to coordinate hurricane relief efforts in Abaco. Subsequent appointments have included Road Traffic Controller (2005-2008); Director of Immigration (Nov. 2008-Jan. 2013); Senior Undersecretary Grade 1, Cabinet Office; Office of the Prime Minister (OPM) (Aug. 2013); Bimini Special Projects (Fall 2013). In May 2017 he was named Permanent Secretary, OPM.

A Catholic, Mr Thompson has served in several of his Church's ministries. His contributions to the wider community include mentoring youth groups and emceeing many concerts.

HARVEY TYNES, Q.C.

Appointed by Government

Harvey Oscar Tynes has been engaged in the practice of law in The Bahamas for 42 years, mainly as an advocate in civil litigation, and has appeared as lead Counsel in Courts of the first instance, The Bahamas Court of Appeal and her Majesty's Privy Council in London. He was appointed Her Majesty's Counsel (Queen's Counsel) on 29 March 1996.

Born in Nassau, The Bahamas, Mr Tynes received his secondary education at St John's College in the Anglican Episcopalian Education system in the city. He graduated from the University of the West Indies, Mona, Jamaica with a Bachelor of Science degree in Analytical & Descriptive Economics in 1970. He earned a Bachelor of Laws (LLB) from Queen Mary College, University of London, England in 1975.

He is a member of the Honourable Society of the Inner Temple, where he was admitted to the Bar of England and Wales on 26 November 1974, to The Bahamas Bar on 8 January 1975, and that of the Turks & Caicos Islands 16 May 1980.

Mr Tynes has enjoyed three appointments (temporary) to the Supreme Court of The Bahamas: May 1995, 3 August 1995 and again 19 January 1998.

CHAIRMAN'S STATEMENT

JACK SANDS

It is with pleasure that the Board welcomes three new directors—Mr Samuel Campbell, a barrister and the Board's new Deputy Chairman; Mr Jack Thompson, a distinguished public officer, who has contributed across the public service; and Mr Harvey Tynes, barrister and Queen's Counsel. Given their accomplishments and years of experience in their professional fields, they are well positioned to assist in advancing the goals of APD Limited for the benefit of the 11,000 Bahamian shareholders and in respect of advancing quality and growth in Bahamas trade.

I would like to take this opportunity to thank the outgoing directors: Mr Michael Turner, who served as Deputy Chairman for several fruitful years, Mr Creswell Sturrup and Mr Frank Forbes. With much appreciation, the Board acknowledges their professional contributions and camaraderie during the years of their tenure. I'm grateful to all for ensuring a smooth handover process.

As a member of the Board of Directors of APD Limited, and especially after I became Board Chairman in 2014, I have come not only to discover at first-hand what a superb organization APD is, but also to have the pleasure of making a contribution to its success. It is a success that is reflected in APD's ability to pay a dividend year after year. It is a success that rests on a foundation of many talented professionals from the executive team, to the management, to the staff of every department. I have found them to be people who continuously push the envelope of excellence, and who deeply appreciate the importance of the role the Port plays in the quality of life in our country. Undoubtedly, quality of leadership in the persons of Mike Maura, Jr, President & CEO and Dion Bethell, Vice President & CFO represents the chemistry that knits together and powers the enviable logistics, private/public partnerships and community-building contributions that characterize APD Limited and its facilities NCP and GFT. On behalf of the Board, I offer hearty congratulations to all.

In the coming year, the Board of Directors will focus our efforts on ensuring excellent governance and the highest ethical standards. In a challenged economic climate nationally and internationally, we are highly conscious of the need to bolster APD's resilience to shocks. We intend to lend full support to the company's drive for business growth, to creating added value for investors, and port partners, and to fulfilling its obligations to our clients, our employees and the wider community.

I also take this opportunity to thank my fellow directors for the vision, intellect, professionalism and good fellowship that they bring to this admirable endeavour.

Jack Sands

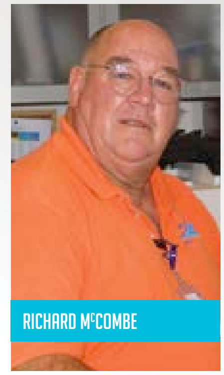
Chairman

EXECUTIVE TEAM


MIKE MAURA JR.


DION BETHELL


YVETTE RAHMING


RICHARD McCOMBE

MIKE MAURA, JR.

President & Chief Executive Officer

Chief Executive Officer of APD Limited, Michael Maura, Jr. brings to this challenging post over nineteen years of industry experience. In that regard, he was a key driver in the port relocation initiative. He was initially Co-chair of the Southwest Port Task Force, which in 2006 was commissioned to explore the feasibility of locating container port operations from Downtown Nassau to Clifton in Southwest New Providence. Mr. Maura is credited with drafting the Arawak Port conceptual plan. He served previously as a founding director of Arawak Cay Port Development Holdings Limited and APD Limited, a post he relinquished upon assuming his current role as leader of the APD Team. Additionally, he has held key management positions within Tropical Shipping and the retail and wholesale grocery sector. During the Annual General Meeting of The Bahamas Chamber of Commerce and Employers' Confederation (15 June 2017), Mike Maura, a Director of long standing, was elected Chairman of the Board of Directors for the administrative year 2017-2018. Mr. Maura also serves as a Director of AML Foods and on the National Ease of Doing Business Committee. He has also served as a member of the Bahamas Trade Commission and the Bahamas National Development & Reconstruction Committee. Mr. Maura has a Bachelor of Arts degree in Economics with a minor in Business Administration from Rollins College in Winter Park, Florida, U.S.A.

DION BETHELL

Vice President & Chief Financial Officer

Mr. Bethell is Chief Financial Officer of APD with over 10 years' experience in international shipping, having served as CFO at Container Terminals Ltd; a subsidiary of Tropical Shipping Ltd. Prior to this, Mr. Bethell spent over 16 years working in the financial services industry with his last role being that of Director, Vice President and CFO at W&P Fund Services Ltd. / The St. James Bank & Trust Company Ltd. Mr. Bethell is also Chairman of the Bahamasair Employees Provident Fund. Mr. Bethell has a Bachelor of Business Administration degree in Accounting from Tiffin University in Ohio, U.S.A. and is a licensed Chartered Accountant with the Bahamas Institute of Chartered Accountants.

YVETTE RAHMING

Assistant Vice President, In-House Legal Counsel & Head of Safety

Yvette C. Rahming is Assistant Vice President, In-House Legal Counsel and Head of Environmental Health and Safety at APD Limited. To 2016, Mrs. Rahming's portfolio at APD included HR and Environmental Health and Safety. She made the transition from Corporate and Commercial law private practice in 2012 to enter the Maritime and Commercial Shipping industry as In-House Legal Counsel at APD. She is a proud two-time alumna of the University of London, where she received her LLB with honours and her LLM, with a specialization in Corporate and Commercial Law. Mrs. Rahming studied for and completed her Legal Education Certificate at the Eugene Dupuch Law School in New Providence, and was subsequently admitted to The Bahamas Bar in 2010. She has written several papers and is published in The Docket, a global legal periodical published by the Association of Corporate Counsel (ACC).

She has also trained in OSHA, First Response Training, Basic and Advanced First Aid Training, and has attended Safety and Environmental workshops in Costa Mesa, CA. She received her secondary education at St. John's and St. Anne's Anglican Schools in New Providence.

Before she joined APD, Mrs. Rahming owned and operated a business consulting and staff sourcing firm for several years, resulting in her strong business orientation. Her professional affiliations include membership of The Bahamas Bar Association, Association of Corporate Counsel, Society of Corporate Compliance and Ethics, American Society of Safety Engineers and Bahamas Human Resources Association. She is a member of St. Barnabas Church Parish.

RICHARD McCOMBE

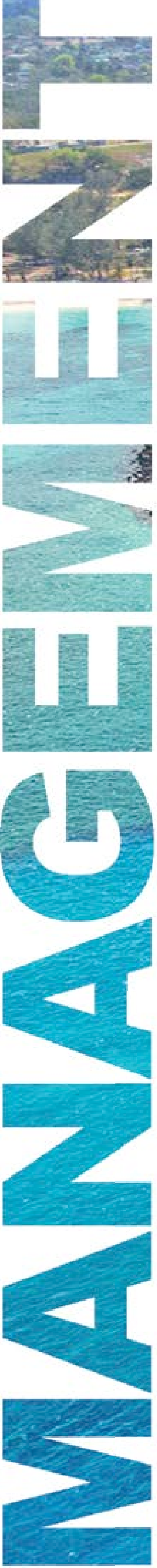
Assistant Vice President, Operations & Facilities

Assistant Vice President, Operations & Facilities Mr. McCombe is Assistant Vice President, Operations & Facilities. Prior to his promotion to his current post, Mr. McCombe served as the Senior Manager, Operations & Facilities. Mr. McCombe's career experiences in shipping include a period of time working previously with Tropical Shipping as its Operations Manager. In 1987, he moved to the Bahamas where he became the Managing Director for Jacharic Holdings, which operated Blue Lagoon Island, Sting Ray City, Divers Haven, Holland America's Half Moon Cay, and Splash. In 2002, Mr. McCombe left Jacharic to start his own businesses — Gussie Mae Ltd.,

Richard has always been involved in Community Service and has led many local initiatives to advance the quality of life and Bahamian Business. Richard has been a Rotarian since 1988, and is currently an honorary member of the Rotary Club of Southeast Nassau. Richard is a Past District Governor of Rotary International (2007-2008) where he represented the 14 countries and territories in the Northern Caribbean and led numerous other local community initiatives such as, Founder and Chairman of the Bahamas 100 Day Challenge Committee, and Chairman of the Nassau Tourism & Development Board.

Richard was instrumental in the relief and recovery efforts in Haiti while he served as Rotary Internationals District 7020 Haiti Liaison and Haiti Disaster Relief Coordinator for Hurricane Hanna in 2008 and again for the Haiti Earthquake of January 12th 2010.

Richard was awarded the Rotary International Service Above Self Award in 2010 by the President of Rotary International for his efforts in Disaster relief in Haiti, and awarded the Bahamas Sir Durward Knowles Humanitarian Recognition Award in 2010.



MANAGEMENT TEAM

COLLIN CLEARE
Port Facility Security Officer

Mr. Cleare is the Port Facility Security Officer, having spent most of his distinguished law enforcement career with the Royal Bahamas Police Force. As a police officer, Mr. Cleare received container port security training with the Department of Treasury Customs Service. Through the U.S. Drug Enforcement Administration, he has been trained in electronic surveillance management, a critical security asset at the Port. Mr. Cleare is also trained in emergency response security services against terrorism and hazardous waste events. Additionally, Mr. Cleare has received advanced maritime operations training with the elite U.S. Navy Seals.

ANTHONY COOKE
Financial Accounting Manager - Operations

Mr. Cooke is the Financial Accounting Manager - Operations at APD with over 18 years of experience in the financial services sector, serving as Accounts Manager at Cooke-McIver & Co and Operations Manager and Money Laundering Reporting Officer at The St. James Bank & Trust Company. Mr. Cooke holds a Bachelor of Science Degree in Accounting and Finance from Florida State University in Tallahassee, Florida and also ICA International Diplomas in Anti-Money Laundering and in Compliance.

BRANDO GLINTON
Gate Interchange Manager

Mr. Glinton is the Gate, Interchange & Berthing Manager at APD; previously working for over 24 years in various roles within the Bahamas Customs Department; most recently as a Customs/Revenue Officer. Mr. Glinton has attended numerous customs, intelligence and detection training courses over his career and is most notably certified to operate both the MT1213LT Mobile Container Scanner and the Heimman-Smith X-Ray portable Scanner. Mr. Glinton has his LLB Law degree from the University of Huddersfield, England and has an Associate of Arts degree in Management & Marketing from the Bahamas Baptist Community College in Nassau.

FELIX ROLLE
Facilities Maintenance Manager

Mr. Rolle brings to his position as the Port's Facilities Maintenance Manager an extensive background as a contractor, building single and multifamily dwellings, commercial buildings and schools. For years, Mr. Rolle owned his own construction company, Felix Rolle & Sons, and was responsible for overseeing construction projects from concept to the finished product. With an electronics degree from the College of the Bahamas in Nassau, Mr. Rolle also received extensive training and systems certifications as a communications technician who worked closely with air traffic controllers in the civil aviation industry. Mr Rolle also holds the designation of Certified International Project Manager from the American Academy of Project Management.

CRISPIN SEYMOUR
Operations Manager

Mr. Seymour is the Operations Manager at APD and has over 21 years' experience in international shipping previously working at the Freeport Container Port and Tropical Shipping; most recently as the Heavy Equipment Maintenance Manager. Mr. Seymour has attained numerous industry certifications from various courses throughout the United Kingdom and the United States and is also a Reserve Police Constable attached to the Marine

Support Unit of the Royal Bahamas Police Force Reserves.

CLORAN WATCHORN

Financial Controller

Mrs. Watchorn is the Financial Controller at APD, having been promoted from Financial Reporting Manager. Prior to joining APD, Mrs. Watchorn was the Assistant Financial Controller at Kerzner International (Bahamas) Limited and previously worked for over 13 years in the financial services sector; serving mostly as a client accountant at various institutions. Mrs. Watchorn has a Bachelor of Science Degree in Accounting from Nova Southeastern University in Fort Lauderdale.

RITA RAMSAY, MBA

Human Resources Manager

Mrs. Ramsay is the Port's Human Resources Manager, with 12 years' experience in the field of human resources in the airline and insurance industries. With a Master's in Business Administration from Nova Southeastern University, Fort Lauderdale, Florida, Mrs. Ramsay has a broad range of experience in managing properties, marketing, public relations, and assets procurement. In her previous post as an executive with SkyBahamas Airlines, Mrs. Ramsay served as the liaison to key regulatory bodies in the transportation industry. She is a certified Project Manager and a member of The Bahamas Human Resources Association.

SHELDON DUCKIE

IT Manager

Mr. Duckie is the Information Technology (IT) Manager at APD. He has worked with computers for over 26 years in various roles, including periods as a computer programmer, instructor and technician, with his last role being that of IT Manager for a leading educational institution in The Bahamas. Mr. Duckie's passion in IT lies in the area of Information Security and Risk Management. He currently holds the Certified Information Systems Security Professional (CISSP) designation, and has a Master of Science degree in Information Assurance from Norwich University, Vermont, USA.

ALPHONSO BOWE

Heavy Equipment Operations

(See "It's About People")

FINANCIAL ADVISORS

KPMG CORPORATE FINANCE
5th Floor, Montague Sterling Centre
East Bay Street, P.O. Box N-123
Nassau, The Bahamas

ESCROW AGENTS

ROYAL FIDELITY LTD
51 Frederick Street
P.O. Box N 7502
Nassau, The Bahamas

REGISTRAR & TRANSFER AGENTS

BAHAMAS CENTRAL SECURITIES DEPOSITORY
2nd Floor, Fort Nassau Centre
Suite 202, British Colonial Hilton
P.O. Box N-9307
Nassau, The Bahamas

AUDITORS

PRICEWATERHOUSECOOPERS
Bayside Executive Park, Building No. 2
West Bay Street and Blake Road
P.O. Box N-3910
Nassau, The Bahamas

BANKERS

RBC ROYAL BANK (BAHAMAS) LIMITED
East Hill Street
P.O. Box N-7549
Nassau, The Bahamas

LEGAL COUNSEL

HIGGS & JOHNSON
Ocean Centre, Montagu Foreshore
P.O. Box N-3247
Nassau, The Bahamas

REGISTERED OFFICE

HIGGS & JOHNSON CORPORATE SERVICES
Ocean Centre, Montagu Foreshore
P.O. Box N-3247
Nassau, The Bahamas

IT'S ABOUT PEOPLE!

WELCOMING A NEW MANAGER

APD Limited welcomes to the team Alphonso Bowe, who is something of a polymath. With a thirst for things mechanical, Al says he grew up dismantling household appliances, and admiring many great innovators and industrial leaders, such as Benjamin Franklin and Alexander Graham Bell. His high level of technical skills cover a range: chillers; cooling towers; pneumatics; control systems; water treatment systems; boilers; refrigeration systems; air conditioning. He is proficient in programming and a number of computer operating systems, and in several of the leading software suites, especially for project management and database administration.

Al's academic achievements are impressive. He graduated from Florida Air Academy at rank of Major, cadet of the year, student pilot of the summer, three academic distinctions. He pursued Pre-Engineering at the College of the Bahamas on Full Academic Merit Scholarship. Subsequently, a government-awarded Merit Scholarship granted for Study abroad took him to Kent State University, where he did work-study to supplement his scholarship. He earned a Bachelor of Science degree in Electrical Engineering Technology, graduating cum laude (2002). Additionally, Al was recognized by Inroads Inc., as a talented minority and business leader. He also holds a Master of Business Administration (MBA) (2008).

Al's professional experiences in The Bahamas include: Project Engineer, Rubis Bahamas Ltd., NP, Bahamas (2012 – 2017); Lead Field Service Engineer – GE Energy and Water Processing, Paradise Island (2009 – 2012); Project Manager for First Phase of Albany, Cavalier Construction, NP, Bahamas (2008 – 2010);

Project Manager of M & E Works, Bahamar Develop Co. (2006-2008); Associate Project Manager, Chris Symonette and Assoc. Engineering (2005-2006); Civil Engineer/Tank-farm Supervisor, ChevronTexaco Corp. (1996 – 1998).

During and post-college studies, Al also amassed field experience in Ohio, USA: Project Engineer, Sikorsky Aircraft Corp., Stratford, Connecticut; Plant Maintenance Engineer, Alcoa Forged Products Inc., Cleveland, Ohio; Management Information Systems Technician, OfficeMax Inc., Cleveland; Component Engineer, Delphi Corp., Warren; Computer Consultant/ Database Administrator, Kent State University.

Al has contributed to and been actively involved in social development programs, i.e. Habitat for humanity, and as a Resident Director of the Children's house at John's Hopkins University.

CEO'S REPORT

CEO'S REPORT

MIKE MAURA JR.

I am pleased to report that in the fiscal year 2016/2017, against the volatile background of two devastating hurricanes, a sluggish economy that prompted several downgrades of The Bahamas' creditworthiness by leading international rating agencies, and illegal traders circumventing officially constituted agencies at NCP, APD has continued to deliver consistent value to the trading community and to our shareholders. The company remains a growth story, as evidenced by an enviable stock performance on the Bahamas International Stock Exchange (BISX), which has risen 74 percent since APD Limited's initial share offering in January 2012. We are proudest of the fact that the company has been able to pay a respectable dividend year after year, an accomplishment owed to the astute management of Vice President & CFO Dion Bethell, supported by the dedicated team of Financial Controller Cloran Watchorn and Anthony Cooke - Financial Accounting Manager – Operations.

APD has continued its socioeconomic commitment to doing its part to build up the country as a whole. Closely connected to the company's investment in facilitating the work of Bahamas Customs, that Government department's contribution to the Bahamas Treasury has risen by $50 million.

There is reason also to boast of the company's stability, which has resulted from pursuing goals designed to substantially strengthen our foundations. Throughout the year, as is consistent with APD philosophy, we relied on a well-planned and operationalized governance programme that is transparent, responsive and adaptable to changing business, economic and social environments. It is an agenda characterized by astute cost and risk management, structured people development, and safety procedures that are embedded in all phases of our operations. Also a top priority has always been investment in technology to enhance stronger operational controls and deliver continuing quality in client, tenant, staff and partner experiences. All of these streams converged to harmonize corporate goals, community outreach and national development.

HIGHLIGHTS OF 2016/2017

This year's annual report theme "The Spirit of Partnership, a Powerful Driver of Progress" underscores the philosophy which animates all that we do at APD and its facilities Nassau Container Port (NCP) and Gladstone Freight Terminal (GFT) and seek to achieve. It is a spirit that pervades the most outstanding accomplishments of 2016/2017. Equally, our theme emphasizes progress, especially in the drive for new business, technology, safety and people development, which the following highlights demonstrate abundantly.

NEW BUSINESS DEVELOPMENT

PROCESSING VEHICLE IMPORTS

Securing the landing of imported vehicles at NCP in December 2014 accomplished a number of our corporate goals. The move opened a new revenue stream for APD. It removed this cargo from Prince George dock, where it posed a danger to cruise ship traffic and passengers. The switch to Arawak Cay allowed for greater Customs controls, thereby reducing opportunities for the import of contraband.

The port began receiving an average of 1200-1400 cars imported monthly from the Asian markets, which did much to offset a sluggish economy and an underperforming construction industry. In this connection, rolling stock has been added to the portfolio of our Gate Manager, Brando Glinton, who, with his team, have continued to exercise admirable controls over the port gates with the increased traffic. The aim is to enable the release of 120-150 vehicles per day consistent with staff quota. This new business has involved close cooperation among the agencies, stevedores, APD and the Customs Department.

As we look ahead, the port plans to develop a vehicle terminal supported by the Road Traffic Department and Bahamas Customs, paving the way for a one-stop-shop experience. The import process will soon include the licensing of vehicles, which is expected to reduce the time to clear and register a vehicle by half.

EXPLORING LNG BUNKERING & DISTRIBUTION

A prime criterion in prospecting for new revenue and income opportunities was the desire to identify a business that would harmonize corporate needs for quality growth and diversification with our corporate desire to contribute to environmental protection. With the indication that the country was ready to move to LNG for electricity generation, and subject to the agreement by Bahamas Power & Light, the decision was made to advance discussions for an LNG facility at NCP to distribute to the BEC Blue Hill generating plant via pipeline.

In comparing the merits of traditional container cargo with LNG throughput, this thrust made good sense for several reasons. Establishing the LNG component is projected to add the equivalent of 4000 TEUs to NCP volumes, bringing an annual increase of over $650,000 to APD's income. This income could be compared to processing cargo for a new mega-resort construction project each year. This represents a highly desirable business development without capital intensive investment in new equipment and expanded container storage space, as compared to building a small compact unit. Moreover, incorporating LNG in the business mix is projected to add about 20 new jobs and obviate the need to raise tariffs, thereby subsidizing the containment of grocery costs.

Why build at NCP rather than at Clifton? Adding any new installations at the latter site can only destabilize the already severely compromised environment of southwest New Providence. No new additions will allow for the much needed rehabilitation of that ecologically sensitive area that is so valuable to eco-tourism.

APPLICATION FOR A FURTHER GRANT OF LAND FOR NEW BUSINESS DEVELOPMENT

In the past year, as a part of the thrust for business expansion, we remained focused on developing facilities and systems that provide appropriate controls to Customs and to national security efforts. We resubmitted our application to Government for the acquisition of 15 acres of land, situated along our south perimeter in respect of enhancing security and ease of doing business at the port. If government accedes to the request, it is intended that the acreage be divided into three plots. On one plot we will establish a facility to be staffed by Customs and the Road Traffic Department for processing and storing 1000 vehicles. As previously noted, the vision is for a one-stop shop that gets the vehicle imports off the lot and properly licensed in a single, well-coordinated operation.

The second plot is intended for building a highly sophisticated Customs inspection facility to be modeled after the U.S. Customs state-of-the-art installation at the Port of Miami. The goal is a comprehensive and thoroughly modern unit with a focus on heightened risk assessment and risk management protocols to address fraudulent declarations and the detection and handling of illegal drugs and weapons contraband.

The third plot will provide the opportunity to do a seasonal removal of excess equipment to increase efficiencies. E.g. remove chassis from out of the ISPS area. It is projected to take 12-15 months after build out to achieve benefits and 18 months for full benefit.

EXPLORING PARTNERSHIPS IN REDEVELOPMENT OF OTHER BAHAMAS PORTS

In response to the Government's interest in improving the operational and financial performance of Prince George Wharf, APD is exploring the possibility of a joint venture with Global Port Holdings, the largest global Cruise Port Operator in business today. The partnership contemplates enhancing Prince George Wharf cruise wharf to include additional berths and facilities. If approved by the Government of The Bahamas the project would commence during the first half of 2018.

APD's exploration of a possible consultancy in relation to the development of the port at Jacmel, Haiti is in abeyance. When Jovenel Moïse was sworn in as president in February 2017, he stopped the process for further study.

INFORMATION TECHNOLOGY (IT)

SYSTEM BUILDOUT

The past year marked significant progress in increasing ICT strengthening and redundancy with the successful

replacement of the Small Business Server (SBS). The SBS no longer supported Microsoft updates, and during inclement weather, such as the passage of hurricanes, the system could not maintain the degree of connectivity needed for the degree of development planned for Nassau Container Port (NCP), which is the key organ of trade in this country, and hence, of the Bahamas economy.

A complete infrastructure rebuilding, containing a cloud component, was carried out on February 2 and May 15, 2017. Spread across NCP and GFT, the new system permits our maintaining communication, as long as there is data access. For an added measure of documentation safety and other benefits, a good percentage of our data now resides in the cloud.

ENHANCING DATA SECURITY

In the current world climate and the pervasiveness of the World Wide Web, data security is critical for companies. This past fiscal year APD carried out a systems penetration test to assess the vulnerability of our communication system to intrusion. The IT Department has been highly responsive to needs for enhancement, as indicated by the report, although there were no immediate major concerns. As e-mail proves to be a major channel for infiltration, we have set in motion a programme of security awareness, whereby communications containing tips and alerts to risks are sent out weekly.

WI-FI MOBILE

As regards electronic communication, APD is also working assiduously on enhancing Wi-Fi-enabled mobile connectivity and provisioning yard and gate personnel with mobile cellular tablets, which we expect to assist us in meeting our goal of 18-minute turnaround time consistently. Currently, frequent movements in and out the yard interfere with the current radio signals, and consequently interrupt smooth interface between yard and gates.

PURSUIT OF ISO 9001 AND 14001 CERTIFICATIONS

With the goal of the organization's continuous performance improvement, APD has launched its pursuit of the ISO 9001 and 14001. ISO 9001 is described as the international standard that specifies requirements for a quality management system (QMS). Organizations use the standard to demonstrate the ability to consistently provide products and services that meet customer and regulatory requirements. ISO 14001 is the international standard that specifies requirements for an effective environmental management system (EMS).

To date, APD has done an excellent job of self-regulation to attain a quality of operations that has been recognized with several regional kudos and awards. However, an external audit provides an opportunity to assess the degree to which APD is fulfilling our mandate regarding processes and environmental standards. As the company is exploring business at the multinational level, achieving internationally recognized certifications are likely to attract potential partners and investors.

SOLAR POWER AND ENERGY CONSERVATION

Environmental protection and conservation are key elements of APD philosophy and policies.

To this end, Arawak Port Development (APD Limited) secured/signed a USD 3 million loan facility from the Inter-American Investment Corporation (IIC) to finance the installation of a rooftop solar photovoltaic system on APD Limited's main building at the port, constructing a 700 kW photovoltaic system at the Gladstone Freight Terminal, as well as financing the retrofit of the port's terminal lights to LED, along with other energy efficiency activities at the port.

Given its importance to company and country, initiating this programme became a focal point of 2016/2017, driven by Operations & Facilities, Asst. Vice President Richard McCombe and ably assisted by Facilities Maintenance Manager, Felix Rolle. The process was underwritten by research into electricity generation and use. During the year all APD golf carts were converted to solar, and NCP Maritime Centre benefited from the first stages of solar generation. It is estimated that the first phase of this development has saved the company about $20,000 dollars.

The solar photovoltaic system is expected to provide approximately 80,000 kWh over the course of its first year and reduce the company's carbon footprint by decreasing consumption of electricity from the grid through an investment that generates zero-emission electricity.

PORT SECURITY/SAFETY

APD maintains an excellent surveillance system across Nassau Container Port and Gladstone Freight Terminal. As a valuable element of port security, NCP is a member of the American Association of Port Authorities (AAPA), which is dedicated to providing information and training for and facilitating networking among port leaders and maritime professionals. It is an excellent way of keeping abreast of challenges and developments in the industry. Investing in such learning opportunities of this kind whenever possible is yet another element of our port security plan. Annually, each Port employee is required to undergo 40 hours of training. US Coast Guard commanders conducted an inspection in June and were impressed. They photographed best practices at the Port to share with other jurisdictions.

Amplified over the past year is a multifaceted safety programme of which we are justly proud. The Health & Safety Departmentt, ably headed by Yvette Rahming, Asst. Vice President, In-House Legal Counsel & Safety, the initiative is a design and teaching programme aimed at cementing and furthering developing port safety systems, employee awareness and behaviour and the cooperation of port tenants and users in support.

HIGHLIGHTS INCLUDE THE FOLLOWING:

The Port Evacuation Plan (PEP) was developed to provide direction for the orderly and coordinated evacuation of employees, contractors, visitors and customers of the Nassau Container Port to ensure the safety of all in the event of an emergency. The plan features the appointment of an Incident Coordinator; the identification and training of key personnel of APD and stakeholders to lead in safe evacuation; development of evacuation routes, procedures and signage throughout NCP/GFT buildings; coded communications to advise key persons of the need to evacuate; regular checks on the functioning of safety devices and equipment and dissemination of information to APD staff, tenants and other stakeholders on an ongoing basis.

APD staff and tenant safety education has included public health awareness, job hazard analysis, ergonomic in the workplace; fire safety in the work workplace and first response training.

Also, APD has developed a First Response Team as a vital adjunct to the Ports readiness to address emergencies where life and health are at risk. A consultant was engaged to conduct a thorough training programme, which included such topics as certifications in basic and advanced first aid, basic life support and emergency oxygen administration, mass casualty incident management and small fire response and management. The team now has about nine members, fully outfitted to carry out their designated tasks.

Additionally, APD has provisioned all departments with easy-to-operate defibrillators. Demonstrations for use of these devices are incorporated in general staff training.

ENHANCING THE PARTNERSHIPS

BAHAMAS CUSTOMS

Since the company's launch, APD has enjoyed a vibrant and mutually beneficial relationship with the Bahamas Customs Department, and the company continues to invest in building up that partnership. Both sides have demonstrated a keen awareness of the importance to national income and security of their respective roles and partnership and dedication to continuously enhancing the relationship.

In 2016/2017, IT-wise, APD and Customs launched the Electronic Single Window (ESW) project, an initiative with far-reaching potential benefits for strengthening port and national security and enhancing Customs contributions to the national revenue. With APD's investment in the necessary technology, the system is expected to be completed during Q2 2018.

With increasing vibrancy of the system, the core purpose of ESW is to ensure that full documentation on all goods shipped be reflected in a secure electronic communication chain, linking APD, Customs and other Government import/export and regulatory agencies, shippers and others intimately involved in the international trade processes, a connectivity ensuring that Customs is first to be fully apprised of cargos before ships dock. This measure serves as a significant step towards improving the Ease of Doing Business, resulting in both time and financial efficiencies which improve business competitiveness.

CHARLES TURNER

That the APD/Customs relationship has attained such a high degree of quality and continues to strengthen is owed to leadership commitment on both sides. For his years of dedication to this mutually productive relationship, we extend heartiest thanks to immediate past Comptroller Charles Turner, and wish him wonderful retirement and success in his future endeavours.

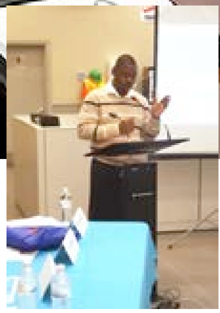
GEANNINE MOSS

On behalf of APD's Board of Directors, executive, management and staff, we extend a warm welcome to the new acting Comptroller of Customs Geannine Moss, who has given every indication of furthering the goodwill and productivity of the relationship with our company for the protection and growth of the nation's revenues and security, and for the benefit of all Bahamians.

OTHER PARTNERSHIPS

RELATIONSHIP WITH TRUCKERS

With the creation and strengthening of partnerships, APD has organized specific programmes to make truckers aware of port policies, to encourage compliance, and general cooperation for mutual benefit. Along with other initiatives, September 2016 was made "Trucker Safety Awareness Month". Hosted by the Port's Safety and Operations Departments, a Truckers Symposium was held during the month. Participants were provided with refreshments, and discussions raised on such issues as citations, gate turn



time, NAVIS, gate transactions, accident investigations, drug testing, safety rules, the importance of wearing safety vests, and so on.

The company holds a quarterly meeting with truckers, the objectives of which are to listen to concerns of the truckers and address them wherever possible; provide opportunities for free discussion of Health and Safety issues; ensure that the company is continually offering them a high level of service and continue to build and strengthen the relationship with the Truckers Association.

As part of APD's ongoing commitment to improving safety not only within the precincts of the Port, but also for truckers and other port users and the wider community, as evidenced by the continued inspection at the gates for roadworthiness of trucks. With the commendable cooperation of the Ministry of Works, APD has led the increase of traffic-related signage and traffic calming installations on roadways connecting the public sections of Arawak Cay and the NCP premises.

APD has also created a paved apron across from NCP Maritime Centre to create a more ordered and comfortable layby for truckers doing business at the Port.

INCREASED TENANT/PARTNER CONNECTIVITY VIA NAVIS

We are pleased to report that the Break Bulk Terminal has now been incorporated into the NAVIS system, and six regular carriers are now connected via NAVIS. APD is now able to maintain better controls over the Break Bulk Terminal Gate.

Additionally, Customs now has a team of about three of their personnel trained to access NAVIS directly and daily. The Department no longer has to rely on the APD Operations Executive for information, thereby contributing to better time use and efficiency on both sides.

PEOPLE DEVELOPMENT, PERSONAL AND PROFESSIONAL

NEW PROFESSIONAL OPPORTUNITIES IN THE MARITIME INDUSTRY

With its well-planned and sustained personnel development programme, APD has opened pathways to exciting new careers in the maritime industry, heretofore unavailable or underexplored by Bahamians, unimpeded by barriers of race or gender. Over the course of eight years of operation and, certainly continued in 2016/2017, APD, with clear intention to expand opportunities, has hired men and women who had never worked in port previously. Those who have stayed the course of the rigorous training programmes have emerged as career professionals with recognized, respected and portable skills: planners, IT shipside checkers, gate inspectors, NAVIS technicians and crane operators, to name a few.

It is a matter of great pride that the company has a senior crane operator, Dave Nagee, who is now an internationally recognized trainer for Leibherr, and able to give certification in that sector. Dave's skills have allowed Operations and Human Resources to build a crane apprenticeship programme, which has already demonstrated its value in the formation of a fourth crane operator, Crispin Roker, who responded to the training with great aptitude and enthusiasm.

NEW STAFF GALLEY

At the heart of APD's corporate philosophy is the belief that reciprocal success and reward should be central to our staff policies and relations. In the past year the company constructed a canteen at NCP Maritime Centre at the Port. Called "The Galley", the facility offers a variety of food prepared in-house, with a focus on healthy options. The health and welfare of our staff and port community are core to APD. The company subsidizes the healthy options menu in an effort to encourage a healthy selection.

COMMUNITY CONTRIBUTIONS

APD has continued its commitment to community development, and spreading its philosophy of excellence beyond company walls. We had the honour of being elected Chairman of the Bahamas Chamber of Commerce and Employers' Confederation (BCCEC). We were also appointed to the National Ease of Doing Business Committee. This involvement has provided an excellent opportunity for educating the business community about the essential node that APD represents in trade chain, and about the need to forge partnerships to expand quality and profitability all participants, government and the wider public.

On 6 October 2016, Hurricane Matthew entered The Bahamas with 140-mile per hour winds and roared through the chain with a ferocity that impacted most of our islands, leaving a swathe of destruction in Andros, New Providence and Grand Bahama. The storm left 95 percent of structures in West Grand Bahama with significant damage. As we did in the aftermath of Hurricane Joaquin, the previous year, the APD community rallied to aid of the National Emergency Management Agency (NEMA) and other relief agencies such as the Red Cross, logging well over 1000 hours of support and use of facilities in aid of relief efforts. I thank Richard McCombe and Crispin Seymour for their leadership in this regard. The company is a recognized and valuable partner to NEMA, presently serving on the NEMA National Committee. APD also presented a cheque for $25,000 to The Bahamas Disaster Relief Fund in aid of Matthew victims and a further $25,000 for those devastated by Irma.

OUTLOOK FOR 2017/2018

A prime goal for APD has always been continuous improvements in operational productivity, cost efficiency to increase profitability. With equal dedication, APD actively promotes partnership among the principal agencies involved in the trading process, safety, advancement and various benefits for the APD teams, our tenants, port users, stakeholders and the wider Bahamian community. These commitments will continue unabated in 2017/2018.

ADVANCING THE ELECTRONIC SINGLE WINDOW (ESW)

The goal for ESW in 2017/2018 is to take this essential programme to its fullest manifestation, systematically linking Business License, Department of Inland Revenue, Department of Agriculture, Customs, the Port and other essential entities to the trading process, ensuring compliance and efficiency all along the line for maximum benefit for traders, protection of government revenues and close channels that facilitate the import of dangerous contraband. The plan is to go-live in the 2017/2018 fiscal year to allow for the current administration's essential weigh in.

BUSINESS GROWTH OPPORTUNITY

In the year under review, United Kingdom-based Global Ports Holding PLC (GPH) has made application to the Government for the management and operation of Prince George Dock. This company is considered the world's largest cruise port operator with a portfolio that includes 14 ports in eight countries, serving cruise liners, ferries, yachts and mega-yachts. Additionally, GPH has connections with all the major cruise lines—Carnival, Royal Caribbean, MSC Cruises and so on. Desiring to have a Bahamian partner, they have approached APD to partner in the venture, precisely because of the company's awarded and widely recognized excellence in the maritime industry and publicly headed leadership. The decision has been to pursue the partnership.

ISO 9001 AND 14001 CERTIFICATION

In 2017/2018, APD will further the pursuit of these international certifications, which signal to the international maritime world and potential investors quality in operations and in environmental excellence.

TRAINING GOALS

Among the training goals for the new fiscal year is to give team members an opportunity to visit other ports in the region and beyond to record efficiencies and inefficiencies with a view to establishing a performance baseline for their departments. We want to train for mutual intelligibility and increased integration among internal departments and interface with partners, all in the interest of greater efficiency and time and cost management, all hallmarked by safety and ever-increasing employee, client and stakeholder satisfaction.

Under the direction of a new manager, APD has set its sights on integrating more engineering processes into the Heavy Equipment Department and developing more leadership capabilities in the area. The goal in the short term is to bring about more process awareness, so that, in addition to increasing proficiency in crane operation in the unloading process, more operators will appreciate the mechanics of their equipment and be able to intervene as regards repair and maintenance.

APD – UNIVERSITY OF THE BAHAMAS PROJECT

APD is forming a relationship with University of The Bahamas (UB) whereby students from the University will be shadowing our organization as we plan, implement and fulfil the obligations we have agreed to in order to obtain the ISO 14001 certification.

As we have discussed, the attainment of the ISO certification will have global implications insofar that APD would be recognized as meeting certain standards that will speak to a commitment to excellence. It (the certification) almost acts as a guarantee that if you do business with APD you are doing business with a reputable firm which has willingly opened its operations to scrutiny by an external auditor.

This process we believe will provide an immeasurable opportunity for UB and its students to partner with a leading organization such as APD to broaden the students' scope of knowledge and engagement with an actual business entity.

With this partnership APD would be providing an opportunity for students to gain vocational/real life experiences while earning college credits. We believe it will be a great opportunity for APD and our nation's future.

CONCLUSION

APD having been born in the aftermath of a global recession, the company's Board of Directors and Executives realized from the beginning the need to build in resilience with well-targeted hires at all levels, strong cost and risk management, well-researched business development and expansion plans, and a willingness to adapt and evolve as industry, country and world conditions dictate. I believe that our success in the foregoing has been amply demonstrated by the foregoing.

I have had the privilege of leading the company as president and CEO since its inception in 2009. In that time I have found much to validate my belief that good partnerships are often the engine of real and lasting progress. At APD a highly rewarding partnership has been formed with our Board of Directors, my executive team, the cadre of managers and our staff. I gladly acknowledge the stalwart support of our talented Vice President & CFO Dion Bethell, on whose professional contributions and friendship I rely from year to year. I take pleasure in naming the rest of our talented executive team: Richard McCombe, Asst. Vice President, Operations & Facilities; and Yvette Rahming, Asst. Vice President, In-House Legal Counsel & Head of Safety. Each holds an essential key to our company's excellence and stability. Our nine managers have also made invaluable and much appreciated contributions. This has been the platform on which APD's significant accomplishments have been built. Success has almost been assured because each group consists of people who are outstanding leaders and performers in their respective professional fields and areas of company operations. Their job knowledge, and willingness to work unstintingly and with optimism has helped to weatherproof APD in these times of economic uncertainty.

As significant has been the productive relationships APD has enjoyed with the Department of Customs, our tenants, the truckers and our shareholders. On behalf of the company, it is my privilege to acknowledge with deep gratitude the benefits that have accrued from the trust and cooperation each of these partners has contributed to our strategies towards the achievement of key goals. In 2017/2018, I pledge that we will continue to work together to achieve goals of widespread benefit. Equally, we commit to unwavering commitment in enhancing shareholder value.

FINANCIAL HIGHLIGHTS

Income Statement	2018 Budget	2017	2016	2015	2014	2013	2012
	$	$	$	$	$	$	$
Total Revenue	31,796,303	32,551,428	27,079,902	29,668,994	25,757,728	25,227,526	7,236,453
Total Operating Expenses	17,826,086	15,925,129	17,201,974	17,399,587	16,677,431	16,900,135	8,459,688
Depreciation & Financing Costs	5,750,353	5,455,095	5,539,491	5,516,329	5,464,460	4,832,583	1,016,114
Total income (loss) for the period attributable to the equity shareholders	8,219,864	11,171,204	4,338,437	6,753,078	3,615,837	3,494,808	(2,239,349)
Basic and diluted earnings (loss) per share	1.64	2.24	0.87	1.35	0.72	0.70	(0.51)

Balance Sheet	2017	2016	2015	2014	2013	2012
Assets						
Total Current Assets	17,928,670	9,309,774	9,698,929	5,186,494	4,529,978	5,498,070
Net PP&E	86,736,933	88,819,789	89,989,383	91,221,801	88,130,513	83,247,950
Investment Property						1,155,914
Total Assets	**104,665,603**	**98,129,563**	**99,688,312**	**96,408,295**	**92,660,491**	**89,901,934**
Liabilities and Shareholders' Equity						
Total Current liabilities	6,258,592	4,225,370	4,753,415	4,825,886	43,178,866	43,942,117
Non-current liabilities	37,569,186	39,240,657	39,612,884	39,915,387	131,242	104,242
Total Liabilities	**43,827,778**	**43,466,027**	**44,366,299**	**44,741,273**	**43,310,108**	**44,046,359**
Total equity	**60,837,825**	**54,663,536**	**55,322,013**	**51,667,022**	**49,350,383**	**45,855,575**

Cash Flow	2017	2016	2015	2014	2013	2012
Net Cash Provided by Operating Activities	16,916,881	9,405,091	11,478,375	7,798,712	6,809,151	918,476
Net Cash (Used) by Investing Activities	(1,199,070)	(2,146,208)	(1,961,598)	(6,175,129)	(6,196,085)	(52,331,908)
Net Cash Provided (Used) by Financing Activities	(7,576,595)	(7,609,456)	(5,734,625)	(1,312,913)	(370,484)	43,989,297
Bridge loan drawdown				(1,818,972)	1,813,316	35,203,199

MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis (MD&A) should be read in conjunction with the audited financial statements of APD Limited (the Company or APD) for the year ended June 30, 2017 and related notes. The financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in Bahamian dollars. This MD&A is dated October 25, 2017.

OVERVIEW

APD Limited owns, operates and maintains the commercial port at Arawak Cay known as "Nassau Container Port" (the Port or NCP), an inland terminal on Gladstone Road known as "Gladstone Freight Terminal" (the Depot or GFT) and administrative offices on Arawak Cay known as "NCP Maritime Centre". The financial year ended June 30, 2017 represents the fifth full year of operations after officially opening in May 2012. Our GFT facility was opened in August 2012. In February 2016 APD opened the administrative building in the Break Bulk Terminal. The tenants in this building are Betty K Agencies Ltd. and Bahamas Customs K-9 Unit. All project works are complete with the exception of our BEC substation.

FINANCIAL PERFORMANCE

For the year ended June 30, 2017 NCP had processed 70,226 (2016: 61,778 Twenty-foot Equivalent Units (TEUs). This represents a 14 percent increase in container volumes over 2016 volumes of 61,778 TEUs .

In the 2017 financial year, APD continued to exceed projections. Budgeted net income was $5,044,053, while actual net income for 2017 was $11,171,204, which is $6,127,151 or 121 percent more than budget. The Company's total revenues for 2017 were $32,551,428 (2016: 27,079,903), which is $5,471,525 or 20% higher than the prior year. Net income for 2017 totaled $11,171,204 (2016: $4,338,438 or (157%) higher than the prior year. This was largely attributable to volumes related to the Baha Mar Project that stalled during FY16, Hurricane Matthew relief supplies and increased vehicle import volumes.

Our Direct Operating Margin (DOM) for 2017 was 51% (2016: 37%) which was 12% higher than our forecasted DOM of 39%. For the period ended September 30, 2017 our DOM is 43% which is 1% more than our forecasted DOM for the same period.

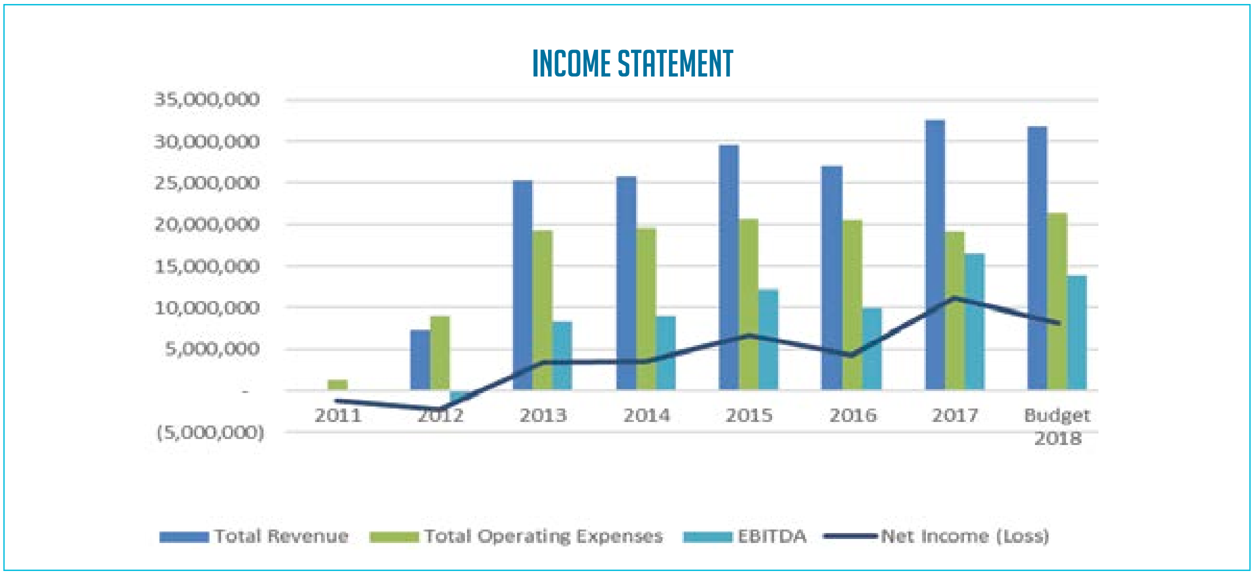
During the year, APD declared and paid dividends to ordinary shareholders of $4,996,915 (2016: $4,996,915) representing $1.00 (2016: $1.00) per share. As at June 30, 2017 basic and diluted earnings per share were $2.24 (2016: $0.87).

For the 2018 fiscal year, we are forecasting gross revenue of $31,796,303 (2017 Actual: $32,551,429 or 2% less than the prior year's actual gross revenue. Net income is projected to be $8,222,367 or $2,948,837 less than the 2017 actual net income of $11,171,204.

Our net income is currently 11% or $211,600 over budget as at September 30, 2017 and we continue to see a steady import of used vehicles from Asia and storage related income.

Projects at this time include; "The Pointe" hotel construction, "One Cable Beach", Sandals upgrade, Atlantis upgrade and Albany. The Baha Mar project is expected to be fully completed in April 2018. Many of these projects are in progress. Consequently, management remains conservative and optimistic and does not foresee any significant project volumes during FY18. We have also seen increased volumes of building materials relative to the destruction left behind by Hurricane Matthew.

Total market volumes are expected to remain around 68,500 TEUs for 2018 or 6,500 over the 2017 budgeted volumes of 62,000 TEUs. Our total revenues as at September 30, 2017 are ahead of budget by approximately $185,778 or 2.0%. Total expenses as at September 30, 2017 were slightly over budget by $10,817.



Operating expenses including depreciation of $19,170,664 for the period ended June 30, 2017 were $1,741,773 or 8% lower than our 2017 forecasted operating expenses of $20,912,437. Total comprehensive income of $11,171,204 was $6, 127,151 or 121% higher than our 2017 forecasted comprehensive income of $5,044,053.

Actual TEU volumes for 2017 of 70,226 were over budget by 8,226 TEUs or 13% compared to our budgeted 2017 volumes of 62,000 TEUs. Additionally bulk car volumes of 16,864 were 4,672 or 38% more than 2017 budgeted car volumes of 12,192. This resulted in revenues of approximately $3,003,407 from landing and security fees.

Additionally, revenues from storage fees were approximately $1,055,962 over budget. This was attributable to the fact that APD was able to recover storage for container units related to the Baha Mar project that were at the port well beyond the free time allowed. Total current assets increased from $9,309,774 (2016) to $17,928,670 (2017) or an increase of 93%. Cash and cash equivalents increased by $8,141,216. During the year the spare parts inventory increased by $159,343.

Gross accounts receivable increased marginally by $8,182. Property plant & equipment of $86,736,933 (2016: $88,819,789) as at June 30, 2017 represents port development costs from inception, inclusive of works in progress related to the BEC substation. This small scale project is expected to be completed within fiscal year 2018. Current liabilities increased by $2,033,222 from 4,225,370 (2016) to $6,258,592 (2017). This was largely driven by the current portion of preference shares principal which becomes due at the end of FY18.

The Company has complied with all of the covenants of its borrowing facilities during the reporting period. Further, the Company met all of its debt obligations during the reporting period.

Non-current liabilities decreased from $39,240,657 to $37,569,186 which is mainly attributable to the repayment of principal on the long term debt and the reclassification of the current portion of the preference shares which will become due at the end of FY18. Deposits held increased by approximately $8,958 related to deposits placed on rental units. Management monitors the performance of our operations against our strategic objectives on a regular basis. Performance is assessed against strategy utilizing budgets and forecasts, using both financial and non-financial measures.

NCP's TEU volumes as at September 30, 2017 are tracking 1% over budget. Total revenue as at September 30, 2017 are tracking about 2% over budget.

LIQUIDITY AND CAPITAL RESOURCES

APD's principal source of operating liquidity is cash flows generated from operations, including working capital. We maintain an appropriate level of liquidity. Given that the project is fully complete, liquidity will be managed through several sources, including operating cash flows, and an unused $3,000,000 credit facility with RBC with an interest rate at prime + 0.25%. Additionally, in June 2017, APD obtained a $3,000,000 USD loan facility from the Inter-American Investment Corporation (IIC). Proceeds are to be used to fund/finance a potential expansion of port facilities, the potential introduction of air cargo operations and port energy conservation projects including but not limited to installation of a Solar PV System, High Mass Lighting, LED retrofit and other related investments in energy conservation/improvements. The proceeds may also be used for the development of LNG storage, handling and operations facilities and for procurement of energy efficient appliances, vehicles and equipment. There have been no drawdowns against this facility.

As of June 30, 2017, our financing needs are well supported by this $6,000,000 available line of credit and cash flows from operations.

APD's principal uses of cash are to fund planned operating expenditures, capital expenditures, dividend payments on ordinary and preference shares, interest and principal payments on the long term debt and any mandatory quarterly lease payments on port lands to the Government. With the cash and cash equivalents on our statement of financial position and our ability to generate cash from operations over the course of a year, we believe we have sufficient liquidity to meet our ongoing needs for at least the next 12 months.

Based on the Company's current financial forecast, our default risk is assessed as low. To-date we have not drawn down on any portion of either of the two $3,000,000 credit facilities. In the event of an unanticipated adverse variance compared to the financial forecast, which might lead to an event of default, we have the opportunity to take certain mitigating actions in order to avoid such default including reducing or deferring discretionary expenditures, modifying our tariff rates, and securing additional sources of finance or investment.

We believe an important measure of APD's liquidity is unleveraged free cash flow. This measure is a useful indicator of our ability to generate cash to meet our liquidity demands. We believe unleveraged free cash flow provides investors with a better understanding of how the Company is performing and measures management's effectiveness in managing cash. We define unleveraged free cash flow as net cash, which is provided by/(used in) operating activities from continuing operations, adjusted to remove the impact of interest payments, and deducting the impact of capital expenditures on property and equipment additions. We believe this measure gives management and investors a better understanding of the cash flows generated by our core business, as interest payments will be primarily related to our debt while capital expenditures are primarily related to the development and operation of the port.

TRANSACTIONS WITH RELATED PARTIES

APD is 40% owned by Arawak Cay Port Development Holdings Limited (ACPDHL), a consortium of private companies operating in The Bahamas that are involved in shipping or maritime services. The majority of the revenues of the Company are derived from the services to companies that have some ownership stake in ACPDHL.

APD sub-lets warehouse space to Betty K Agencies Ltd., Tropical Shipping, Bahamas Customs and Gladstone Warehouse Services Ltd., at competitive market rates. APD also sub-lets administrative office space to the Ministry of Finance – Department of Inland Revenue at the GFT inland facility.

For the fiscal year 2018 the minimal annual rent of 50,000 TEUs at $42.07 (2017: $42.22) will be no less than $2,103,500 (2017: $2,111,000).

CRITICAL ACCOUNTING ESTIMATES

Management determines the estimated useful lives of the properties, plant and equipment, based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of properties, plant and equipment based on factors that include, but are not limited to, asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets. It is possible that the future results of operations could be materially affected by changes in these estimates brought about by changes in the above-mentioned factors.

LOANS AND LT DEBT

Facility A: Long term debt being a $5,000,000 non-revolving reducing term loan. The loan of $3,510,638 (2016: $3,936,170 is for a five (5) year period, amortized over twelve (12) years with interest payable quarterly in arrears at a rate of Prime rate plus 0.25% commencing December 31, 2013. Principal payments are payable quarterly commencing March 31, 2014 in instalments of $106,283 with balloon payment of $2,978,723 at maturity. The current portion of long term debt is $425,532 (2016: $425,532).

Facility B: $3,000,000 revolving demand operating line of credit payable on demand at a rate of Prime rate plus 0.25% on the outstanding balance.

The above facilities are secured by the following:

Security/ Collateral	▪ **Loan agreement and associated documentation;** ▪ **Promissory note for the facility amount.**

APD 2018 BUDGET VS. ACTUAL

FINANCIAL PERFORMANCE

Income Statement	2017	2016	2015	2014	2013	2012
	$	$	$	$	$	$
Total Revenue	32,551,429	27,079,902	29,668,994	25,757,728	25,227,526	7,236,453
Total Operating Expenses	19,226,076	20,523,353	20,704,910	19,597,165	19,356,799	9,074,623
Total income (loss) for the period attributable to equity shareholders	11,171,204	4,338,437	6,753,078	3,615,837	3,494,808	(2,239,349)
Basic and diluted income (loss) per share	2.24	0.87	1.35	0.72	0.70	(0.51)

Balance Sheet	2017	2016	2015	2014	2013	2012
Assets						
Total Current Assets	17,928,670	9,309,774	9,698,929	5,186,494	4,529,978	5,498,070
Net PP&E	86,736,933	88,819,789	89,989,383	91,221,801	88,130,513	83,247,950
Investment Property						1,155,914
Total Assets	**104,665,603**	**98,129,563**	**99,688,312**	**96,408,295**	**92,660,491**	**89,901,934**
Liabilities and Shareholder's Equity						
Total Current liabilities	4,972,592	4,225,370	4,753,415	4,825,886	43,178,866	43,942,117
Non-current liabilities	38,855,186	39,240,657	39,612,884	39,915,387	131,242	104,242
Total Liabilities	**43,827,778**	**43,466,027**	**44,366,299**	**44,741,273**	**43,310,108**	**44,046,359**
Total Equity	**60,837,825**	**54,663,536**	**55,322,013**	**51,667,022**	**49,350,383**	**45,855,575**

Facility C: On July 5, 2013 the Company issued 72,000 series a 5.5% fixed rate, non-voting, cumulative redeemable preference shares. The net proceeds of the offer totalled $35,377,943. The shares have an issue price of $500 per share, with par value of $0.10 per share and have a maturity date of June 30, 2033. The current portion of the preference share debt is $1,286,000. Principal payments are payable annually commencing the last working day of June on the 5th anniversary of the offering. $1,286,000 is due between the 5th and 12th anniversary, and $3,428,000 between the 13th and the 19th anniversary, with the residual balance of $1,716,000 payable of the 20th anniversary.

Facility D: USD $3,000,000 non-revolving reducing term loan. The loan is for a five (5) year period from the date of the first disbursement with interest payable semi-annually at a rate of LIBOR plus 2.25% commencing six months from the date of the first disbursement of the loan. Principal repayments will be payable semi-annually in roughly equal installments. There have been no drawdowns against this facility.

Management believes that the Company has adequate resources to meet its current and long-term obligations as they fall due and will continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements

CONTROLS AND PROCEDURES

Our Management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its disclosure controls and procedures. Based on the evaluation performed, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

The Company maintains disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Industry Act of 2011 (the "Act") is recorded, processed, summarized and reported within the specified time periods and communicated to management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no material changes in internal control over the financial reporting period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Michael J. Maura, Jr.,
President and CEO

Dion O. Bethell,
Vice President and CFO

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Independent auditors' report

To the Shareholders of APD Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of APD Limited (the Company) as of June 30, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

APD Limited's financial statements comprise:

- the statement of financial position as of June 30, 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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Our audit approach

Overview

- Overall materiality: $565,000, which represents approximately 5% of profit from continuing operations.
- We planned and scoped our audit for 2017 based on financial statement line items which met our threshold, after applying a haircut to overall materiality. We also selected additional financial statement line items based on our professional judgement.
- We have one key audit matter: Valuation of property, plant and equipment.

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall materiality	$565,000 (2016: $216,900)
How we determined it	5% of profit from continuing operations
Rationale for the materiality benchmark applied	We chose profit from continuing operations as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $56,500 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Other information

Management is responsible for the other information. The other information comprises the 2017 APD Limited Annual Report (but does not include the financial statements and our auditors' report thereon), which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the 2017 APD Limited Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of property, plant and equipment *See notes 2 (g), 2 (h) and 9 of the financial statements for disclosures of related accounting policies, judgements and estimates.*	
As of June 30, 2017, property, plant and equipment represented $86,736,933 or 83% of total assets of the Company. Impairment losses on property, plant and equipment totalling $24,309 were recognised during the year. We focused on valuation of property, plant and equipment due to materiality of the balance and because the factors in determining whether impairment exists involves significant judgement by management. In determining whether circumstances indicating impairment exist, management, at a minimum, considers the following factors: - A decline in the asset's market value that is significantly greater than would be expected as a result of the passage of time or normal use; - Significant adverse changes in the technological, market, economic or legal environment; - Increases in interest rates or other market rates of return; - Obsolescence or physical damage affecting the asset; - Significant adverse changes that have taken place or are expected in the way that an asset is used or expected to be used; - Deterioration in the expected level of the asset's performance; and - Management's own forecasts of future net cash inflows or operating profits may show a significant decline from previous budgets and forecasts.	We evaluated and assessed the reasonableness of accounting policies related to property, plant and equipment and useful lives. For a sample of assets, we examined if the useful life over which depreciation is calculated was in accordance with the Company's policy. We also performed a recalculation of depreciation expense for a sample of assets. Additionally, we tested management's impairment assessment which included an analysis of all of the Company's assets by asset class. We agreed information in the analysis to the fixed asset register which was reconciled to the general ledger and financial statements through our testing. We also assessed the reasonableness of the amount of impairment loss recorded by management for the assets identified as impaired. We performed an analysis of the Company's property, plant and equipment using the external and internal factors outlined in IAS 36. Additionally, we assessed the reasonableness of management's assumptions used in determining if an asset is impaired and challenged management's process by examining a sample of assets which had not been identified by management as potentially impaired, forming our own independent conclusion as to whether there were indications of impairment. This included the performance of a physical inspection of the assets to determine whether they were in working condition or if there was evidence of damage or obsolescence. No material misstatement in the carrying amount of property, plant and equipment was identified through our testing.

cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Myra Lundy-Mortimer.

PricewaterhouseCoopers
Chartered Accountants
Nassau, Bahamas

October 25, 2017

APD LIMITED

(Incorporated under the laws of the Commonwealth of The Bahamas)

Statement of Financial Position
As of June 30, 2017
(Amounts expressed in Bahamian dollars)

	Notes	2017 $	2016 $
ASSETS			
Current assets			
Cash and cash equivalents	3	13,830,892	5,689,676
Accounts receivable	4	1,958,248	1,950,066
Tax receivable		553,204	159,882
Deposits, prepayments and other assets	6	733,485	816,652
Spare parts inventory		852,841	693,498
Total current assets		**17,928,670**	**9,309,774**
Non-current assets			
Property, plant and equipment	9	86,736,933	88,819,789
Total assets		**104,665,603**	**98,129,563**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		369,626	408,136
Due to related parties	5	2,997,653	2,330,346
Retention payable		-	2,911
Accrued expenses and other liabilities	10	1,179,781	1,058,445
Current portion of preference shares	8	1,286,000	-
Current portion of long term debt	7	425,532	425,532
Total current liabilities		**6,258,592**	**4,225,370**
Non-current liabilities			
Redeemable preference shares	8	34,215,928	35,470,825
Long term debt	7	3,085,106	3,510,638
Deposits held	13	268,152	259,194
Total non-current liabilities		**37,569,186**	**39,240,657**
Total liabilities		**43,827,778**	**43,466,027**
Equity			
Share capital	11	49,969	49,969
Share premium		49,192,308	49,192,308
Retained earnings		11,595,548	5,421,259
Total equity		**60,837,825**	**54,663,536**
Total liabilities and equity		**104,665,603**	**98,129,563**

Approved by the Board of Directors on 25th October 2017 and signed on its behalf by:

Jack Sands - Chairman

Samuel Campbell - Deputy Chairman

The accompanying notes are an integral part of these financial statements

APD LIMITED

Statement of Comprehensive Income
For the year ended in June 30, 2017

(Amounts expressed in Bahamian dollars)

	Notes	2017 $	2016 $
Revenue			
Landing fees	5	14,281,422	11,613,469
Terminal handling fees	5	4,389,282	4,248,570
Stevedoring fees	5	3,305,587	2,868,114
Security	5	2,568,446	1,973,851
Gate fees	5	2,328,860	2,036,578
Storage fees	5	2,206,719	1,174,306
Subleases	5,13	1,699,550	1,655,575
Reefer line	5	691,550	572,430
Hazmat fees	5	665,150	581,200
Dockage	5	286,833	272,530
Line handling fees	5	75,100	78,378
Other income	5	52,929	4,902
Total revenue		**32,551,428**	**27,079,903**
Expenses			
Salaries, employee benefits and training	5,15	5,093,634	5,076,901
Terminal handling costs	5	3,795,215	3,531,378
Government lease	13	2,964,964	2,559,290
Government fees and taxes		1,449,069	1,423,123
Utilities		1,024,585	1,029,631
Repairs and maintenance		860,150	1,231,633
Security		367,725	343,379
Legal and other professional fees	14	365,775	686,260
Insurance		302,622	389,403
Other operating expenses		173,262	230,534
Office supplies, postage and delivery		117,384	115,341
Company meetings and events		98,830	77,678
Loss/(Gain) on disposal of assets		12,082	(5,577)
Bad debt (reversal)/expense	4	(700,168)	513,000
Total expenses		**15,925,129**	**17,201,974**
Earnings before interest, depreciation and amortisation		**16,626,299**	**9,877,929**

The accompanying notes are an integral part of these financial statements

APD LIMITED

Statement of Comprehensive Income (Continued)
For the year ended June 30, 2017

(Amounts expressed in Bahamian dollars)

	Notes	2017 $	2016 $
Depreciation	9	3,245,535	3,321,379
Impairment of property, plant and equipment		24,309	-
Amortisation of preference share issue cost		31,103	31,103
Total depreciation and amortisation		**3,300,947**	**3,352,482**
Earnings before interest		**13,325,352**	**6,525,447**
Finance costs			
Preference share dividends		(1,980,000)	(1,980,000)
Interest expense		(178,331)	(210,711)
Interest income		4,183	3,702
Total finance costs, net		**(2,154,148)**	**(2,187,009)**
Total earnings for the year attributable to the equity shareholders		**11,171,204**	**4,338,438**
Total comprehensive income for the year		**11,171,204**	**4,338,438**
Basic and diluted earnings per share		**2.24**	**0.87**

The accompanying notes are an integral part of these financial statements

APD LIMITED

Statement of Change in Equity
For the year ended in June 30, 2017

(Amounts expressed in Bahamian dollars)

	Share capital $	Share premium $	Retained earnings $	Total $
Balance at July 1, 2015	**49,969**	**49,192,308**	**6,079,736**	**55,322,013**
Total comprehensive income for the year	-	-	4,338,438	4,338,438
Dividends paid (Note 11)	-	-	(4,996,915)	(4,996,915)
Balance at June 30, 2016	**49,969**	**49,192,308**	**5,421,259**	**54,663,536**
Balance at July 1, 2016	**49,969**	**49,192,308**	**5,421,259**	**54,663,536**
Total comprehensive income for the year	-	-	11,171,204	11,171,204
Dividends paid (Note 11)	-	-	(4,996,915)	(4,996,915)
Balance at June 30, 2017	**49,969**	**49,192,308**	**11,595,548**	**60,837,825**

The accompanying notes are an integral part of these financial statements

APD LIMITED

Statement of Cash Flows
For the year ended in June 30, 2017

(Amounts expressed in Bahamian dollars)

	Notes	2017 $	2016 $
Cash flows from operating activities			
Total comprehensive income for the year		11,171,204	4,338,438
Adjustments for:			
Depreciation	9	3,245,535	3,321,379
Impairment of property, plant and equipment		24,309	-
Amortisation of preference share issue cost		31,103	31,103
Bad debt expense / (reversal)	4	(700,168)	513,000
Loss / (Gain) on disposal of assets	9	12,082	(5,577)
Interest income		(4,183)	(3,702)
Preference share dividends		1,980,000	1,980,000
Loan interest expense		178,331	210,711
Operating profit before changes in working capital		**15,938,213**	**10,385,352**
Decrease / (Increase) in accounts receivable		691,986	(624,048)
Decrease / (Increase) in deposits, prepayments and other assets		83,167	(38,892)
(Increase) / Decrease in spare parts inventory		(159,343)	185,430
(Increase) / Decrease in tax receivable		(393,322)	3,092
Decrease in accounts payable		(38,510)	(116,162)
Increase / (Decrease) in due to related parties		667,307	(246,901)
Decrease in retention payable		(2,911)	(90,915)
Increase / (Decrease) in accrued expenses and other liabilities		121,336	(74,067)
Increase in deposits held		8,958	22,202
Net cash provided by operating activities		**16,916,881**	**9,405,091**
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(1,204,770)	(2,159,708)
Proceeds from sale of property, plant and equipment		5,700	13,500
Net cash used in investing activities		**(1,199,070)**	**(2,146,208)**
Cash flows from financing activities			
Principal payments on long term debt	7	(425,532)	(425,532)
Dividends paid to ordinary shareholders	11	(4,996,915)	(4,996,915)
Preference share dividends		(1,980,000)	(1,980,000)
Interest income received		4,183	3,702
Interest expense paid		(178,331)	(210,711)
Net cash used in financing activities		**(7,576,595)**	**(7,609,456)**
Increase / (Decrease) in cash and cash equivalents		**8,141,216**	**(350,573)**
Cash and cash equivalents, beginning of year		**5,689,676**	**6,040,249**
Cash and cash equivalents, end of year		**13,830,892**	**5,689,676**

The accompanying notes are an integral part of these financial statements

APD LIMITED
Notes to Financial Statements
June 30, 2017

1. General information

APD Limited (the Company) was incorporated on February 24, 2009, under the Companies Act, 1992 of the Commonwealth of The Bahamas (The Bahamas). The Company is 40% owned by The Treasurer of The Bahamas, 40% owned by Arawak Cay Port Development Holdings Limited (ACPDHL) and 20% owned by the general public, hereinafter collectively referred to as the Shareholders. ACPDHL is owned by a consortium of private companies operating in The Bahamas. The principal activity of the Company is to manage, operate and maintain a commercial port at Arawak Cay known as Nassau Container Port (the Port) and an inland terminal on Gladstone Road, known as Gladstone Freight Terminal (the Depot) (Note 13).

The Company is a public company, which was listed on the Bahamas International Securities Exchange effective April 11, 2012. The Company's registered office is located at Ocean Centre, Montagu Foreshore, East Bay Street, New Providence, The Bahamas.

Operations of the Port include a break bulk, a bulk and a container terminal that has 1,167 linear feet of berthing. The container terminal has the capability of handling at least 75,000 Twenty-foot Equivalent Units (TEUs) annually. The Depot is comprised of 100,000 square feet and 10,000 square feet of warehouse and administrative office space respectively, and serves as a deconsolidation and distribution centre.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The Company's financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations (hereinafter collectively referred to as IFRS).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

(i) Critical accounting estimates and assumptions

Useful lives of property, plant and equipment

Management determines the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property, plant and equipment based on factors that include, but are not limited to, asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of assets. It is possible that the future results of operations could be materially affected by changes in these estimates brought about by changes in the above-mentioned factors.

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (continued)

(i) Critical accounting estimates and assumptions (continued)

Impairment of non-financial assets

Items of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Identifying and assessing circumstances that indicate that the carrying amount of an item of property, plant and equipment may not be recoverable requires significant judgment. In determining whether circumstances indicating impairment exist, management, at a minimum, considers the following factors:

- A decline in the asset's market value that is significantly greater than would be expected as a result of the passage of time or normal use;
- Significant adverse changes in the technological, market, economic or legal environment;
- Increases in interest rates or other market rates of return;
- Obsolescence or physical damage affecting the asset;
- Significant adverse changes that have taken place or are expected in the way that an asset is used or expected to be used;
- Deterioration in the expected level of the asset's performance; and
- Management’s own forecasts of future net cash inflows or operating profits showing a significant decline from previous budgets and forecasts.

(ii) Critical judgment in applying the entity’s accounting policies

Capitalisation of directly attributable costs related to the acquisition of property, plant and equipment

International Accounting Standard (IAS) 16 *‘Property, Plant and Equipment’* requires that the cost of an item of property, plant and equipment should include directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Determining directly attributable costs requires significant judgment. Management determines directly attributable costs as those that are incremental in nature and/or would be necessarily incurred by a third party in bringing the asset to the location and condition necessary for it to be used for the intended purpose.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (continued)

(iii) Alternative performance measures

Management has determined that earnings before interest, depreciation and amortisation is the most useful performance measure to the users of the financial statements as it can be useful in comparing companies with different debt profiles and depreciation policies and is a widely accepted performance measure. Earnings before interest, depreciation and amortisation as presented on the statement of comprehensive income reconciles to operating profit as follows:

	2017 **$**	**2016** **$**
Earnings before interest, depreciation and amortisation	16,626,299	9,877,929
Depreciation	(3,245,535)	(3,321,379)
Impairment of property, plant and equipment	(24,309)	-
Amortisation of preference share issue cost	(31,103)	(31,103)
Operating profit	**13,325,352**	**6,525,447**

(b) Changes in applicable accounting policy and disclosures

(i) New and amended standards adopted by the Company

There are no IFRS that are effective for the first time for the financial year beginning on or after July 1, 2016 that would be expected to have a material impact to the Company.

(ii) New standards and interpretations not yet adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after July 1, 2016, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, *'Financial instruments'*, addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The determination is made at initial recognition, and the classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. In addition, IFRS 9 will require the impairment of financial assets to be calculated using an expected credit loss model that replaces the incurred loss impairment model required by IAS 39.

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(b) Changes in applicable accounting policy and disclosures (continued)

(ii) New standards and interpretations not yet adopted by the Company (continued)

For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income for financial liabilities designated at fair value through profit or loss. The Company has not yet assessed the full impact of adopting IFRS 9, which is effective for financial periods beginning on or after January 1, 2018.

IFRS 15, *'Revenue from contracts with customers'*, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with its customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after January 1, 2018, and replaces IAS 18, *'Revenue'* and IAS 11, *'Construction contracts'* and related interpretations. The Company has not yet assessed the full impact of adopting IFRS 15.

IFRS 16, *'Leases'* results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 *'Leases'*. Lessees will recognise a 'right of use' asset and a corresponding financial liability on the statement of financial position. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as in IAS 17. The standard is effective for annual period beginning on or after January 1, 2019. The Company has not yet assessed the full impact of adopting IFRS 16.

(c) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Bahamian dollars, which is the Company's functional and presentation currency, as it represents the currency of the primary economic environment in which the Company operates.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash held with banks and other short term highly liquid investments with original maturities of three (3) months or less.

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(e) Accounts receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one (1) year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Impairment of accounts receivable is discussed in Note 2(o).

(f) Inventory

Inventory primarily includes spare crane parts that are valued at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory is derecognised when the parts are used in operations.

(g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. The carrying amount of the replaced asset is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Buildings under construction, termed capital work in progress, are carried at cost and not depreciated until construction is complete and the assets are ready for their intended use. At that time, the accumulated cost is transferred from capital work in progress to the appropriate asset category.

All other items of property, plant and equipment are depreciated using the straight-line method to allocate their cost less residual values, over their estimated useful lives, as follows:

Container terminal	10 to 45 years
Freight handling equipment (cranes)	10 to 15 years
Other freight handling equipment	1.5 to 10 years
Buildings and improvements	45 years
Motor vehicles	1.5 to 10 years
Furniture and fixtures, communications and office equipment	1.5 to 10 years

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(g) Property, plant and equipment (continued)

The assets' residual values and estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount [Note 2(h)].

At the time of disposal or retirement of assets, the cost and related accumulated depreciation are eliminated, and any resulting gain or loss is reflected in the statement of comprehensive income.

(h) Impairment of non-financial assets

Items of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows [Cash Generating Units (CGUs)]. Non-financial assets that incurred impairment charges are reviewed for possible reversal of the impairment at each reporting date.

(i) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one (1) year or less. If not, they are presented as non-current liabilities.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the statement of comprehensive income as finance costs.

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(j) Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

(k) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(l) Share capital and share premium

Ordinary shares are classified as equity. Total value of shares issued in excess of the par value is recognised as share premium. Mandatorily redeemable preference shares are classified as liabilities [Note 2(j)].

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds.

(m) Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services provided in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts.

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(m) Revenue and expense recognition (continued)

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below:

Revenue from services

Revenue from general cargo and vessel services comprises landing fees, terminal handling fees, security, stevedoring fees, hazmat fees, dockage, and line handling fees. Revenue from port services includes gate fees, storage fees and reefer line. The above revenues are recognised upon delivery of services.

Revenue from rental and other fixed-term contracts is recognised using a straight-line basis over the term of the contract.

Interest income and expense

Interest income and expense for all interest-bearing financial assets and liabilities are recognised in the statement of comprehensive income using the effective interest method.

All other costs and expenses are recognised in the statement of comprehensive income as incurred.

(n) Leases

Accounting as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Accounting as lessor

Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

(o) Financial instruments

(a) Classification

Financial instruments include financial assets and financial liabilities. The Company classifies all its financial assets as 'loans and receivables'. Management determines the classification of its financial assets at initial recognition. The Company classifies all its financial liabilities as financial liabilities at amortised cost.

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

(a) Classification (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the reporting date in which case, these are classified as non-current assets. The Company's loans and receivables comprise cash and cash equivalents (Note 3), accounts receivable (Note 4) and deposits, prepayments and other assets (Note 6) included in the statement of financial position.

Financial liabilities at amortised cost comprise accounts payable, due to related parties (Note 5), retention payable, long term debt (Note 7), redeemable preference shares (Note 8), and deposits held.

(b) Recognition

The Company recognises financial assets and financial liabilities initially on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

(c) Measurement

Financial instruments are measured initially at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities are amortised over the life of the instrument.

Subsequent to the initial recognition, financial assets classified as loans and receivables are carried at amortised cost using the effective interest method, less a provision for impairment losses.

(d) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expired.

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

(e) Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that the loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of a loss event include:

- significant financial difficulty of the customer;
- a breach of contract, such as a default or delinquency in payments; or
- it becomes probable that the customer will enter bankruptcy or other financial reorganisation.

Individually significant financial assets are tested for impairment if there are indicators of impairment. Impairment loss is recognised in the statement of comprehensive income and the carrying amount of the asset is reduced through the use of an allowance account. Individual insignificant financial assets are grouped together.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(p) Retirement benefit costs

The Company has a defined contribution pension plan for all eligible employees whereby the Company makes contributions to a privately administered pension plan. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior years. The Company and employees make contributions based on eligible earnings, and the Company's contributions are recognised in the statement of comprehensive income in the financial period to which they relate. Enrolment in the defined contribution pension plan is at the discretion of the employee.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management that makes strategic decisions.

(r) Taxation

Under the current laws of The Bahamas, the Company is not subject to income, capital or other corporate taxes. The Company's operations do not subject it to taxation in any other jurisdiction.

On January 1, 2015, the Government of The Bahamas introduced the Value Added Tax (VAT) Act, 2014 which implemented a consumption tax assessed at a rate of 7.5%. As such, the Company is required to assess VAT on all commercial leases and other services, to be payable to the Government. The Company will also incur VAT on certain goods and services acquired during the normal course of business to be offset against this payable.

(s) Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing:

- the earnings attributable to the equity shareholders, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares, if any.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

2. Summary of significant accounting policies (Continued)

(s) Earnings per share (continued)

(b) Diluted

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares, if any.

(t) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Board of Directors.

(u) Corresponding figures

Certain corresponding figures have been amended in the notes to the financial statements as follows:

Note 5: Related party balances and transactions

The amounts due to Shareholder have been amended to include real property taxes payable to the Government at the year end.

Note 13: Significant agreements

The amount due to Shareholder was amended to include balances due to the Government for leases payable and the "later than five years" category was included for future minimum lease payments receivable.

Note 17: Financial risk management

The contractual cash flows for redeemable preference shares was amended to reflect the actual expected cash flows.

None of these amendments had an impact on the reported results and primary statements of the prior year.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

3. Cash and cash equivalents

	2017 $	2016 $
Cash on hand	3,030	2,107
Cash held with bank	13,827,862	5,687,569
	13,830,892	**5,689,676**

4. Accounts receivable

	2017 $	2016 $
Customers' account - gross:		
Third parties	126,576	794,410
Related parties (Note 5)	1,831,672	1,855,824
	1,958,248	2,650,234
Less: Provision for bad debts (third party)	-	(700,168)
	1,958,248	**1,950,066**

Movements in the provision for doubtful accounts are as follows:

	2017 $	2016 $
Balance at beginning of year	(700,168)	(187,168)
Provision for bad debts	-	(513,000)
Reversal of previous provisions	700,168	-
Balance at end of year	-	**(700,168)**

As of June 30, 2017, accounts receivable of $Nil (2016: $700,168) was impaired with a provision amounting to $Nil (2016: $700,168) being made against this amount. The total balance of the receivables is considered by management to be collectible.

The other classes within accounts receivable do not contain impaired assets.

As of reporting date, the aging analysis of trade receivables is as follows:

	Total $	Current $	1-30 days $	31-60 days $	61-90 days $	More than 90 days $
2017	1,958,248	1,567,261	352,561	38,110	316	-
2016	2,650,234	1,347,189	601,780	106,173	17,448	577,644

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

4. Accounts receivable (Continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The credit quality of accounts receivable that are neither past due nor impaired at the reporting date can be assessed by reference to historical information about counterparty default rates. Credit risk is discussed in Note 17(b).

5. Related party balances and transactions

A party is related to the Company if:

(i) directly, or indirectly through one or more intermediaries, the party:
- controls, is controlled by, or is under common control with, the Company;
- has an interest in the Company that gives it significant influence over the Company;

(ii) the party is a member of the key management personnel, including directors and officers, of the Company or its shareholders;

(iii) the party is a close member of the family of any individual referred to in (ii) above; and

(iv) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entities resides with, directly or indirectly, any individual referred to in (ii) or (iii) above.

(a) Amounts due from related parties included in accounts receivable comprise:

	2017 $	2016 $
Due from Shareholder	1	1
Due from other related parties - affiliates	1,831,672	1,855,823
	1,831,673	**1,855,824**

The amount due from Shareholder represents amounts paid on behalf of the Shareholder. The amount due from other related parties - affiliates arise mainly from the services provided by the Company. The receivables are unsecured and bear no interest.

(b) Amounts due to related parties comprise:

	2017 $	2016 $
Due to Shareholder	3,346,160	2,744,397
Due to other related parties - affiliates	289,374	132,041
	3,635,534	**2,876,438**

The due to Shareholder includes real property taxes payable, and lease payable to the Government relevant to the lease of the Port and Depot Lands (Note 13). The amounts due to other related parties - affiliates arise mainly from services provided to the Company and services obtained for terminal handling operations. These amounts are included in due to related parties and accrued expenses and other liabilities on the statement of financial position.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

5. Related party balances and transactions (Continued)

(b) Amounts due to related parties comprise (continued):

The amounts due to related parties are trade payables for services in the ordinary course of business. Settlement of the above payables is within the payment terms agreed in the agreements and invoices.

(c) Sales and purchases of services:

	2017 $	2016 $
Sales of services		
Other related parties - affiliates	**28,901,865**	**24,162,482**

Sales of services to other related parties - affiliates pertains to the various general cargo and vessel services, port services, and rental income with terms as agreed in the invoices and agreements and are recognised as revenue in the statement of comprehensive income.

Revenue from transactions with two customers amount to 10% or more of the Company's total revenue. Transactions with these two customers included in sales of services account for 77% (2016: 80%) of total revenues during the year, amounting to $11,823,744 (2016: $11,496,391) and $13,246,441 (2016: $10,436,014) respectively.

	2017 $	2016 $
Purchases of services		
Other related parties - affiliates	**4,109,248**	**3,823,451**

The services purchased from other related parties - affiliates are related to services provided by the common terminal operator at the Port facilities.

(d) Key management compensation

Key management includes the directors of the Company and senior management. The compensation paid or payable to key management for their services is shown below:

	2017 $	2016 $
Salaries	795,934	752,427
Short term employee benefits	461,005	493,622
Retirement benefits	39,797	37,388
	1,296,736	**1,283,437**

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

6. Deposits, prepayments and other assets

	2017 $	2016 $
Security deposits	414,000	424,075
Prepayments	319,485	392,577
	733,485	**816,652**

7. Long term debt

Facility 1: Long term debt being a $5,000,000 non-revolving reducing term loan. As of June 30, 2017, the loan of $3,510,638 (2016: $3,936,170) is for a five (5) year period, amortised over twelve (12) years with interest payable quarterly in arrears at a rate of Bahamian dollar prime rate plus 0.25% commencing December 31, 2013. Principal payments are payable quarterly in instalments of $106,383 with a balloon payment of $2,978,723 at maturity. The current portion of long term debt is $425,532 (2016: $425,532).

Facility 2: $3,000,000 revolving demand operating line of credit payable on demand at a rate of Bahamian dollar prime rate plus 0.25% on the outstanding balance. There have been no drawdowns against this facility.

The above facilities are secured by the following:

- Security/Collateral
  - Loan agreement and associated documentation;
  - Promissory note for the facility amount.

Facility 3: USD 3,000,000 non-revolving reducing term loan. The loan is for a five (5) year period from the date of the first disbursement with interest payable semi-annually at a rate of LIBOR plus 2.25% commencing six months from the date of the first disbursement of the loan. Principal repayments will be payable semi-annually in roughly equal instalments. There have been no drawdowns against this facility.

The Company has complied with the financial covenants of its borrowing facilities during the years ended June 30, 2017 and 2016.

8. Redeemable preference shares

The Company has 150,000 series A 5.5% fixed rate, non-voting redeemable preference shares of which 72,000 shares were issued on July 5, 2013. The net proceeds of the offer totalled $35,377,943. The shares have an issue price of $500 per share, with par value of $0.10 per share. Principal payments are payable annually commencing the last working day of June on the 5th anniversary of the offering as follows: $1,286,000 due between the 5th and 12th anniversary; $3,428,000 between the 13th and 19th anniversary, and the residual balance of $1,716,000 payable on the 20th anniversary. The shares are entitled to dividends at the rate of 5.5% per annum. If insufficient profits are available in a particular financial year, the dividends accumulate and are payable when sufficient profits are available.

Since the shares are mandatorily redeemable on a specified date, they are recognised as liabilities.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

9. Property, plant and equipment (Continued)

	Container terminal $	Freight handling equipment $	Buildings, improvements & office trailers $	Motor vehicles $	Furniture & fixtures, communications and office equipment $	Capital work in progress $	Total $
Year ended June 30, 2017							
Opening net book value	39,819,293	7,842,644	37,772,803	241,744	1,432,088	1,711,217	88,819,789
Additions	-	5,251	30,714	-	12,516	1,224,388	1,272,869
Transfers	62,841	86,807	192,315	177,156	328,865	(847,984)	-
Reclassifications							
Cost	-	-	-	-		(68,098)	(68,098)
Impairment	-	(24,157)	-	-	(152)	-	(24,309)
Accumulated depreciation	-	-	-	-	-	-	-
Disposals							
Cost	-	(26,110)	-	-	(1,160)	-	(27,270)
Accumulated depreciation	-	8,392	-	-	1,095	-	9,487
Depreciation charge for the year	(1,010,139)	(674,034)	(958,063)	(87,131)	(516,168)	-	(3,245,535)
Closing net book value	**38,871,995**	**7,218,793**	**37,037,769**	**331,769**	**1,257,084**	**2,019,523**	**86,736,933**
At June 30, 2017							
Cost	44,025,944	10,193,721	41,267,072	710,495	3,932,564	2,019,523	102,149,319
Impairment	-	(24,157)	-	-	(152)	-	(24,309)
Accumulated depreciation	(5,153,949)	(2,950,771)	(4,229,303)	(378,726)	(2,675,328)	-	(15,388,077)
Net book value	**38,871,995**	**7,218,793**	**37,037,769**	**331,769**	**1,257,084**	**2,019,523**	**86,736,933**

Capital work in progress includes costs incurred as of June 30, 2017 in connection with ongoing construction and special projects at the Port. These projects are expected to be completed no later than the third fiscal quarter of 2017.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

9. Property, plant and equipment

	Container terminal $	Freight handling equipment $	Buildings, improvements & office trailers $	Motor vehicles $	Furniture & fixtures, communications and office equipment $	Capital work in progress $	Total $
Year ended June 30, 2016							
Opening net book value	40,815,037	8,046,552	36,551,455	296,058	1,704,567	2,575,714	89,989,383
Additions	4,925	-	7,876	-	8,715	2,147,522	2,169,038
Transfers	4,925	492,292	2,148,243	30,759	326,470	(3,002,689)	-
Reclassifications							
Cost	-	-	-	-	-	(9,330)	(9,330)
Accumulated depreciation	-	-	-	-	-	-	-
Disposals							
Cost	-	(7,577)	-	-	(542)	-	(8,119)
Accumulated depreciation	-	-	-	-	196	-	196
Depreciation charge for the year	(1,005,594)	(688,623)	(934,771)	(85,073)	(607,318)	-	(3,321,379)
Closing net book value	**39,819,293**	**7,842,644**	**37,772,803**	**241,744**	**1,432,088**	**1,711,217**	**88,819,789**
At June 30, 2016							
Cost	43,963,103	10,127,774	41,044,043	533,338	3,596,332	1,711,217	100,975,807
Accumulated depreciation	(4,143,810)	(2,285,130)	(3,271,240)	(291,594)	(2,164,244)	-	(12,156,018)
Net book value	**39,819,293**	**7,842,644**	**37,772,803**	**241,744**	**1,432,088**	**1,711,217**	**88,819,789**

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

10. Accrued expenses and other liabilities

	2017 $	2016 $
Accrued real property tax	632,608	546,092
General accruals	547,173	512,353
	1,179,781	**1,058,445**

11. Share capital

The Company has an authorised capital of $65,000 divided into 5,000,000 ordinary shares and 150,000 cumulative preference shares with a par value of $0.01 and $0.10 each, respectively.

As of reporting date, the Company has issued 4,996,915 (2016: 4,996,915) ordinary shares that were fully paid for by the shareholders.

During the year, the Company declared and paid dividends to ordinary shareholders of $4,996,915 (2016: $4,996,915) representing $1.00 (2016: $1.00) per share.

12. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to the equity shareholders divided by the weighted average number of ordinary shares outstanding during the period.

	2017	2016
Total earnings for the year attributable to the equity shareholders	$11,171,205	$4,338,438
Weighted average number of ordinary shares in issue	4,996,915	4,996,915
Basic and diluted earnings per share	**$2.24**	**$0.87**

13. Significant agreements

(a) *Memorandum of Understanding (MOU)*

On May 10, 2010, the Company and the Government of The Bahamas (the Government) entered into a Memorandum of Understanding (MOU), whereby the Government initiated the relocation of the freight, cargo and port handling activities from downtown Bay Street on the island of New Providence to Arawak Cay, New Providence, and the Company agreed to design, develop, construct, manage, operate and maintain a new commercial port at Arawak Cay to be known as Nassau Container Port (the Port) and an inland terminal on Gladstone Road, to be known as Gladstone Freight Terminal (the Depot).

In accordance with the MOU, 20% of the Company's ordinary shares were offered for sale to the general public through an Initial Public Offering (IPO) held in February 2012. At the conclusion of the IPO, the Government and ACPDHL each owned 40% and the general public owned 20% of the ordinary share capital of the Company.

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

13. Significant agreements (Continued)

(a) Memorandum of Understanding (MOU) (continued)

The Port and Depot facilities were developed on 56.55 acres of land on Arawak Cay, New Providence (the Port Land) and 15 acres of land at Gladstone Road, New Providence (the Depot Land). On June 21, 2011, the Minister responsible for the Lands and Survey, acting on behalf of the Government leased the Port Land and Depot Land and licensed 27.88 acres of seabed for use of the Company for 45 years which became effective May 1, 2012 and August 13, 2012, respectively, when the Port and Depot facilities were substantially completed.

The MOU states that the Government will allow the Company to make such adjustments to fees and tariffs as may be required from time to time to maintain an Internal Rate of Return (IRR) of no less than 10%.

Under the MOU, the Government has granted the Company an exclusive arrangement whereby no other port (including sufferance wharfs) or container terminals (whether inland or not) can be established on the islands of New Providence and Paradise Island as well as within 20 miles of the shoreline of New Providence for a period of twenty (20) years from the date of the substantial completion.

The MOU further states that the Company and any of its licensees, tenants and contractors employed during the Port and Depot build-out period, will be exempt from any customs duty and excise taxes on the importation of certain material and equipment that will be used in the construction, equipping, furnishing, completing, opening and operation of the Port and Depot. This exemption was later notified by the Ministry of Finance through its letter to the Company dated June 21, 2011. The Company recognises the exemption in the financial statements as the acquisition of property, plant and equipment recognised net of customs duty. Under the terms of the MOU, the above exemption will remain in effect so long as the Company fulfils its obligations under the MOU. During the year, the Company did not default on any of its obligations under the MOU.

The MOU also provides that so long as the Government will hold at least 40% of the Company's issued capital, no action or decision shall be taken by the Board of Directors (BOD) in relation to specific matters in the MOU (hereinafter referred to as the Reserved Matters) unless prior approval from the Government has been obtained. Where the context provides, the Reserved Matters are applicable to the Company and its subsidiaries, if any, from time to time (the Company and its subsidiaries are hereinafter referred to as the Group Members). The Reserved Matters are summarised as follows:

- adopting or altering the Memorandum of Association, Articles of Association or other constitutive documents;
- changing the authorised or issued share capital, granting share options or issuing instruments carrying rights of conversion into ordinary shares;
- incurring financial indebtedness which would result in the secured debt exceeding 3 times the Earnings Before Interest, Taxation, Depreciation and Amortisation or Debt Service Coverage Ratio that is less than 1.5 times;
- making loans or advances to any person other than in the ordinary course of the business;

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

13. Significant agreements (Continued)

(a) Memorandum of Understanding (MOU) (continued)

- selling, transferring, leasing, assigning or otherwise disposing of a material part of undertaking, property and/or assets except for sub-leases made in the ordinary course of business;
- creating encumbrances over all or a material part of undertaking, property and/or assets, or giving guarantees or indemnities for any purpose other than as security in respect of the financial indebtedness which is not otherwise prohibited under the terms of the MOU;
- entering into any contract, liability or commitment which (a) is unusual or onerous or outside the ordinary course of business, or (b) is other than at commercial arm's length terms, except where such contract, liability or commitment satisfies authorisation criteria agreed between the Company and the Government;
- awarding of contracts, transactions or arrangements, other than contracts for provision of goods and services being at arm's length whose value does not exceed B$5 million in a 12 month period, with (a) ACPDHL (b) a Director of ACPDHL and/or (c) an affiliate of ACPDHL, or any director or employee of such affiliate, except where such contracts, transactions or arrangements are awarded in compliance with procedures governing the awards of such that may be agreed between the Company and the Government;
- imposing fees and charges, save for such charges and fees preapproved by the Government, which are required to maintain a minimum IRR of 10% per annum;
- taking of any corporate action, legal proceedings or other procedures or steps in relation to (a) suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, liquidation, administration or reorganisation of Group Members (b) a composition, compromise, assignment or arrangement with, or for the benefit of, any creditor of the Group Members or (c) appointment of liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Group Members or any of its assets.

The consent and approval of the Government to a Reserved Matter will only be deemed to have been given where a document confirming such consent or approval has been delivered to the Company's registered office. If a consent or refusal of a Reserved Matter is not delivered within twenty (20) business days after receipt of the matter by the Government, the Reserved Matter request shall be deemed to have been approved.

The Company's financial statements shall be subject to annual audits. The auditor of the Company shall also review and report on the Company's compliance with the provisions of the MOU relating to the Reserved Matters.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

13. Significant agreements (Continued)

(b) Leases

Pursuant to the terms of the MOU, on June 21, 2011 the Company entered into forty-five (45) year lease agreements for 56.55 and 15 acres of the Port Land and the Depot Land, respectively, with the Minister responsible for Lands and Survey. The above lease payment terms commenced upon Substantial Completion of the Port and Depot which was deemed to have occurred at such time as all works necessary for the full operation of the Port and the Depot were duly completed and evidenced by (i) the issuance of performance certificates or taking over certificates pursuant to the construction contracts and (ii) certificates of occupancy. Substantial Completion of the Port and Depot were achieved on May 1, 2012 and August 13, 2012, respectively.

Under the terms of the lease agreement for the Port land, the Company shall pay an annual rent of $40 per TEU until such time as the Substantial Completion is achieved. Once Substantial Completion is achieved, the Company will pay a minimum annual rent of $2,000,000 or $40 per TEU, whichever is greater. The fixed rent is payable quarterly in advance during the term and any adjustments based on the rent per TEU is payable within 14 days from the end of each quarter. The rent is subject to annual increases based on the increases in the cost of living. For the year ended June 30, 2017, the total rent expense recognised in the statement of comprehensive income amounted to $2,964,964 (2016: $2,559,290). As of reporting period, lease payable to the Government amounted to $2,713,552 (2016: $2,198,305) which is included in due to related parties in the statement of financial position (Note 5).

The annual rent on the Depot Land is $1, payable annually in advance.

Under the provision of Item 2 of the Second Schedule of the Stamp Act (revised), the leases of the Port Land and Depot Land were exempt from imposition of stamp tax as the leases were issued on behalf of the Government of the Commonwealth of The Bahamas.

Upon expiration of the term of the above leases, the Company shall have an option to renew the same for another term of forty-five (45) years on the same terms and conditions but at an annual rent to be agreed between the parties.

Contemporaneously with the signing of the lease agreements on June 21, 2011, the Company was granted a forty-five (45) year license by the Minister responsible for Lands and Survey to use the 27.88 acres of seabed for purposes ancillary to the adjacent Port facility, for an annual license fee of $1, payable annually in advance. Upon expiration of the term of the license, the Company can apply for renewal of the license for another term of forty-five (45) years but at an annual license fee to be agreed between the parties.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

13. Significant agreements (Continued)

(b) Leases (continued)

The future aggregate minimum lease payments under non-cancellable operating leases above are as follows:

	2017 $	2016 $
No later than one year	2,000,002	2,000,002
Later than one year and no later than five years	8,000,008	8,000,008
Later than five years	68,000,070	70,000,070
	78,000,080	**80,000,080**

(c) Subleases

The lease terms for existing lease agreements began in September 2011 and range from less than a year to ten (10) years with options to renew for monthly to ten (10) year periods. The lease agreements provide at varying terms for the annual lease to be adjusted based on The Bahamas Consumer Price Index. Deposits held as per the lease agreements totalled $268,152 as of June 30, 2017 (2016: $259,194). Additionally, during the year the Company executed certain short term leases, which are on a month to month basis.

Income amounting to $1,699,550 (2016: $1,655,575) is shown as subleases income in the statement of comprehensive income. At year end, the analysis of the Company's aggregate future minimum lease payments receivable under the lease is as follows:

	2017 $	2016 $
No later than one year	1,175,772	853,990
Later than one year and no later than five years	2,276,289	1,081,027
Later than five years	313,539	438,954
	3,765,600	**2,373,971**

14. Legal and other professional fees

Legal and other professional fees comprise the following:

	2017 $	2016 $
Legal and other professional fees	221,187	478,846
Regulatory fees	144,588	207,414
	365,775	**686,260**

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

15. Retirement benefits

Pension costs for the year which are included in salaries, employee benefits and training in the statement of comprehensive income totalled $139,440 (2016: $122,363). The Company's contributions to the pension plan vest 50% with the employees upon completion of five (5) years of employment, incrementally vesting annually, with full vesting upon completion of ten (10) years of employment.

16. Commitments and contingencies

Outstanding capital commitments as of reporting date were as follows:

	2017 **$**	**2016** **$**
Contracted but not yet incurred	560,735	560,735
	560,735	**560,735**

As of June 30, 2017, the Company is contingently liable to its banker in respect of customs bonds issued to the Government and corporate credit cards in the total amount of $574,000 (2016: $574,000). There is an annual bank charge of 1.25% on the face value of each bond.

17. Financial risk management

The Company's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Company's overall risk management framework seeks to minimise potential adverse effects of these risks on the Company's financial performance by understanding and effectively managing these risks.

Risk management is carried out by senior management of the Company under policies approved by the Board of Directors.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's objective when managing market risk is to maintain risk exposure at a level that would optimise return on risk. The Company is exposed to the following types of market risks:

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from future transactions, recognised assets and liabilities.

In the normal course of the business, the Company is exposed to foreign exchange risk arising primarily with respect to the United States dollar.

The exchange rate between the Bahamian dollar and the United States dollar is fixed at 1:1 and therefore, the Company's exposure to currency risk is considered minimal.

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

17. Financial risk management (Continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of the financial interest will fluctuate because of changes in the market interest rates.

As of June 30, 2017, the Company held variable interest rate financial instruments which could possibly expose it to significant fair value or cash flow interest rate risk. The long term debt is subject to the prevailing market interest rate. In addition, the preference share dividend rate has a fixed yield to maturity. Management does not foresee cash flow and fair value rate risks on the financial liability to be significant.

(b) Credit risk

Credit risk arises from the potential failure of a counterparty to perform according to the terms of the contract. The Company's exposure to credit risk is concentrated in its cash and deposits with bank and accounts receivable. The carrying amount of these financial assets represents the maximum credit exposure to the Company.

The Company seeks to mitigate such risk from its cash and cash equivalents by placing its cash with financial institutions in good standing with the Central Bank of The Bahamas. The credit risk from accounts receivable is mitigated by monitoring the payment history of the counterparties before continuing to extend credit to them. The Company does not have a significant concentration of credit risk as it transacts and deals with various customers and counterparties.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset.

Management monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs at all times so that the Company does not default on its contractual obligations.

APD LIMITED
Notes to Financial Statements
June 30, 2017

(continued)

17. Financial risk management (Continued)

(c) Liquidity risk (continued)

The table below analyses the Company's financial liabilities in relevant maturity groupings based on the remaining period at the contractual maturity date as of June 30, 2017. The amounts disclosed in the table are the contractual undiscounted cash flows.

As of June 30, 2017	Carrying amount $	Contractual cash flows $	0-12 months $	1-5 years $	More than 5 years $
Liabilities					
Accounts payable	369,626	369,626	369,626	-	-
Due to related parties	2,997,653	2,997,653	2,997,653	-	-
Accrued expenses and other liabilities	1,179,781	1,179,781	1,179,781	-	-
Long term debt	3,510,638	3,717,109	593,122	3,123,987	-
Redeemable preference shares	35,501,928	55,906,635	3,266,000	12,361,737	40,278,898
Deposits held	268,152	268,152	6,556	240,694	20,902
Total financial liabilities	**43,827,778**	**64,438,956**	**8,412,738**	**15,726,418**	**40,299,800**

As of June 30, 2016	Carrying amount $	Contractual cash flows $	0-12 months $	1-5 years $	More than 5 years $
Liabilities					
Accounts payable	408,136	408,136	408,136	-	-
Due to related parties	2,330,346	2,330,346	2,330,346	-	-
Retention payable	2,911	2,911	2,911	-	-
Accrued expenses and other liabilities	1,058,445	1,058,445	1,058,445	-	-
Long term debt	3,936,170	4,331,507	614,398	3,717,109	-
Redeemable preference shares	35,470,825	57,886,635	1,980,000	12,644,657	43,261,978
Deposits held	259,194	259,194	-	238,292	20,902
Total financial liabilities	**43,466,027**	**66,277,174**	**6,394,236**	**16,600,058**	**43,282,880**

The retention payable is to be paid using the available cash flows from operations.

The Company has sufficient cash flows from operations to meet its liquidity needs. In addition, the Company has undrawn lines of credit with the Royal Bank of Canada and Inter-American Investment Corporation totalling $3,000,000 each as described in Note 7.

As disclosed in Note 16, the Company has total capital commitments for provision of goods and services in the amount of $560,735 (2016: $560,735) which mainly relates to the completion of the Break Bulk Terminal administrative building. These commitments are expected to be incurred and paid within twelve (12) months of the reporting date.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

18. Fair value of financial instruments

Financial instruments utilised by the Company include recorded financial assets and liabilities. Except for long term debt, redeemable preference shares and deposits held, the Company's financial instruments are principally short term in nature. Due to the short term nature of these instruments, management does not consider the estimated fair values of financial instruments to be materially different from the carrying values of each major category of the Company's financial assets and liabilities as of the reporting date.

For long term debt, redeemable preference shares and deposits held, the respective market interest rates have not experienced significant changes since origination and therefore fair values approximate carrying values. The Bahamian dollar prime rate was reduced by 0.50% effective January 2017, and prior to this change had not experienced any changes since the year ended June 30, 2011.

Fair value hierarchy and measurements

The Company ranks its financial instruments based on the hierarchy of valuation techniques required by IFRS, which is determined based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs lead to the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset.

The determination of what constitutes 'observable' requires significant judgment by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

18. Fair value of financial instruments (Continued)

June 30, 2017	Level 1 $	Level 2 $	Level 3 $	Total $
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	13,830,892	-	-	13,830,892
Accounts receivable	-	1,958,248	-	1,958,248
Total financial assets	**13,830,892**	**1,958,248**	**-**	**15,789,140**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Accounts payable	-	369,626	-	369,626
Due to related parties	-	2,997,653	-	2,997,653
Accrued expenses and other liabilities	-	1,179,781	-	1,179,781
Current portion of preference shares	-	1,286,000	-	1,286,000
Current portion of long term debt	-	425,532	-	425,532
Redeemable preference shares	-	34,215,928	-	34,215,928
Long term debt	-	3,085,106	-	3,085,106
Deposits held	-	268,152	-	268,152
Total financial liabilities	**-**	**43,827,778**	**-**	**43,827,778**

June 30, 2016	Level 1 $	Level 2 $	Level 3 $	Total $
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	5,689,676	-	-	5,689,676
Accounts receivable	-	1,950,066	-	1,950,066
Total financial assets	**5,689,676**	**1,950,066**	**-**	**7,639,742**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Accounts payable	-	408,136	-	408,136
Due to related parties	-	2,330,346	-	2,330,346
Retention payable	-	2,911	-	2,911
Accrued expenses and other liabilities	-	1,058,445	-	1,058,445
Current portion of long term debt	-	425,532	-	425,532
Redeemable preference shares	-	35,470,825	-	35,470,825
Long term debt	-	3,510,638	-	3,510,638
Deposits held	-	259,194	-	259,194
Total financial liabilities	**-**	**43,466,027**	**-**	**43,466,027**

APD LIMITED

Notes to Financial Statements
June 30, 2017

(continued)

18. Fair value of financial instruments (Continued)

The Company does not have a Level 3 classification at June 30, 2017 and 2016. There were no transfers between levels during the year.

19. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to achieve the above objective, the Company may adjust the amount of dividends paid to shareholders, raise additional capital through equity and/or debt financing, return capital to shareholders and/or sell assets to reduce debt.

The frequency of dividends and the dividend payout ratio are at the sole discretion of the Board of Directors. The Company will seek to distribute free cash flows after maintenance of the minimum capital reserve, and meeting its capital and other financial commitments.

In addition to the above, the MOU has imposed other restrictions on the Company as it relates to capital management, which are detailed in Note 13.

Total capital represents equity shown in the statement of financial position plus net debt.

Long term debt covenants

Under the terms of the borrowing facilities (Note 7), the Company is required to comply with the following financial covenants:

- to maintain a debt service coverage ratio of at least 1.25X.
- to maintain a total debt to tangible net worth ratio of not more than 1.5:1.

The Company has complied with these covenants throughout the reporting period. As of June 30, 2017, the debt service coverage ratio was 6.36 (2016: 3.73) and the total debt to tangible net worth ratio was 0.64:1 (2016: 0.72:1).

20. Segment reporting

Management determines the operating segments based on the information reported to the Company's operating decision maker. The executive management is identified as the chief operating decision maker of the Company. The Company is engaged in the operation of a commercial port facility in Arawak Cay and an inland depot terminal on Gladstone Road located in Nassau, Bahamas. Resources of the Company are allocated based on what is beneficial to the Company in enhancing the value of both the Port and Depot facilities rather than any specific unit. The executive management considers that the performance assessment of the Company should be based on the results of both facilities as a whole. Therefore, management considers the port operations to be only one operating segment under the requirements of IFRS 8, *Operating Segments*.

ARAWAK
PORT DEVELOPMENT

Nassau Container Port Hours of Operation:
Monday – Friday, 8:00 am - 4:00 pm

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