ARAWAK
PORT DEVELOPMENT

Annual Report

TWO THOUSAND AND SIXTEEN

mission

"Operational excellence to maximize value through people development and technology"

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TWO THOUSAND AND SIXTEEN

Year Ending June 30, 2016

contents

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
- 2500 linear feet of berth
- Terminal Operating System that tracks containers
- Greater Bahamas Customs control facilitates faster cargo delivery
- Backup power and emergency fuel storage in the event of natural disaster

Arawak Port Development Limited (APD Limited)

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. Formed in 2009, 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 10, 2012 and Gladstone Freight Terminal (GFT) was officially launched on August 15, 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
- 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.

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

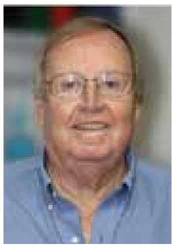
- Abaco Shipping Two (Duke of Topsail)
- Arawak Stevedoring Limited (ASL)
- Bahamas Bulk Materials
- Bahamas Concrete Holdings
- Betty K Agencies Ltd
- MailBoat Company Ltd
- MSC (Mediterranean Shipping Company)
- Tropical Shipping

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 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



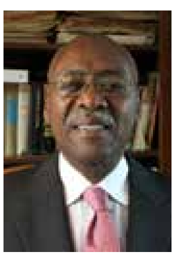
| Jack Sands

Chairman – Appointed by ACDPHL 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 36 years. He has served as President and Director, Betty K Agencies (USA), LLC since its inception 13 years ago.

In addition, Mr. Sands serves as Vice President, Secretary, and Managing Director of Kelly's Lumber Yard; 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 Rovvert Properties Limited, and Director of APD Limited.

Mr. Sands served formerly as director on the Boards of Bahamas First Holding 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.



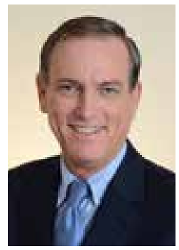
| Michael Turner

Deputy Chairman – Appointed by Government

Michael Turner is the managing partner of the law firm of McKinney, Turner & Company. His varied practice includes corporate and commercial law with concentration in banking, trust, insurance, conveyancing, personal injury and other financial transactions.

He is director and/or officer of many companies in the Commonwealth of The Bahamas, including the following: Security & General Insurance Company Limited (President and Director); Nassau Insurance Brokers and Agents Limited (President and Director); Atlantic Medical Insurance Limited (Director and Assistant Secretary). Cunningham Lindsey (Bahamas) Limited (Director); Helvetic Management Services Ltd. (Director) and Swiss Atlantic S.A. (Director).

Mr. Turner holds an LL.B. degree and is a barrister-at-law. He is a fellow of the Institute of Chartered Secretaries and Administrators of London and possesses a Master's degree in Business Administration.



| 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 APD Limited since inception. He also serves as director for several local companies.

| 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 and AML Foods Limited. He is also Vice-Chairman of Cable Bahamas and Chairman, 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.

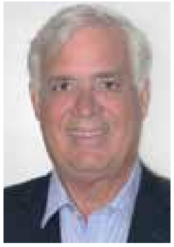
Mr. Butler is a graduate of St. Anne's High School, Fox Hill, New Providence. He furthered his education in England at Trent College in Nottingham, England, where he studied for and received his 'A' levels. He went on to the University of Warwick in Coventry, England, graduating with a Bachelor of Science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

| Frank Forbes

Appointed by Government

A native of New Providence, Bahamas, Frank Forbes was born in 1966. He was recognized for academic excellence early on and won a scholarship to attend St. Augustine's College for secondary studies. Later, he earned a degree in Business Administration & Finance from the University of Western Ontario School of Business.

Mr. Forbes is a licensed chartered public accountant. He was employed at PricewaterhouseCoopers as Senior Accountant for several years, then moved on to British American Holdings, where he held the position of Vice President of Finance. In 1996, armed with the wealth of knowledge and experience acquired in those posts, Mr. Forbes launched Sigma Management Bahamas, his own accounting firm, a venture that has proved successful.

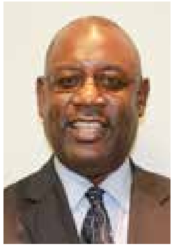


R. Craig Symonette

Appointed by ACPDHL

Mr. Symonette attended St. Andrew's School in Nassau before completing his education in Canada. Back home, he began working in the family business and soon branched off into ventures of his own. He launched Bahamas Ferries, a passenger and cargo transportation company, which provides invaluable services between the capital and several Family Islands, catering to residents and tourists. In the latter regard, he is also contributing through resort development.

Mr. Symonette is a director on several boards, including Commonwealth Bank, RBC Trust Bahamas Ltd., AML Foods and Bahamas Hot Mix. He is a member of the Honorary Consular Corps, representing Norway and is an active member of the business community generally. He has been a member of the APD Board of Directors since fiscal year 2013/2014.



Creswell Sturrup

Appointed by Government

Creswell Sturrup is a public service professional, who has occupied positions of considerable responsibility. At the rank of Permanent Secretary since 1990, he has been deployed in several government ministries and departments. Currently, he holds the post of Permanent Secretary in the Office of the Prime Minister.

Mr. Sturrup received his secondary education at St. Augustine's College, Nassau, Bahamas. He graduated from St. John's University, Minnesota with a BA in Government. He also earned a Post Graduate Diploma in Public Administration from the University of the West Indies (Mona) and an LLB (Hons.) degree from the University of London, United Kingdom.

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,
Chartered Accountants
Providence House, East Hill Street
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

Chairman's Report

Jack Sands

Performance

It has been a year of challenging market conditions that have not been highly conducive to business development and growth in many areas of the economic spectrum. Yet, an examination of the fiscal year 2015/2016, which is the focus of this report, will show that APD Limited, with close cooperation of the Board, the Executive, employees and partners, has generated significant progress towards the goals the Company set for growth and sustainability of growth. We have delivered the financial targets we set for 2015/2016, and can report revenue growth of 3.2% owing to well-chosen promoters of growth and continued viability. A focus on shareholder satisfaction has permitted the Company to pay a dividend of $2 million to the Government of The Bahamas and a dollar per share to the over 11,000 Bahamians who have invested in APD Limited.

Goals for 2015/2016

For the year under review, the Company decision-making and operations at its premier properties Nassau Container Port (NCP) and the Gladstone Road Freight Terminal (GFT) were guided by well-designed goals, reflecting the holistic nature of APD's developmental and operational philosophy, which is clearly focused on long-term and sustainable building:

- **Increasing revenue growth through an unwavering focus on attracting new business**
- **Establishing and maintaining ever stronger financial controls**
- **Seizing the best technology opportunities**
- **Building strong teams at every level of our decision-making and operations through education and skill-building**
- **Fostering of a culture of health and safety**
- **Promoting the ethical conduct of and equality of opportunity for employees, and strong business integrity**
- **Maintaining a disciplined approach to capital allocation and a dividend policy that is progressive, while contributing to the continued growth of the Company for the benefit of all stakeholders.**
- **Continuing APD's contributions as a conscientious corporate citizen, with special focus on providing valuable resources to the national disaster mitigation programme in collaboration with the National Emergency Management Agency (NEMA), among other community enhancement initiatives.**

Strategy

To express the Boards recognition of and appreciation for the level of progress made in the past year, it is worth summarising the key initiatives underpinning the various elements of Company strategy. The reports of the executive and auditors will provide the necessary details.

Business Development

As regards to business development in the past year, we have enquired whether Government would have a desire for APD to assist with the management and/or operation of Government owned Ports. While during the reporting period, and at a time of overall market contraction, we did not receive a favourable reply, we have realized growth in our bulk vehicle segment.

Operations Enhancement

Consistent with our strategy to drive operations efficiency and customer satisfaction, the year recorded new investments in port management, accounting, human resources services software and increased biometric and surveillance systems for greater security.

We are pleased that the year brought the housing of the Customs Department K-9 team at Nassau Container Port, which has further boosted our provisions for the security of the Port and protection of goods and revenue, which are so necessary for the interests of the enterprise, customers and the well-being of the nation.

Equally, our dedication to ongoing enhancement of the value we offer customers in terms of information, accessibility, safety and comfort continued unabated. Installed in support of APD's core focus on efficiency and safety, the XPS yard management software has increased efficiency and safety of access, egress and in-yard movement, storage and location of containers, thereby boosting the safety of employees and truckers. Importantly, this acquisition has stepped up the speed of the delivery of shipments to customers and is getting inventory to businesses faster, all to the benefit of their bottom line and customer satisfaction.

Community Development

APD Limited always keeps the national interest in dedicated focus and is supremely deserving of our concern and improvement efforts. We are particularly pleased that APD has committed to do its part to ensuring the success of the Ease of Doing Business Initiative and the company's CEO Mike Maura, Jr has become certified in a number of relevant areas to lead APD's contribution in this respect.

As regards APD's contribution of enhancing border controls for the protection of legitimate trade, the company has made a further contribution to community development in sharing its expertise in logistics. Following the devastation of Hurricane Joaquin, in cooperation with the National Emergency Management Agency (NEMA) and several private sector agencies, NCP became a centre for collection, storage and shipping to affected islands of donated food, equipment, building materials and other goods.

To increase traffic safety on the roadways of Arawak Cay, site of the Company's home base and its Nassau Container Port (NCP), as well as the location to the popular Fish Fry attraction, APD has worked in collaboration with the Departments of Road Traffic and Works to increase traffic signage and management elements on the Cay for the greater safety of pedestrians and drivers.

The cooperation of truckers with our Trucker Safety initiatives is yielding benefits on premise and for road users island-wide. Our inspection programme is striving to ensure that all heavy equipment entering the Port is compliant with the roadworthy requirements of the Road Traffic Department.

With significant expertise in safety and security procedures, the Company has responded willingly to the requests from other agencies for the training of personnel.

Widely acknowledged as a boon to shippers and other marine interests, our website-based Nassau Container Port's Real-Time Weather Portal is compatible with most browser systems and is a free weather forecasting tool.

Governance

Board of Directors

In the year of report, the composition of the APD Board of Directors remained unchanged, comprising seven (7) members, representing a diversity of skills that have been chosen to address the challenges and opportunities of the Company. The governance policy has supported the refreshment of those skills in the successions that have taken place since establishment. All directors are committed to the progress of what they know to be an essential service to execution of the Company's strategy and the progress of the nation. As Chairman, I am grateful for their continued astute counsel and collegiality.

Executive Team

The business of ports, which stands at the centre of the immensely important international shipping industry, is among the most challenging in the world of enterprise. Ports such APD's Nassau Container Port are essential to the life of the nation, the functioning of business and, at the apex, continued quality of existence for Bahamians. Because of the port's vital importance, its leadership must be of the highest quality. In a climate of rapid change in customer needs, supply chains and the global financial climate, the port's executive can tolerate no complacency. They must be highly focused, able to function with accuracy when faced with tough decision timelines and demands for rapid deployment, while paying close attention to the just needs of employees, customers and partners. From the beginning, APD has been fortunate in the selection of CEO & President Mike Maura, Jr. and CFO & Vice President Dion Bethell to head a team that is outstanding by any measure of quality in the industry. Messrs Maura and Bethell lead the way in excellence and commitment. Mike Maura Jr brings an unparalleled wealth of relevant experience to the development of APD and its subsidiaries NCP and GFT, given his involvement from concept and his initial role as an APD director. Dion Bethell's professional acumen has yielded benefits beyond the commercial sphere. In terms of community development, in addition to other contributions, he heads a men's ministry at his church. Since the launch of the company in 2011, APD has been benefiting greatly from their deep background of experience and success in the industry and in administration. For this, the Board heartily commends these gentlemen for yet another year of progressive leadership and overall excellence.

Executive Promotions

On the strength of their continued hard work, innovations and dedication, the Board has promoted two members of the Executive Team to a level befitting the quality of their input to the smooth functioning of Nassau Container Port. For their valuable contributions Richard McCombe and Yvette Rahming have been elevated to Assistant Vice President Operations & Facilities and Assistant Vice President Legal Affairs & Safety, respectively. I offer these team members the Board's heartiest commendation.

Management

The Board's congratulations and commendations also go to those who have been promoted in the area of management by reason of their dedication to continually updating their skills, practice and leadership quality in building cohesive teams.

Inclusion

One of the foundations of the Company's success is its focus on fostering a sense of inclusion of its team members at every point of the decision-making and operational spectrum. An example of the Company's success in this regard has been in employee participation in the development of standard operating procedures (SOPs) on which all rely to communicate important corporate policies, government regulations, and best practices. They help ensure consistency and quality in operations and generally enhance the success of APD's core concerns—health, safety, efficiency, risk and wastage mitigation and customer satisfaction.

In this creative initiative, team members can contribute any aspect of an SOP from concept to fully detailed and written up procedures. Submissions are ranked by the Executive Committee and rewarded according to the quality points the contributions have attracted.

Health and Safety

With a dedicated health and safety management implementing and monitoring all our developments and health and safety matters, APD has prioritised matters relating to the health, safety and wellbeing of APD people, our tenants, Port partners and other port users. The Board is proud that the entire APD team, including the Executive, the management team and every employee from Operations personnel to the Administration team are required to complete a safety recertification programme each year. To promote a culture of safety, the Company has created a wealth of informative publications, signage and video messages, particularly the "Safety Always Matters" video, which is broadcast on the NCP intranet. We are proud of the Company's record in this area and the ongoing research and updating of methodologies and approach.

Enhanced Human Resources Services, Employee Benefits and Safety

APD's dedication to human resource development, health and safety is unimpeachable. The Company now offers contributory health and savings plans to all employees.

Government Support

The Board acknowledges with deep gratitude the support of the Bahamas Government for APD Limited over the past year.

Partner Support

As indicated by collaborative efforts described in the foregoing, APD continues to enjoy the support of key Port Partners, including the Department of Customs, Arawak Stevedoring Limited, the Port Department and the truckers. We thank all and look forward to further cooperation for mutual benefit.

The Way Ahead

One of APD's sustained goals is to franchise its port development strategies for the benefit of the port network throughout The Bahamas archipelago. Modernisation of Family Island ports would increase efficiency, safety and revenues, which would redound to the benefit of national revenues and the enhancement of marine tourism, all of which would redound to the benefit of country and people.

In Summary

It has been a year of further progress – strategically, operationally and financially. We could only achieve this with the superb skills of all teams, first-class leadership and governance, as well as the dedication, hard work and overall excellence of all concerned. On behalf of the Board, I would like to thank our executive, management and all our employees and partners for their very considerable efforts in the past year. I and my fellow Board members commit to seeking further opportunities for the benefit of all shareholders and stakeholders and to respond as swiftly and effectively as possible to changing customer demands, Company and national demands in the year ahead.

Jack Sands

Chairman

Executive Team

Mike Maura, Jr.
President & Chief Executive Officer

Chief Executive Officer of APD Limited, Michael Maura, Jr brings to this challenging post over eighteen 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. He is a director of AML Foods and Vice Chairman of Bahamas Chamber of Commerce and Employers Federation, having formerly served as a director. He has been appointed to Government's National Reconstruction & Disaster Committee and was a member of the Bahamas Trade Commission and the Caribbean Chamber of Commerce.

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. He is continually engaged in enhancing his professional skills and industry knowledge. In the year under report, he completed the Korean Maritime & Ocean University Port Expert course in South Korea and also the Inter-American Development Bank's Electronic Single Window (ESW) Course.

Dion Bethell
Vice President & Chief Financial Officer

APD's Chief Financial Officer, Dion Bethell had previously accumulated over nine 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 where he rose to the position 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. Among his various contributions to community building, Mr Bethell is President of the Men's Ministry at Evangelistic Temple Church. He 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.

Richard McCombe
Asst. Vice President, Operations & Facilities

Before his promotion to his current post, Mr. McCombe served as the Senior Manager, Operations & Facilities. His career experiences in shipping include a period with Tropical Shipping, where he was Operations Manager. Mr McCombe's business acumen has helped to build a solid foundation in trade and commerce. In 1987, 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., Esso's On The Run, and GEP Destination Management Company.

His strong entrepreneurial and managerial background helped to prepare Mr. McCombe for his varied responsibilities at the new Nassau Container Port and GFT, the Inland Freight Terminal. While McCombe's impact on the local business community has been significant, some of his greatest accomplishments are associated with his term as District Governor of Rotary International's District 7020 which encompassed 14 countries and territories.

Yvette C. Rahming, LLM, LL.B, CLE
Asst. Vice President In-House Legal Counsel & Safety

In 2016, Yvette Rahming was promoted to her current position from Senior Manager, In-House Legal Counsel, Human Resources & Safety, in which position she played a key role in the development of the comprehensive safety programme at the Nassau Container Port.

A native of New Providence Island, Mrs. Rahming received her LLM degree (Merit) and postgraduate diploma from the University of London in 2015. She is a member of the Association of Corporate Counsel and Society of Human Resources Managers.

Mrs. Rahming worked at a leading Bahamian law firm where she gained years of experience in property, corporate and commercial law. In 2008, she then obtained an LL.B with honours from the University of London, and her Certificate of Legal Education from the Eugene Dupuch Law School. Admitted to The Bahamas Bar in 2010, Mrs. Rahming practiced in the commercial and corporate department at the law firm of C. F. Butler and Associates. She was previously the principal of The Mobile Office, a headhunting and business consultant firm.

Management Team

Collin Cleare
Port Facility Security Officer
Mr. Cleare is the Port Facility Security Officer, with years of experience in law enforcement with the Royal Bahamas Police Force. Mr. Cleare received training in the following areas: container port security training, electronic surveillance management, emergency response security services against terrorism and hazardous wastes events and 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 & Berthing 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, his last post there being Customs/Revenue Officer. Mr. Glinton holds an LLB 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, the Port's Facilities Maintenance Manager, has an extensive background as a contractor, having operated his own construction firm. Mr. Rolle holds the designation of Certified International Project Manager from the American Academy of Project Management, an electronics degree from the College of the Bahamas in Nassau; and systems certifications. He has worked closely with air traffic controllers in the civil aviation industry.

Crispin Seymour **Operations Manager**
Mr. Seymour was promoted to Operations Manager having formerly served as Planning Manager. He has over 21 years in international shipping, having worked previously at Tropical Shipping and Freeport Container Port, where he served as gantry crane operator and safety manager. Mr. Seymour has attained numerous industry certifications from various courses pursued at institutions throughout the United Kingdom and the United States. He 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 Company's Financial Controller, just recently promoted from Financial Reporting Manager. She previously held the position of Assistant Financial Controller at Kerzner International (Bahamas) Limited for 3 years, prior to which she worked for over 13 years in the financial services sector. Mrs. Watchorn has a Bachelor of Science degree in Accounting from Nova Southeastern University in Fort Lauderdale.

Rita Ramsay
Human Resources Manager
Mrs. Ramsay is the Human Resources Administrator at APD with more than 12 years' experience in the field. Mrs. Ramsay previously served as an Executive Director of SkyBahamas Airlines. She holds a Master's degree in Business Administration and a Bachelor of Science degree in Management from Nova Southeastern University, Fort Lauderdale, Florida. She is a certified Project Manager and a member of The Bahamas Human Resources Association.

Sheldon Duckie
Information Technology (IT) Manager
Mr. Duckie has worked with computers for over 26 years in various roles, including periods as 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 I.T. 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, U.S.A.

CEO's Report

The 2015/2016 fiscal year once again highlighted the strong character of APD and the wider Nassau Container Port "NCP" community. In early 2016 the Caribbean Development Bank undertook a regional twelve-port efficiency study and in May 2016 identified the Nassau Container Port as the port with the highest efficiency score. The CDB study considered berth productivity, freight equipment used, use of IT systems, labor productivity, quality of infrastructure, nautical accessibility, and level of autonomy.

This achievement is the product of both the individual and collective efforts of all NCP licensees, terminal operators, key partners, Government agencies and the APD team. I must thank Bahamas Customs for its professional can-do attitude, the over seven carriers that frequent NCP, the Nassau Harbour Pilots, and the trucking community for their unwavering support of NCP systems and process development.

APD's many successes are in significant measure due to the efforts of many and I must acknowledge the support of our Board of Directors, led by an industry expert Mr. Jack Sands, and ably supported by the Vice Chairman Mr. Michael Turner.

The fiscal year saw revenues of $27.08 million which exceeded budget by 3.2% or $855,953. The increase over budget was in large part due to a spike in bulk auto imports of 1,905 units. Two main factors contributed to the rise: a September 1, 2015 $63 rate increase on the unbudgeted bulk vehicles and continuing operations beyond standard working hours. In consideration of the suspension of activity at the Baha Mar project, the Company had consequently forecasted a decline in volumes and revenue and took appropriate operational actions to mitigate the effects of the envisioned reduction. Fortunately, projects such as Albany, The Pointe, and other smaller but significant projects contributed to lessening the impact.

As part of the company's ongoing effort to comply with the MOU 10% IRR requirement, APD once again engaged its external financial advisors, KPMG. Following an analysis of past, current and projected earnings using tariff rates from prior analysis, KPMG recommended that minor increases to the NCP Tariff be implemented during the 2015/2016 fiscal year. It is estimated that 90% of the import containers were exempt from an increase in landing-related port fees.

Our revenues were under prior year by $2.59 million, due primarily to the suspension of works at Baha Mar and the delayed opening of that resort. Had Baha Mar been completed on time and subsequently opened, it was anticipated that NCP TEU volumes would have contracted by 5%, as the resort transitioned from construction to operations. The bankruptcy and state of provisional liquidation further drove TEU volumes down by an additional 5%, bringing the total TEU volume decline to approximately 10%. Revenues were further contracted due to a substantial reduction in the average container storage days at NCP stemming from the Baha Mar project and the carriers improving their container management, reducing storage revenues from $2.9 million to $1.2 million. APD was also impacted in its real estate earnings, as rents attributable to Baha Mar remained unpaid for the year.

The company's comprehensive income at yearend stood at $4.34 million or 23% and $812,744 over budget. The yearend results were, however, $2.41 million under prior year which, as described above, was primarily due to the Baha Mar project. A detailed analysis is available in the Management Discussion and Analysis portion of this report.

"Abaco Shipping, NEMA, Red Cross and APD working together at NCP in support of Hurricane Joaquin Relief effort"

Further Highlights of the Year

The past year has been one of immense change and challenge for many:

- As we completed our 2015 year, the Baha Mar resort was reportedly 97% complete with the various hotel brands accepting guest bookings. The start of our 2016 financial year met Baha Mar in a state of dormancy and in October 2015 Provisional Liquidators took control of the resort company. So much had been riding on the success of this project and the inactivity resulted in a 10% reduction in TEU volumes from prior period, as noted earlier in this report. Assuming the resort property would be effective in its sales and marketing efforts, the port anticipated a shift from construction materials and FF&E to food & beverage, group event supplies, and general hotel maintenance materials. This move did not take place.

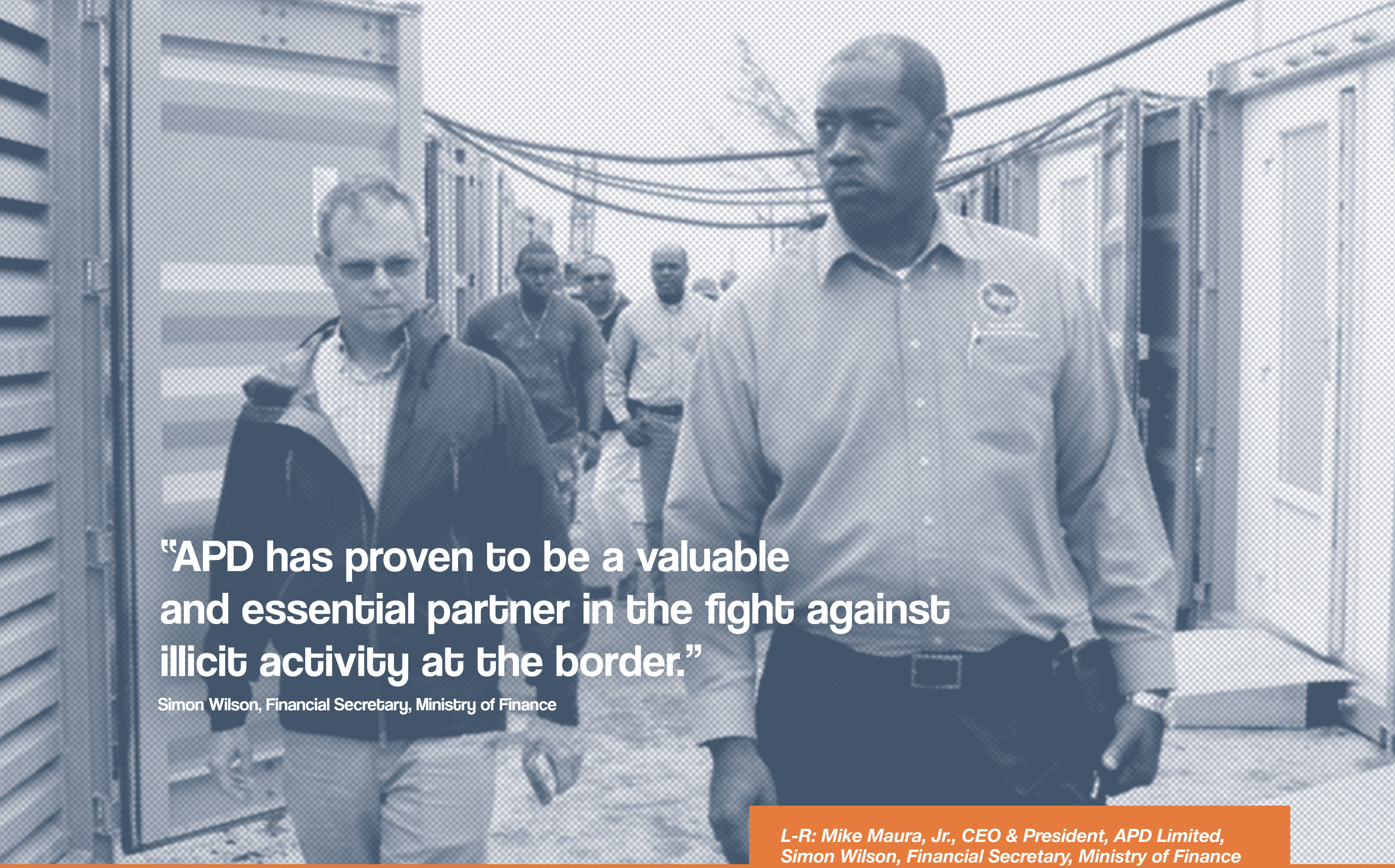
- National Focus: October 2015 was the month of Joaquin, a Category 3 hurricane which severely impacted the islands of San Salvador, Rum Cay, Crooked Island, Acklins, Cat Island and Long Island.

- The Nassau Container Port community rallied together in support of NEMA and supported the valiant relief efforts of NGOs, including Rotary International, Bahamas Chamber of Commerce & Employers Confederation, Red Cross, Odyssey and HeadKnowles.

- The introduction of VAT in January of 2015 continued to present challenges for international shipping as the Department of Inland Revenue (DIR) worked to understand how best to apply VAT. The DIR has recognized the significant economic character of international trade and the impact that subtle changes to tax application at the border can have, resulting in significant cost implications to the trading market. While much progress was made the DIR had not finalized its VAT procedures for international trade.

- APD continued its support of the Ministry of Finance crackdown on criminal activities at the border.

- Various initiatives were launched to include the introduction of a K9 unit at the port, a GPS container tracking program and identifying fraudulent Customs declarations. Concern remains over the absence of necessary pre-arrival and departure passenger and cargo seaport declarations to and from the Bahamas Family Islands. This essential information would serve to significantly enhance the efforts of the Bahamas national security and immigration programmes in the fight against the smuggling of illegal immigrants and contraband.



"APD has proven to be a valuable and essential partner in the fight against illicit activity at the border."

Simon Wilson, Financial Secretary, Ministry of Finance

L-R: Mike Maura, Jr., CEO & President, APD Limited, Simon Wilson, Financial Secretary, Ministry of Finance (light-coloured shirt in background); Capt. Stephen Russell, Director, NEMA.

It's All about People

I would like to thank the entire APD team for their continued passion and support during the past year. As noted above, the Nassau Container Port was ranked #1 in efficiency in a Caribbean Development Bank regional twelve-port study. The men and women of APD are a big part of NCP's success and are to be commended. I would like to acknowledge the special efforts of the following persons:

Crispin Roker for his outstanding support during the Hurricane Relief efforts at the Nassau Container Port;

Percephone Burrows for her passion for ICT and her commitment and leadership in support of APD's efforts to maximize broad stakeholder efficiency through the use of ICT;

Vincent Dorsett for his calm and unassuming focus on the work objective. The company's Liebherr mobile harbour cranes serve as the gangway for cargo and trade. Vincent's professionalism and commitment have directly contributed to the Nassau Container Port's designation as one of the best ports in the region.

Our commitment to training and personnel development remain a core objective. Over the past year, we have averaged over 30 hours of training per employee. As the HR Manager with responsibility for training, Rita Ramsay is to be commended for this achievement.

The handling of over 130,000 container TEUS, 300,000 tons of dry bulk, 12,000 vehicles, over 500 vessel calls and 100,000 commercial and individual vehicular port visits requires a strong safety culture. Yvette Rahming, AVP of Safety and Legal is to be commended for her efforts in this important area. Our safety consultant Bob McFeeley is also to be acknowledged; with over 30 years of safety experience, he continues to have a profound impact on our NCP community.

Our commitment to improve the health of our Port community has led APD Limited to invest in the construction of a canteen with the objective of making available healthy meal options to staff. The Company plans to subsidize the choice of healthy options on the menu, which speaks to the seriousness of our intent in providing such a facility.

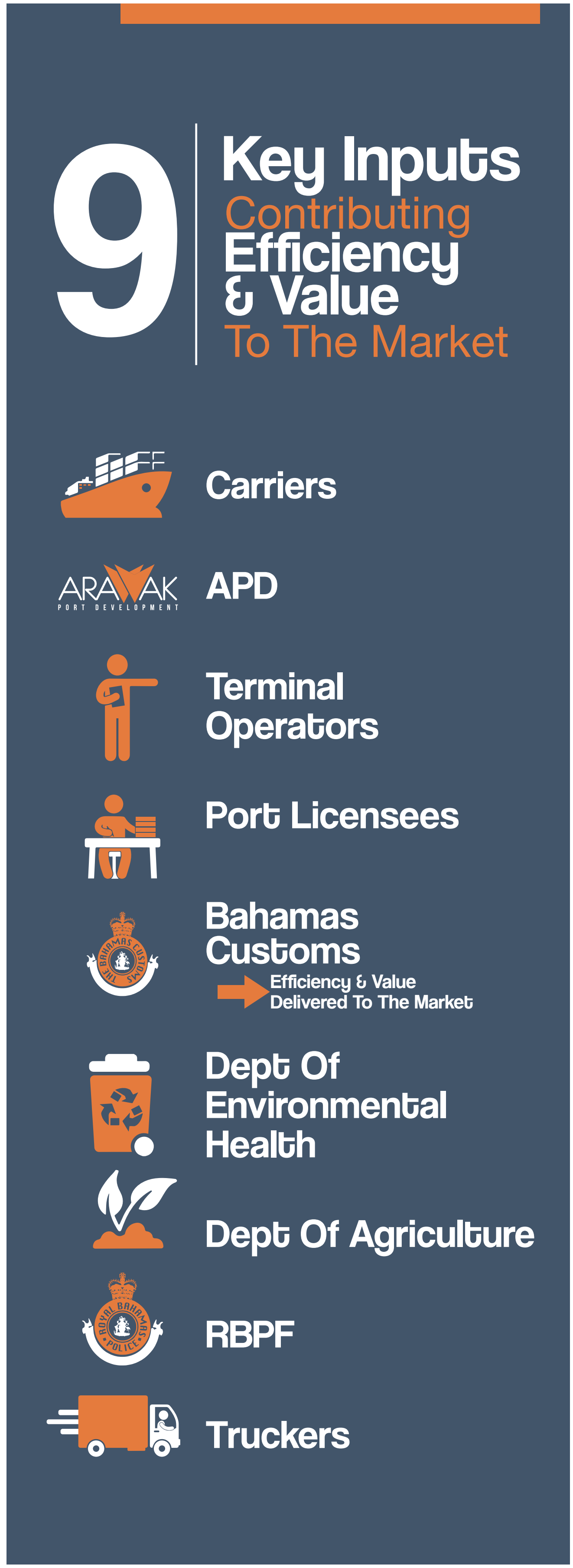
Information, Communication and Technology "ICT" plays an essential role in APD's operations. APD wishes to thank Mr. Brian Majesty for his valuable contribution in the management of our ICT development over the past year. We wish Brian the very best as he moves on to other ICT projects. Prior to leaving us, Brian worked closely with APD's ICT Manager, Mr. Sheldon Duckie to ensure that APD's success continues. Brian and his lovely wife Emmy will be missed but never forgotten.

A critical component of APD's efficiency is its investment and dependence on the NAVIS terminal operating system. In early 2011, APD engaged the services of Mr. Bayo Omololu and, together, we configured and launched NAVIS at NCP. Bayo has been our NAVIS architect, configuring NAVIS to meet the unique needs of the NCP community and also supporting our ICT team through the regular NAVIS system releases and updates. We cannot adequately express our sincere appreciation to Bayo and his family, as his efforts have directly influenced our results.

Our financial management remained very strong which is a credit to our financial management team led by our CFO and VP Dion Bethell and supported by Financial Controller Cloran Watchorn. From the very beginning, Dion Bethell has instilled an expectation and sense of pride in the timely preparation of our financial management and reporting by our financial team. Early in 2016, Mr Bethell became the member of the Executive to assume oversight of Human Resources and Training.

APD operations continue to perform at an elite level, which is in large part due to the leadership and effort of AVP Operations Richard McCombe and Operations Manager Crispin Seymour. Mr McCombe's passion for operational excellence and Mr Seymour's 20 years of extensive experience in operations have combined to lead Nassau Container Port to international recognition for achievement in this regard.

As I described above, the Nassau Container Port comprises a community of dedicated professionals. The efficiency and value produced by the Nassau Container Port is the product of a well-choreographed international port facility. The diagram labelled "9 Key Inputs Contributing Efficiency & Value to the Market" highlights the collaborative inputs that are the recipe for excellence.



Outlook for 2016/2017

The company will continue to pursue many of its prior initiatives with safety, efficiency, personnel development and the alignment of market demand with asset utilization remaining a primary focus. As we look forward, the year ahead offers both opportunities and challenges, notably:

Opportunities

- **Baha Mar –** APD's 2017 budget considers TEU import volumes of 62,000, which speaks to a flat outlook for container volumes. This forecast could be upgraded, contingent upon the status of Baha Mar in the immediate future. Specifically, it depends on several key factors: when and if construction restarts, the scale of the construction, when operations commence, the quality of supporting airlift and, ultimately, the effectiveness of the resort company's marketing efforts.

- **Business Development** – APD has and will continue to pursue new business opportunities within and outside the Bahamas. In 2015 the company pursued the designation of a Recognized Security Organization, "RSO" but following a three- month application process and the submission of the required material, APD was advised by the Port Department that the application was not approved. In 2016 we offered to assist the Government in its management of Potters Cay, Prince George Wharf and Marsh Harbour Port. We have recently been invited to submit proposals in this connection. We have not yet received word regarding Prince George Wharf. In the case of Marsh Harbour Port, APD may be asked to assist with the implementation of the NAVIS port terminal operating system. The addition of the NAVIS software at the Marsh Harbour Port would assist Bahamas Customs and the Ministry of Finance with their border control responsibility. APD has also recently pursued port projects outside The Bahamas, very recently participating in a Cap Haitien RFQ led by the IFC, USAID and APN. APD has developed a professional relationship with the International Finance Corporation "IFC" and the Inter-American Development Bank, both of which are actively involved in regional maritime infrastructure development. We expect that our reputation as a capable and efficient port operator will result in APD's being invited to participate in future regional port tenders.

- **Facilities** – APD will consider modification to the Nassau Container Port in an effort to continue its partnership with contraband interdiction efforts. A Customs secondary inspection facility is contemplated which will allow Customs to conduct examinations on port property, prior to permitting the container to depart the Nassau Container Port. This facility will directly work to mitigate the trafficking of weapons, currency and drugs entering our country.

- **Disaster Management** – The company has been a valued partner of NEMA and other recognized relief and service organizations such as Red Cross and Rotary and we pledge our continued support. APD will work with the appropriate Government entity in an effort to formally develop a PPP framework for disaster mitigation and management. We believe that our country should leverage the private sectors resources and expertise in national efforts to address disasters. The PPP will serve to bring further transparency, confidence, capacity, and capability to the disaster management efforts.

- **Electronic Single Window "ESW"** – As the port operator for New Providence, APD and the NCP community play a key role in the processing and handling of cargo and vessel information. The Ministry of Finance will be continuing its ESW efforts in 2017 with the plan to electronically integrate the various Government import/export agencies with one another. This ESW will systematically link Business License, Department of Inland Revenue, Department of Agriculture, Customs, the Port and other essential entities to the trading process, so as to ensure compliance and efficiency for the trader. APD has committed its ICT resources to the success of this project.

Challenges

- **National Economy** - The IMF in its July 2016 report on The Bahamas highlighted the contraction in GDP during 2015 and a sluggish growth estimate of .5% in 2016, with 2017 forecasted at 1%. APD will not realize material financial growth stemming from New Providence cargo imports or exports in 2017. The Baha Mar effect will simply replace a portion of the cargo volumes, which were previously anticipated. We do, however, believe that there is potential for significant growth in the years ahead, as a result of past hurricane insurance proceeds and a return of consumer confidence following the opening of Baha Mar.

- **Breakwater** – APD will work with the Government to develop a plan for the restoration of the Breakwater at the entrance of the Nassau Harbour and bordering NCP.

- **ICT Redundancy** – During and following the past hurricanes, the APD and the NCP community found itself without ICT connectivity. The company will be investing in ICT enhancements, which will permit uninterrupted ICT.

- **VAT treatment on International Shipping** – Our NCP community is still unsure as to how VAT will be assessed on international cargo. We have passionately recommended to the Department of Inland Revenue that all port and carrier services related to International shipments be zero-rated so as to avoid possible increases in international shipping charges. We look forward to clarification on this matter soon.

APD and its partners in the Nassau Container Port and Gladstone Freight Terminal will continue to work together in addressing the challenges, which lie ahead and capitalize on the opportunities. We have demonstrated that a company with an inclusive business philosophy and a commitment to excellence is positioned not only achieve great things, but also to operate at a superior level. A focus on enhancing the skills and capabilities of each member of the NCP community results in a stronger team, where every player on the team makes it to the Pro Bowl. Furthermore, collectively we appreciate the challenging economic times and will continue the passionate pursuit of value to the customer and optimizing the traders supply chain.

Financial Highlights

INCOME STATEMENT	2017 Budget	2016	2015	2014	2013	2012	2011
	$	$	$	$	$	$	$
Total Revenue	28,156,459	27,079,902	29,668,994	25,757,728	25,227,526	7,236,453	-
Total Operating Expenses	17,259,439	17,201,974	17,399,587	16,677,431	16,900,135	8,459,688	1,347,351
Depreciation & Financing Costs	5,852,967	5,539,491	5,516,329	5,464,460	4,832,583	1,016,114	(199,998)
Total income (loss) for the period attributable to the equity shareholders	5,044,053	4,338,437	6,753,078	3,615,837	3,494,808	(2,239,349)	(1,147,353)
Basic and diluted earnings (loss) per share	1.01	0.87	1.35	0.72	0.70	(0.51)	(1.21)

BALANCE SHEET		2015	2014	2013	2012	2011
ASSETS						
Total Current Assets	9,309,774	9,698,929	5,186,494	4,529,978	5,498,070	10,289,742
Net PP&E	88,819,789	89,989,383	91,221,801	88,130,513	83,247,950	31,786,878
Investment Property					1,155,914	
TOTAL ASSETS	**98,129,563**	**99,688,312**	**96,408,295**	**92,660,491**	**89,901,934**	**42,076,620**
LIABILITIES & SHAREHOLDERS' EQUITY						
Total Current liabilities	4,225,370	4,753,415	4,825,886	43,178,866	43,942,117	3,168,973
Non-current liabilities	39,240,657	39,612,884	39,915,387	131,242	104,242	
TOTAL LIABILITIES	**43,466,027**	**44,366,299**	**44,741,273**	**43,310,108**	**44,046,359**	**3,168,973**
TOTAL EQUITY	**54,663,536**	**55,322,013**	**51,667,022**	**49,350,383**	**45,855,575**	**38,907,647**

CASH FLOW	2016	2015	2014	2013	2012	2011
Net Cash Provided by Operating Activities	9,405,091	11,478,375	7,798,712	6,809,151	918,476	660,860
Net Cash (Used) by Investing Activities	(2,146,208)	(1,961,598)	(6,175,129)	(6,196,085)	(52,331,908)	(31,822,896)
Net Cash Provided (Used) by Financing Activities	(7,609,456)	(5,734,625)	(1,312,913)	(370,484)	43,989,297	40,291,016
Bridge loan drawdown			(1,818,972)	1,813,316	35,203,199	-

y/e 2011 represents 11 months of construction commencing August 2010 with a compliment of senior staff level.
y/e 2012 represents 12 months of construction and 3 months of operations with May 2012 considered substantioal completion date
y/e 2013 represents 12 months of operations

	2013	2012	2011
Net liquidity gap	(39,522,470)	(40,096,869)	6,388,284
Debt to Equity	75.40%	76.8%	-
Debt to total capital	40.16%	39.2%	-
Gearing ratio (Net debt/total capital)	41.67%	42.2%	
Cash dividends paid on common stock	-	-	-

Management Discussion and Analysis

This management discussion and analysis (MD&A) should be read in conjunction with the audited financial statements of APD Limited for the year ended June 30, 2016 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 27, 2016.

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, 2016 represents the fourth 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, 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, 2016 NCP had processed 61,778 (2015: 68,380 Twenty-foot Equivalent Units (TEU). This represents a 9.65 percent decrease in container volumes under 2015 volumes.

In the 2016 financial year, APD continued to exceed projections. Budgeted net income was $3,525,693 actual net income for 2016 was $4,338,438 which is 23 percent more than budget. The company’s total revenues for 2016 were $27,079,903 (2015: 29,668,994) or $2,589,091 (-8.72%) lower than the prior year. Net income for 2016 totaled $4,338,438 (2015: $6,753,078) or (-35.76%) lower than the prior year. This was largely attributable to volumes related to the Baha Mar Project that stalled during FY16.

Our Direct Operating Margin (DOM) for 2016 was 37% (2015: 41%) which was 2% higher than our forecasted DOM of 35%. For the period ended September 2016 our DOM is 42% which is 5% higher than our forecasted DOM for the same period.

During the year, APD declared and paid dividends to ordinary shareholders of $4,996,915 (2015: $3,098,087) representing $1.00 (2015: $0.62) per share. As at June 30, 2016 basic and diluted earnings per share were $0.87 (2015: $1.35).

For the 2017 fiscal year, we are forecasting gross revenue of $28,156,459 (2016: $27,079,903) or 4% percent over the prior year actual revenue, while net income is projected to be $5,044,053 or $705,615 over the 2016 actual net income of $4,338,438.

Our import TEU volumes are currently 5% over budget as at September 30, 2016 and we continue to see a steady import of used vehicles from Asia.

Projects at this time include; The Point Hotel construction, “One” Cable Beach, Sandals upgrade, Atlantis upgrade and Albany. The Baha Mar project is expected to resume in early 2017. Many of these projects are in progress, consequently, management remains conservative and optimistic and does not foresee any significant project volumes during FY17. 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 62,000 import TEUs for 2017 or 500 over the 2016 TEU budget volumes of 61,500 import TEUs. Our total revenue as at September 30, 2016 is ahead of budget by approximately $466,000 or 46.0%. Total expenses as at September 30, 2016 are under budget by $337,000 or 8.0%.

Operating expenses including depreciation of $20,523,353 for the period ended June 30, 2016 were $8,081 or 0.04% higher than our 2016 forecasted operating expenses of $20,515,272. Total comprehensive income of $4,338,438 was $812,744 or 23.0% higher than our 2016 forecasted comprehensive income of $3,525,693.

Despite our actual import TEU volumes for 2016 of 61,778 being over budget by 278 TEUs or 0.45% compared to our budgeted 2016 volumes of 61,500 import TEUs, revenue from the bulk car carrier business was able to compensate for any fall off in revenues from storage fees. This resulted in some 11,400 bulk car carrier vehicles landing at our facility and revenues of approximately $1,972,200 from landing and security fees. Approximately 2,760 or 32% more bulk car carrier vehicles were imported than our forecasted volume of 8,640.

Additionally, revenues from storage fees were approximately $378,423 under budget. This was attributable to the fact that the carriers were evacuating empty containers before the allowed free time had expired. Total current assets decreased from $9,698,929 (2015) to $9,309,774 (2016) or -4.0%. Cash and cash equivalents decreased by $350,573. During the year the spare parts inventory decreased by $185,430.

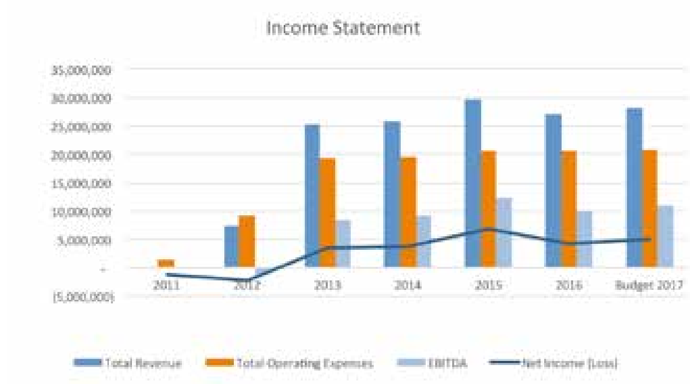
Gross accounts receivable increased by $624,048 and, we have made an impairment provision of $700,168 related to unpaid rental income from Baha Mar. Management believes it will be able to collect outstanding amounts from Baha Mar.

The property plant & equipment balance of $88,819,789 (2015: $89,989,383) as of June 30, 2016 represents port development costs from inception inclusive of works in progress related to the BEC substation. These small scale projects are expected to be completed within fiscal year 2017. Current liabilities decreased by $528,045 from 4,753,415 (2015) to $4,225,370 (2016).

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

Non-current liabilities decreased from $39,612,884 to $39,240,657 which is mainly attributable to the repayment of principal on the long term bank debt. Deposits held increased by approximately $22,202 related to deposits

Income Statement



Tariff	Tariff Rate Item	Tariff Unit	Rate Adjustment
Containerized cargo landed at NCP	Landing	TEU	$10.00
Non-Containerized break bulk cargo landed at NCP	Landing	Ton	$1.00
Containerized Cargo landed at NCP	Security	TEU	$2.00
Non-Containerized cargo break bulk landed at NCP	Security	Ton	$0.20

APD 2017 Budget Vs. 2016 Actual

Financial Performance

INCOME STATEMENT	2016 $	2015 $	2014 $	2013 $	2012 $	2011 $
Total Revenue	27,079,903	29,668,994	25,757,728	25,227,526	7,236,453	-
Total Operating Expenses	20,554,456	20,704,910	19,597,165	19,356,799	9,074,623	1,383,369
EBITDA	9,877,929	12,269,407	9,080,297	8,327,391	(1,223,235)	
Total income (loss) for the period attributable to equity shareholders	4,338,438	6,753,078	3,615,837	3,494,808	(2,239,349)	(1,147,353)
Basic and diluted income (loss) per share	0.87	1.35	0.72	0.70	(0.51)	(1.21)

BALANCE SHEET	2016	2015	2014	2013	2012	2011
ASSETS						
Total Current Assets	9,309,774	9,698,929	5,186,494	4,529,978	5,498,070	10,289,742
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TOTAL ASSETS	**98,129,563**	**99,688,312**	**96,408,295**	**92,660,491**	**89,901,934**	**42,076,620**
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TOTAL EQUITY	**54,663,536**	**55,322,013**	**51,667,022**	**49,350,383**	**45,855,575**	**38,907,647**

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.

Our actual import TEU volumes during 2016 were 61,778 which were 278 TEUs higher than the forecasted volumes of 61,500 TEUs. However, actual 2016 volumes were 6,602 TEUs or 10.0% less than our 2015 actual volumes.

NCP's TEU volumes as at September 2016 are tracking 5.0% over budget. Total revenue as at September 2016 is tracking about 1.0% 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%.

As of June 30, 2016, our financing needs are well supported by this $3,000,000 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 preference shares, interest 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 balance sheet 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 the $3,000,000 credit facility. 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 expenditure; 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 deduct 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 is derived from the services to companies that have some ownership stake in ACPDHL. Additionally, APD provides services to companies that have some ownership stake in ACPDHL.

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

For the fiscal year 2016 the minimal annual rent of 50,000 TEUs at $41.43 (2015: $40.94) will be no less than $2,071,500 (2015: $2,047,000).

Critical Accounting Estimates

Management determines the estimated useful life 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 life 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.

Long-Term Debt

Facility A: Long term debt being a $5,000,000 non-revolving reducing term loan. The loan of $3,936,170 (2015: $4,361,702) 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 (2015: $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.

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.

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

APD Limited
Financial Statements

For the year ended June 30, 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of APD Limited

We have audited the accompanying financial statements of APD Limited, which comprise the statement of financial position as of June 30, 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Auditors' Responsibility (continued)

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

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of APD Limited as of June 30, 2016, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers
Chartered Accountants
Nassau, Bahamas

October 27, 2016

APD Limited

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

Statement of Financial Position
As of June 30, 2016
(Amounts expressed in Bahamian dollars)

	Notes	2016 $	2015 $
ASSETS			
Current assets			
Cash and cash equivalents	3	5,689,676	6,040,249
Accounts receivable	4	1,950,066	1,839,018
Tax receivable		159,882	162,974
Deposits, prepayments and other assets	6	816,652	777,760
Spare parts inventory		693,498	878,928
Total current assets		**9,309,774**	**9,698,929**
Non-current assets			
Property, plant and equipment	9	88,819,789	89,989,383
Total assets		**98,129,563**	**99,688,312**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		408,136	524,298
Due to related parties	5	2,330,346	2,577,247
Retention payable		2,911	93,826
Accrued expenses and other liabilities	10	1,058,445	1,132,512
Current portion of long term debt	7	425,532	425,532
Total current liabilities		**4,225,370**	**4,753,415**
Non-current liabilities			
Redeemable preference shares	8	35,470,825	35,439,722
Long term debt	7	3,510,638	3,936,170
Deposits held	13	259,194	236,992
Total non-current liabilities		**39,240,657**	**39,612,884**
Total liabilities		**43,466,027**	**44,366,299**
Equity			
Share capital	11	49,969	49,969
Share premium		49,192,308	49,192,308
Retained earnings		5,421,259	6,079,736
Total equity		**54,663,536**	**55,322,013**
Total liabilities and equity		**98,129,563**	**99,688,312**

Approved by the Board of Directors on October 26th 2016 and signed on its behalf by:

Director

Director

The accompanying notes are an integral part of these financial statements

APD Limited

Statement of Comprehensive Income
For the year ended in June 30, 2016

(Amounts expressed in Bahamian dollars)

	Notes	2016 $	2015 $
Revenue			
Landing fees	5	11,613,469	12,151,894
Terminal handling fees	5	4,248,570	4,513,180
Stevedoring fees	5	2,868,114	3,164,181
Gate fees	5	2,036,578	2,229,484
Security	5	1,973,851	1,924,424
Subleases	5,13	1,655,575	1,337,907
Storage fees	5	1,174,306	2,915,986
Hazmat fees	5	581,200	636,650
Reefer line	5	572,430	406,454
Dockage	5	272,530	278,317
Line handling fees	5	78,378	86,028
Other income	5	4,902	24,489
Total revenue		**27,079,903**	**29,668,994**
Expenses			
Salaries, employee benefits and training	5,15	5,076,901	4,913,891
Terminal handling costs	5	3,531,378	4,597,443
Government lease	13	2,559,290	2,799,160
Government fees and taxes		1,423,123	1,365,095
Repairs and maintenance		1,231,633	826,961
Utilities		1,029,631	1,044,020
Legal and other professional fees	14	686,260	463,706
Bad debt expense	4	513,000	135,168
Insurance		389,403	510,413
Security		343,379	308,364
Other operating expenses		230,534	227,639
Office supplies, postage and delivery		115,341	134,073
Company meetings and events		77,678	123,182
Gain on disposal of assets		(5,577)	(49,528)
Total expenses		**17,201,974**	**17,399,587**
Earnings before interest, depreciation and amortisation		**9,877,929**	**12,269,407**

The accompanying notes are an integral part of these financial statements

APD Limited

Statement of Comprehensive Income (Continued)
For the year ended June 30, 2016

(Amounts expressed in Bahamian dollars)

	Notes	2016 $	2015 $
Depreciation	9	3,321,379	3,243,544
Amortisation of preference share issue cost		31,103	61,779
Total depreciation and amortisation		**3,352,482**	**3,305,323**
Earnings before interest		**6,525,447**	**8,964,084**
Finance costs			
Preference share dividends		(1,980,000)	(1,980,000)
Interest expense		(210,711)	(231,419)
Interest income		3,702	413
Total finance costs, net		**(2,187,009)**	**(2,211,006)**
Total earnings for the year attributable to the equity holders		**4,338,438**	**6,753,078**
Total comprehensive income for the year		**4,338,438**	**6,753,078**
Basic and diluted earnings per share	12	**0.87**	**1.35**

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, 2016

(Amounts expressed in Bahamian dollars)

	Share capital $	Share premium $	Retained earnings $	Total $
Balance at July 1, 2014	**49,969**	**49,192,308**	**2,424,745**	**51,667,022**
Total comprehensive income for the year	-	-	6,753,078	6,753,078
Dividends paid (Note 11)	-	-	(3,098,087)	(3,098,087)
Balance at June 30, 2015	**49,969**	**49,192,308**	**6,079,736**	**55,322,013**
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**

The accompanying notes are an integral part of these financial statements

APD Limited

Statement of Cash Flows
For the year ended in June 30, 2016

(Amounts expressed in Bahamian dollars)

	Notes	2016 $	2015 $
Cash flows from operating activities			
Total comprehensive income for the year		4,338,438	6,753,078
Adjustments for:			
Depreciation	9	3,321,379	3,243,544
Amortisation of preference share issue cost		31,103	61,779
Bad debt expense	4	513,000	135,168
Gain on disposal of assets	9	(5,577)	(49,528)
Interest income		(3,702)	(413)
Preference share dividends		1,980,000	1,980,000
Loan interest expense		210,711	231,419
Operating profit before changes in working capital		**10,385,352**	**12,355,047**
Increase in accounts receivable		(624,048)	(246,076)
Increase in deposits, prepayments and other assets		(38,892)	(93,038)
Decrease / (Increase) in spare parts inventory		185,430	(363,363)
Decrease / (Increase) in tax receivable		3,092	(162,974)
Decrease in accounts payable		(116,162)	(171,742)
(Decrease) / Increase in due to related parties		(246,901)	184,849
Decrease in retention payable		(90,915)	(58,095)
Decrease in accrued expenses and other liabilities		(74,067)	(27,483)
Increase in deposits held		22,202	61,250
Net cash provided by operating activities		**9,405,091**	**11,478,375**
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(2,159,708)	(2,028,444)
Proceeds from sale of property, plant and equipment		13,500	66,846
Net cash used in investing activities		**(2,146,208)**	**(1,961,598)**
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)	(3,098,087)
Preference share dividends		(1,980,000)	(1,980,000)
Interest income received		3,702	413
Interest expense paid		(210,711)	(231,419)
Net cash used in financing activities		**(7,609,456)**	**(5,734,625)**
(Decrease) / Increase in cash and cash equivalents		**(350,573)**	**3,782,152**
Cash and cash equivalents, beginning of year		**6,040,249**	**2,258,097**
Cash and cash equivalents, end of year		**5,689,676**	**6,040,249**

The accompanying notes are an integral part of these financial statements

APD Limited

Notes to Financial Statements
June 30, 2016

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, to be 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 (herein after 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, 2016

(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 & 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, 2016

(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:

	2016 $	2015 $
Earnings before interest, depreciation and amortisation	9,877,929	12,269,407
Depreciation	(3,321,379)	(3,243,544)
Amortisation of preference share issue cost	(31,103)	(61,779)
Operating profit	**6,525,447**	**8,964,084**

(b) Changes in applicable accounting policy and disclosures

(i) New and amended standards adopted by the Company

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after July 1, 2015 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, 2015, 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, 2016

(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, 2016

(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, 2016

(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, 2016

(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, 2016

(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, 2016

(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 (Note 10), accrued expenses and other liabilities, 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, 2016

(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, 2016

(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, 2016

(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

Where necessary, certain corresponding figures have been adjusted to conform with changes in presentation in the current year.

3. Cash and cash equivalents

	2016 $	2015 $
Cash on hand	2,107	2,487
Cash held with bank	5,687,569	6,037,762
	5,689,676	**6,040,249**

4. Accounts receivable, net

	2016 $	2015 $
Customers' account - gross:		
Third parties	794,410	290,019
Related parties (Note 5)	1,855,824	1,736,167
	2,650,234	2,026,186
Less: Provision for bad debts (third party)	(700,168)	(187,168)
	1,950,066	**1,839,018**

APD Limited

Notes to Financial Statements
June 30, 2016

(continued)

4. Accounts receivable, net (Continued)

Movements in the provision for doubtful accounts are as follows:

	2016 $	2015 $
Balance at beginning of year	(187,168)	(52,000)
Provision for bad debts	(513,000)	(135,168)
Receivables written off during the year	-	-
Balance at end of year	**(700,168)**	**(187,168)**

As of June 30, 2016, accounts receivable of $700,168 (2015: $187,168) was impaired with a provision amounting to $700,168 (2015: $187,168) being made against this amount. The remaining 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 $
2016	2,650,234	1,347,189	601,780	106,173	17,448	577,644
2015	2,026,186	1,363,036	444,234	200,931	450	17,535

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 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:

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

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

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

(d) 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 (b) or (c) above.

APD Limited
Notes to Financial Statements
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(continued)

5. Related party balances and transactions (Continued)

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

	2016 $	2015 $
Due from Shareholder	1	1
Due from other related parties - affiliates	1,855,823	1,736,166
	1,855,824	**1,736,167**

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:

	2016 $	2015 $
Due to Shareholder	2,198,305	2,321,095
Due to other related parties - affiliates	132,041	256,152
	2,330,346	**2,577,247**

The due to Shareholder includes real property taxes payable, business license fees 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.

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:

	2016 $	2015 $
Sales of services		
Other related parties - affiliates	**24,162,482**	**28,476,147**

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 revenues in the statement of comprehensive income.

APD Limited
Notes to Financial Statements
June 30, 2016

(continued)

5. Related party balances and transactions (Continued)

(c) Sales and purchases of services: (continued)

Revenue from transactions with two customers amount to 10% or more of the Company's total revenues. Transactions with these two customers included in sales of services account for 80% (2015: 83%) of total revenues during the year, amounting to $11,496,391 (2015: $13,186,801) and $10,436,014 (2015: $11,505,339) respectively.

	2016 $	2015 $
Purchases of services		
Other related parties - affiliates	**3,823,451**	**4,760,695**

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:

	2016 $	2015 $
Salaries	752,427	763,019
Short-term employee benefits	493,622	474,872
Retirement benefits	37,388	30,066
	1,283,437	**1,267,957**

6. Deposits, prepayments and other assets

	2016 $	2015 $
Security deposits	424,075	423,265
Prepayments	392,577	354,495
	816,652	**777,760**

7. Long term debt

Facility 1: Long term debt being a $5,000,000 non-revolving reducing term loan. The loan of $3,936,170 (2015: $4,361,702) 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 (2015: $425,532).

APD Limited
Notes to Financial Statements
June 30, 2016

(continued)

7. Long term debt (Continued)

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.

The Company has complied with the financial covenants of its borrowing facilities during the years ended June 30, 2016 and 2015.

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 and have a maturity date of June 30, 2033. 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, 2016

(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, 2015							
Opening net book value	41,693,359	8,680,458	37,166,407	246,072	1,561,538	1,873,967	91,221,801
Additions	-	-	87,758	114,842	59,227	1,781,076	2,042,903
Transfers	123,472	11,642	197,771	26,525	721,321	(1,080,731)	-
Reclassifications							
Cost	-	-	(2,000)	-	(13,861)	1,402	(14,459)
Accumulated depreciation	-	-	-	-	-	-	-
Disposals							
Cost	-	(6,535)	-	(40,268)	-	-	(46,803)
Accumulated depreciation	-	-	-	29,485	-	-	29,485
Depreciation charge for the year	(1,001,794)	(639,013)	(898,481)	(80,598)	(623,658)	-	(3,243,544)
Closing net book value	**40,815,037**	**8,046,552**	**36,551,455**	**296,058**	**1,704,567**	**2,575,714**	**89,989,383**
At June 30, 2015							
Cost	43,953,253	9,643,059	38,887,923	502,579	3,261,689	2,575,714	98,824,217
Accumulated depreciation	(3,138,216)	(1,596,507)	(2,336,468)	(206,521)	(1,557,122	-	(8,834,834)
Net book value	**40,815,037**	**8,046,552**	**36,551,455**	**296,058**	**1,704,567**	**2,575,714**	**89,989,383**

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, 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**

Capital work in progress includes costs incurred as of June 30, 2016 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, 2016

(continued)

10. Accrued expenses and other liabilities

	2016 $	2015 $
Accrued real property tax	546,092	633,858
General accruals	512,353	498,654
	1,058,445	**1,132,512**

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 (2015: 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 (2015: $3,098,087) representing $1.00 (2015: $0.62) 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.

	2016 $	2015 $
Total earnings for the year attributable to the equity shareholders	4,338,438	6,753,078
Weighted average number of ordinary shares in issue	4,996,915	4,996,915
Basic and diluted earnings per share	**0.87**	**1.35**

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, 2016

(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, 2016

(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, 2016

(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, 2016, the total rent expense recognised in the statement of comprehensive income amounted to $2,559,290 (2015: $2,799,160). As of reporting period, lease payable to the government amounted to $487,790 (2015: $752,320) 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
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(continued)

13. Significant agreements (Continued)

(b) Leases (continued)

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

	2016 $	2015 $
No later than one year	2,000,002	2,000,002
Later than one year and no later than 5 years	8,000,008	8,000,008
Later than 5 years	70,000,070	72,000,072
	80,000,080	**82,000,082**

(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 $259,194 as of June 30, 2016 (2015: $236,992). Additionally, during the year the Company executed certain short term leases, which are on a month to month basis.

Income amounting to $1,655,575 (2015: $1,337,907) 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:

	2016 $	2015 $
No later than one year	853,990	980,712
Later than one year and no later than 5 years	1,081,027	1,141,402
	1,935,017	**2,122,114**

14. Legal and other professional fees

Legal and other professional fees comprise the following:

	2016 $	2015 $
Legal and other professional fees	478,846	257,921
Regulatory fees	207,414	205,785
	686,260	**463,706**

APD Limited
Notes to Financial Statements
June 30, 2016

(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 $122,363 (2015: $95,115). 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:

	2016 $	2015 $
Contracted but not yet incurred	560,735	1,119,442
	560,735	**1,119,442**

As of June 30, 2016, the Company is contingently liable to its banker in respect of customs bonds issued to the Bahamas Government and corporate credit cards in the total amount of $574,000 (2015: $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, 2016

(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, 2016, 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.

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Notes to Financial Statements
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(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, 2016. The amounts disclosed in the table are the contractual undiscounted cash flows.

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	69,660,000	1,980,000	7,920,000	59,760,000
Deposits held	259,194	259,194	-	238,292	20,902
Total financial liabilities	**43,466,027**	**78,050,539**	**6,394,236**	**11,875,401**	**59,780,902**

As of June 30, 2015	Carrying amount $	Contractual cash flows $	0-12 months $	1-5 years $	More than 5 years $
Liabilities					
Accounts payable	524,298	524,298	524,298	-	-
Due to related parties	2,577,247	2,577,247	2,577,247	-	-
Retention payable	93,826	93,826	93,826	-	-
Accrued expenses and other liabilities	1,132,512	1,132,512	1,132,512	-	-
Long term debt	4,361,702	4,967,750	636,243	4,331,507	-
Redeemable preference shares	35,439,722	71,640,000	1,980,000	7,920,000	61,740,000
Deposits held	236,992	236,992	-	236,992	-
Total financial liabilities	**44,366,299**	**81,172,625**	**6,944,126**	**12,488,499**	**61,740,000**

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 an undrawn line of credit with the Royal Bank of Canada totalling $3,000,000 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 (2015: $1,119,442) 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
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(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 has 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.

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(continued)

18. Fair value of financial instruments (Continued)

	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**

	June 30, 2015			
	Level 1 $	Level 2 $	Level 3 $	Total $
FINANCIAL ASSETS				
Loans and receivables				
Cash and cash equivalents	6,040,249	-	-	6,040,249
Accounts receivable	-	1,839,018	-	1,839,018
Total financial assets	**6,040,249**	**1,839,018**	**-**	**7,879,267**
FINANCIAL LIABILITIES				
Financial liabilities at amortised cost				
Accounts payable	-	524,298	-	524,298
Due to related parties	-	2,577,247	-	2,577,247
Retention payable	-	93,826	-	93,826
Accrued expenses and other liabilities	-	1,132,512	-	1,132,512
Current portion of long term debt	-	425,532	-	425,532
Redeemable preference shares	-	35,439,722	-	35,439,722
Long term debt	-	3,936,170	-	3,936,170
Deposits held	-	236,992	-	236,922
Total financial liabilities	**-**	**44,366,299**	**-**	**44,366,299**

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(continued)

18. Fair value of financial instruments (Continued)

The Company does not have a Level 3 classification at June 30, 2016 and 2015. 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 at June 30, 2016, the debt service coverage ratio was 3.73 (2015: 5.16) and the total debt to tangible net worth ratio was 0.72:1 (2015: 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*.

vision

“Consistently delivering operational excellence”

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

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