APD LIMITED

ANNUAL REPORT 2013

NAVIGATING NEW CHANNELS IN PORT DEVELOPMENT

ARAWAK
PORT DEVELOPMENT

NASSAU CONTAINER PORT

GFT
GLADSTONE FREIGHT TERMINAL

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

VISION "Consistently delivering operational excellence"

NAVIGATING NEW CHANNELS IN PORT DEVELOPMENT

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ARAWAK PORT DEVELOPMENT

ARAWAK PORT DEVELOPMENT APD LIMITED

APD Limited was formed in 2009 to design, develop, construct, manage, operate and maintain the Nassau Container Port (NCP) and the Gladstone Freight Terminal (GFT) as a modern container port and warehousing complex.

Ownership of the port resides with a partnership between the Government of The Bahamas and Arawak Cay Port Development Holdings Limited (ACPDH), each holding a 40% equity stake and 11,500 Bahamians, who, collectively, hold the remaining 20% equity. Plans call for additional equity to be made available to the public in the future.

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. In its role as owner and operator of the Nassau Container Port and the Gladstone Freight Terminal, APD Limited has an inherent responsibility to efficiently, securely and safely serve the market while providing opportunities to all stakeholders.

Nassau Container Port (NCP) celebrated its formal opening on May 10, 2012 and Gladstone Freight Terminal (GFT) was officially launched on August 15, 2012.

NASSAU CONTAINER PORT

NASSAU CONTAINER PORT NCP

Nassau Container Port is a strategically located port facility for container and general cargo shipping in the Caribbean and beyond to North America and the world. The 56-acre 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.

NCP is compliant with the standards of the International Ship and Port Facility Security (ISPS) code. The port features around-the-clock security, perimeter fencing, and surveillance cameras to ensure the highest level of security.

PORT ADVANTAGES

- General cargo, container, bulk and break bulk operations
- 100% compliance with ISPS code requirements and supported by Royal Bahamas Police presence
- Dedicated deconsolidation less than container load (LCL) facilities
- Onsite Customs Department to provide entry processing and freight inspection
- Three container vessel berths, and one bulk vessel berth,with 28-foot draft
- Two Roll On Roll Off berths with 21-foot draft and 28-foot draft
- NAVIS Terminal Operating System
- Greater Bahamas Customs control facilitating faster cargo delivery
- Backup power and emergency fuel storage in the event of natural disaster.

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

- ABACO SHIPPING II
- ARAWAK STEVEDORING LIMITED
- BAHAMAS BULK MATERIALS
- BAHAMAS CONCRETE HOLDINGS
- BETTY K
- MAILBOAT COMPANY
- MSC
- TROPICAL SHIPPING

GFT
GLADSTONE FREIGHT TERMINAL

GLADSTONE FREIGHT TERMINAL GFT

The 15-acre GFT is NCP's inland terminal, situated in the centre of New Providence. The facility offers 90,000 square 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.

FINANCIAL HIGHLIGHTS

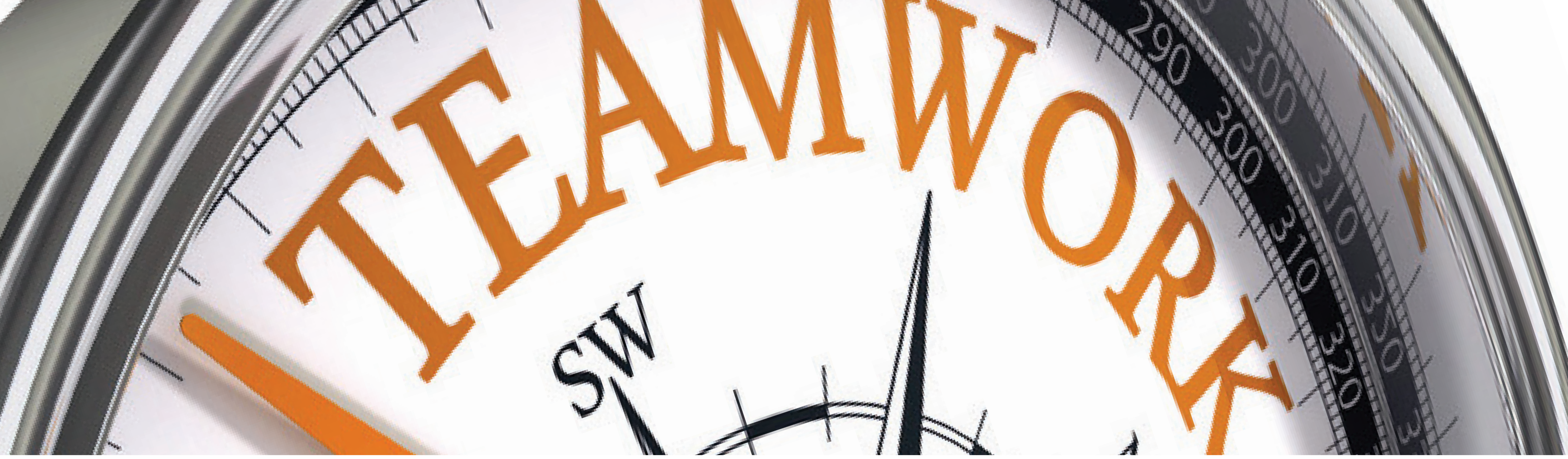
INCOME STATEMENT	2013	2012	2011
	$	$	$
Total Revenue	25,227,526	7,236,453	-
Total income (loss) for the period attributable to the equity shareholders	3,494,808	(2,239,349)	(1,147,353)
Basic and diluted earnings (loss) per share	0.70	(0.51)	(1.21)

BALANCE SHEET	2013	2012	2011
ASSETS			
Total Current Assets	4,529,978	5,498,070	10,289,742
Net PP&E	88,130,513	83,247,950	31,786,878
Investment Property		1,155,914	
Total Assets	**92,660,491**	**89,901,934**	**42,076,620**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Total Current liabilities	43,178,866	43,942,117	3,168,973
Non-current liabilities	131,242	104,242	
Total Liabilities	**43,310,108**	**44,046,359**	**3,168,973**
Total equity	**49,350,383**	**45,855,575**	**38,907,647**

CASH FLOW	2013	2012	2011
Net Cash Provided by Operating Activities	6,809,151	918,476	660,860
Net Cash (Used) by Investing Activities	(6,196,085)	(52,331,908)	(31,822,896)
Net Cash Provided (Used) by Financing Activities	(370,484)	43,989,297	40,291,016
Bridge loan drawdown	1,813,316	35,203,199	-

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

Net liquidity gap	(39,522,470)	(39,992,627)	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	-	-	-



APD LIMITED DIRECTORS

JAMES MOSKO, CHAIRMAN

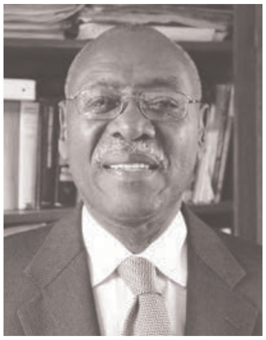
Appointed by ACPDH and confirmed by the Prime Minister

James Mosko, a civil engineer, is the President of the Mosko Group of Companies. His over 35 years of professional experience include working on projects throughout the length and breadth of The Bahamas. His expertise was engaged on such ventures as the Phase II & III development of Kerzner International on Paradise Island; Blue Lagoon on Salt Cay; the Barre Terre Causeway, Exuma; Bakers Bay, Abaco; the Disney cruise port on Gorda Cay and, most recently, the Albany Development in Southwest New Providence and the Lynden Pindling International Airport, which serves the Bahamas' capital, Nassau.

Mr. Mosko graduated in 1975 with a Bachelor's degree in Civil Engineering from The Georgia Institute of Technology. He is a Bahamian citizen and has served as a Director of APD Limited since inception.

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 a 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 and Secretary; FedEx Bahamas Limited – Director; Helvetic Management Services Ltd. – Director; First Choice Services Ltd. – 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 ACPDH.

Christopher Lightbourn has been involved in construction, development, and shipping in The Bahamas for more than 25 years. He is President and Director of both Cavalier Development Ltd. and Cavalier Shipping Ltd; Managing Director of Arawak Stevedoring Ltd; Chairman & Founding Developer of the Paradise Island Beach Club; Director of EFG Bank & Trust (Bahamas) Ltd.; Director and Founder of Ultimate Door & Window.

Mr. Lightbourn was also 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. 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 is a Bahamian citizen aged 52 years and has served as a Director since inception.

JACK SANDS

Appointed by ACPDH

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. He has served as President and Director of Betty K Agencies (USA), LLC since its inception, 12 years ago.

In addition, Mr. Sands serves as Vice President, Secretary, and Managing Director of Kelly's Lumber Yard Limited; Secretary and Director of Kelly's Lumber Yard 2005 Limited; President of Import Export Brokers Limited; President and Director of Dorick Navigation SA; Secretary and Director of Rovert Properties Limited, and Director of APD Limited. Mr. Sands formerly served as Director on the boards of Bahamas First Holdings Limited, Nassau Underwriters Agency Limited, and Bahamas Telecommunications Corporation. He graduated from Queen's College, Nassau, Bahamas in 1959.

FRANK FORBES

Appointed by Government

A native of New Providence, Bahamas, Frank Forbes was born in 1966. Recognized for academic excellence early on, he 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.

CRESWELL STURRUP

Appointed by Government

Creswell Sturrup, a Bahamian, is a public service professional, who has occupied positions of considerable responsibility in the course of his career. Since 1990, Mr. Sturrup has held the rank of Permanent Secretary and has been deployed in that capacity in the Ministry of Agriculture, Marine Resources and Local Government, the Department of Public Service, the Ministry of Youth, Sports and Personal Development, the Ministry of Education, the Cabinet Office, the Ministry of Health and the Ministry of Housing and Social Development. 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.

FRANKLYN A BUTLER II

Appointed by ACPDH

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 (10) years previously. He also serves as a director of several companies, including Tuscan Shores Developments Company, AML Foods Limited, Cable Bahamas and Milo B Butler & Sons Limited.

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.

CHAIRMAN'S MESSAGE

When discussions on removing container port activity from Nassau's city centre began to focus on Arawak Cay as a possible site for the relocation, many were vehement in the belief that it was an ill-conceived notion that could not be realized and if undertaken, would not succeed. There were, however, those who believed that the Arawak Cay location was the best choice of available options in terms of overall cost and effecting a turnaround time that would reduce the strain on the pockets of investors and opportunity costs to port users. Fortunately, The Bahamas Government and shipping companies were among the believers and contributed equally to funding the establishment of APD Limited. Later, the founders were joined by 11,500 members of the Bahamian public from a wide range of backgrounds and means, a historic development that will be long celebrated in Bahamian economic development and commerce.

As at June 30, 2013, the closing of APD Limited's 2012/2013 fiscal year and first year of operation, the company's performance has proved that the confidence its investors placed in it was well justified. Not only has the company accomplished its funding ond operating objectives projected in the plan of APD's Initial Public Offering, but has exceeded many.

Among APD's most extraordinary achievements were the results of its preference share offer, which the company launched in the last week of June 2013 to facilitate the re-financing of its existing $43 million Royal Bank of Canada (RBC) bridge loan facility. It was the Board's expectation that the offer would bring in $21 million to repay almost a half of the loan principal, and refinance the balance on as favourable terms as the market would bear. Oversubscribed by 71%, the preference share offer reaped $36 million, $15 million over the yield projected. The company decided to hold on to the overage, which permitted loan refinancing on excellent terms. APD successfully secured a 5.5% fixed interest rate, accomplishing a feat unprecedented in local financial markets. It is a development that has astonished many in the financial services world.

This demonstration of the market's confidence in APD would be enough, on its own, to underscore the quality and rightness of the APD development and the quality of its human, technical and material resources, which have underwritten it. The achievement becomes even more praiseworthy when one considers that it has taken place in a financial climate that is struggling to get back to pre-2007 crash levels.

Our Board of Directors also celebrates that APD's Nassau Container Port has undergone and passed with flying colours the stringent and mandatory

inspections of The International Ship and Port Facility Security Code (ISPS Code) and is 100% compliant. As noted by the International Maritime Organization, “the Code” takes the approach that ensuring the security of ships and port facilities is a risk management activity, and that to determine what security measures are appropriate, an assessment of the risks must be made in each particular case. The purpose of the Code is to provide a standardized, consistent framework for evaluating risk, enabling Governments to offset changes in threat with changes in vulnerability for ships and port facilities through determination of appropriate security levels and corresponding security measures.” Consequently, being assessed as fully compliant means that we can count NCP among the elite of ports in this regard.

Undoubtedly, the most extraordinary aspect of APD Limited is the team it has built—the Executive, Management and Staff, all engineered by education, training, experience and an extraordinary ability to adapt to changing environments and conditions appropriately and with great success. It is easy to see that the 100-member complement owes its progressiveness to a talented leadership that proves its worth every day, justifying the Board’s selection and backing. The Executive, demonstrating excellent fiscal management and controls, have proved as astute in putting together the fine group of managers, technicians and line staff, who represent the engine of the enterprise. These are people who have been superbly amenable to training in areas of port operations and types of equipment of which they had no previous experience. They have astonished international trainers of global experience with their quickness in acquiring skills to the competitive level and beyond.

On behalf of the Board of Directors, I thank our dynamic team of executives, managers and the members of our dedicated staff for a highly commendable second year of remarkable productivity and advances. It is my pleasure to make special commendation to APD’s President and CEO Michael Maura Jr for leading the establishment of a new port and the complexity associated with launching this new business. It has been a herculean task by any standards, which he has acquitted with laudable success. I commend Chief Financial Officer Dion Bethell for his skill in managing the financial aspect of the business on a daily basis to preserve and increase the equity, which APD shareholders have entrusted to our care and, above all, for his astute and profitable handling of the preference share offering. It is clear that both gentlemen have benefited from the collaborative efforts of the entire management team.

It has been my privilege for another year to work with the professionals who make up the Board of Directors of APD Limited. I extend sincere thanks for the talents, experience, dedication and civility they bring to the task we are commissioned to perform. It is a signal honour to support an undertaking, which stands to enhance the economy of The Bahamas for the benefit of all stakeholders, our shareholders and the Bahamian public at large.

Again, on behalf of the Board of APD Limited, it is my great pleasure to thank the Bahamas Government and the 11,500 Bahamian individual and institutional owners for your support and confidence in us.

JAMES MOSKO

DIION BETHELL, RICHARD MCCOMBE, YVETTE RAHMING, LOUIS BUTLER, MIKE MAURA JR

EXECUTIVE & SENIOR MANAGEMENT TEAM

MIKE MAURA, JR.
PRESIDENT & CHIEF EXECUTIVE OFFICER

Michael Maura Jr brings to this challenging post over 15 years of industry experience. Mr. Maura 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 also a Director of the Bahamas 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.

DION BETHELL
VICE PRESIDENT/CHIEF FINANCIAL OFFICER

Before joining APD, Dion Bethell had previously accumulated over eight years' experience in international shipping, having served as CFO at Container Terminals Ltd; a subsidiary of Tropical Shipping Ltd. Prior to this, Mr. Bethell spent over 16 years working in the financial services industry with his last role being that of Director, Vice President and CFO at W&P Fund Services Ltd. /The St. James Bank & Trust Company Ltd.

Mr. Bethell is also Chairman of the Bahamasair Employees Provident Fund. He holds 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
SENIOR MANAGER, OPERATIONS & FACILITIES

Before his promotion to his current post, Mr. McCombe served as the Stevedore & Heavy Equipment Manager. 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 RAHMING
SENIOR MANAGER IN-HOUSE LEGAL COUNSEL & HUMAN RESOURCES

Before embarking upon studies in law, Yvette C. Rahming, LL.B, CLE worked at a leading Bahamian law firm, where she gained years of experience in property, corporate and commercial law. In 2008, she obtained an Bachelor of Laws degree (LL.B) with honours from the University of London, following which she successfully read for the Bar, at the Eugene Dupuch Law School, Nassau. 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. A native of New Providence Island, Mrs. Rahming is currently pursuing an LLM with multiple specializations in Maritime and Corporate Law and is a member of the Association of Corporate Counsel and Society of Human Resources Managers.

LOUIS BUTLER
FINANCIAL CONTROLLER

Louis Butler has more than twenty years of public practice experience in the audits of banks and trusts, shipping, investment companies, mutual funds, and retail businesses. Prior to his current position, Mr. Butler was the managing partner of Louis A. Butler & Associates and a consultant with the accounting firm of Moore Stephens Butler & Taylor.

Mr. Butler is a licenced member of the Bahamas Institute of Chartered Accountants (BICA), member of CGA Canada, Past President of CGA Bahamas, Past Council member of BICA, and former member of CGA Canada International Forum Committee. In 2005, Mr. Butler was awarded The Fellowship Award by CGA Canada in recognition for his exemplary service to the Association, the profession, the public, and community.

His civic contributions have included service as Director of the Bahamas Chamber of Commerce, Co-Chairman of Drug Action Service, and as a volunteer with Bahamas Air Sea Rescue Association (BASRA). Mr. Butler received his secondary education a St. Augustine's College in Nassau and is a graduate of Valdosta State University, Valdosta, Georgia.

PATRICK HANNA , BRANDO GLINTON, ANTHONY COOKE, CLORAN WATCHORN

MANAGEMENT TEAM

PATRICK HANNA
HEALTH & SAFETY TRAINING OFFICER

Patrick Hanna brings a diverse background in health care to his position as APD's Health & Safety Training Officer. Over a 30-plus year career, he has been trained in environment science and public health, working as an emergency medical technician, teaching assistant in pathology, and research assistant for the Department of Interior, New Jersey.

Mr. Hanna earned a degree in Biology from the University of New Orleans and studied chiropractic medicine. He has a diploma in environmental science from the College of The Bahamas and is currently a member of the American Association of Health and Safety Professionals.

BRANDO GLINTON
GATE & INTERCHANGE MANAGER

Brando Glinton worked previously for over 24 years in various roles within the Bahamas Customs Department and most recently as a Customs/ Revenue Officer. Mr. Glinton has attended numerous customs, intelligence and detection training courses over his career and is most notably certified to operate both the MT1213LT Mobile Container Scanner and the Heimman-Smith X-Ray portable Scanner.

Mr. Glinton obtained an LLB Law degree from the University of Huddersfield, England in October 2011 and has an Associate of Arts degree in Management & Marketing from the Bahamas Baptist Community College in Nassau.

ANTHONY COOKE
FINANCIAL ACCOUNTING MANAGER - OPERATIONS

Mr. Cooke is relatively new to the shipping industry. He was recently the Accounts Manager at Cooke-McIver & Co for 3 years. Prior to this appointment, he worked for over 12 years in the financial services sector; most recently at The St. James Bank & Trust Company, where he was Operations Manager and Money Laundering Reporting Officer.

Mr. Cooke has a Bachelor of Science degree in both Accounting and Finance from Florida State University in Tallahassee, Florida and has also earned ICA International Diplomas in Anti-Money Laundering and in Compliance.

CLORAN WATCHORN
FINANCIAL ACCOUNTING MANAGER - REPORTING

Is relatively new to the shipping industry. Mrs. Watchorn was most recently the Assistant Financial Controller at Kerzner International (Bahamas) Limited for 3 years and previously worked for over 13 years in the financial services sector; serving mostly as a client accountant at various institutions. Mrs. Watchorn has a Bachelor of Science Degree in Accounting from Nova Southeastern University in Fort Lauderdale.

RITA RAMSAY, FELIX ROLLE , COLLIN CLEARE, CRISPIN SEYMOUR

RITA RAMSAY, MBA
HUMAN RESOURCES ADMINISTRATOR

After spending a dozen years as a Human Resource Manager in the airline and insurance industries, Rita Ramsay has a broad range of experience in managing people and properties, marketing, public relations and asset procurement. Mrs. Ramsay utilized those skills and more in her previous post as an Executive Director with SkyBahamas Airlines, where she also served as the liaison to key regulatory bodies in the transportation industry. She is also a certified Project Manager and became affiliated with the Bahamas Human Resources Association in 1999.

Mrs. Ramsay has a Master's in Business Administration and a Bachelor of Science degree in Management from Nova Southeastern University, Fort Lauderdale, Florida.

FELIX ROLLE
FACILITIES MAINTENANCE MANAGER

Felix Rolle brings to his position an extensive background as a contractor, with experience in building single and multifamily dwellings, as well as commercial buildings and schools. For years, Mr. Rolle owned his own construction company, FSD Construction Services, and was responsible for overseeing construction projects from concept to finished product. Mr. Rolle is a Certified International Project Manager, holding certification from the American Academy of Project Management.

Holder of an electronics degree from the College of the Bahamas in Nassau, Mr. Rolle has also received extensive training and systems certifications as a communications technician. His experience includes having worked closely with air traffic controllers in the civil aviation industry.

COLLIN CLEARE
PORT FACILITY SECURITY OFFICER

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

CRISPIN SEYMOUR
PLANNING MANAGER

Crispin Seymour has over 15 years' experience in international shipping. He worked previously at the Freeport Container Port and Tropical Shipping, most recently as the Heavy Equipment Maintenance Manager.

Mr. Seymour has attained numerous industry certifications from various courses 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. Mr. Seymour's civic engagements include serving as treasurer for the H.O.Y.T.E.S. (Helping Our Youth through Education & Sports) programme and as a member of the Bahamas Red Cross. He is past president of the Anglican Church Men (The Church of Ascension).

CHARLES PINDER
IT MANAGER

Charles Pinder brings to his position at APD a background as a network technician and IT consultant, specializing in serving small to medium size business environments. Having initially pursued a degree in biology from the College of the Bahamas, Mr. Pinder began his career in information technology by opening his own support-and-build computer business, responsible for every phase of business development and customer IT support. Mr. Pinder's expertise in the IT world spans every kind of network and electronic device, from PCs to mobile phones, printer and tablet PCs, and includes surveillance equipment similar to the technology used in the shipping industry.

CEO'S REVIEW

When APD Limited began its 2012/2013 fiscal year, executives, management and staff were still enjoying the sense of accomplishment arising from the official grand opening of Nassau Container Port on May 10. It was a pride that was justified. The development of a 56.55 acre ISPS port facility was a unique challenge. Its success depended upon the leadership of an astute and cooperative board and the synergy that characterizes relations among members of APD's Executive and Management Teams and the staff. It also required long and stressful hours of hard work and full commitment on the part of all concerned. The project received and benefited from a significant level of cooperation from various stakeholders and public and private sector partners that continues to present.

Business-wise, the fiscal year got off to a promising start with the relocation of international container lines to the Nassau Container Port. In July the Government, under the Right Honorable Perry Christie, revoked all existing transit sheds in New Providence and created two new ones—one at APD's Nassau Container Port and Gladstone Freight Terminal.

In October 2012 Government appointed three new directors to the APD Board, Michael C.E. Turner, Frank Forbes and Creswell Sturrup, three astute choices, who added to the wealth of experience vested in the APD Board. As CEO, I have much appreciated the leadership of Messrs Mosko and Turner as Chair and Deputy for the insights they bring.

The following review is intended to show our strategies, successes, which support that contribution.

"APD Has Increased Vessel Operations Productivity by Approximately 50% Offering Carriers Greater Efficiency."

KEY DEVELOPMENTAL GOALS AND SUCCESSES

APD has successfully developed a port facility which supports the convergence of multiple interests at a critical point in the supply chain. Carrier, Government Authority, Terminal Operator, Customs Broker, Trucker and Consignee all meet with a purpose to deliver goods to market. I am pleased to report that the Nassau Container Port efficiently and responsibly facilitates this engagement.

Supply chain efficiency and integrity is paramount to business development, sustainability, international trade, social welfare, and it directly influences foreign direct investment. A critical element of an effective supply chain is the security of cargo, vessels and facilities. Security-related risks, if not appropriately mitigated, delay the delivery of a product or service to market and may result in the loss of the sale, increase in costs, loss of profits, dissatisfied customers or hotel guests, and potential unemployment. Additionally, a Government is dependent on technology, controls and procedures engineered in the supply chain which serve to permit optimal collection of import taxes and the inspection of potentially dangerous imports and exports. The Nassau Container Port has provided an unprecedented opportunity for all stakeholders to maximize their potential benefit.

Health and economic risks are very real and one can only strive to reduce the threat to its smallest level. Today the Bahamas is challenged with the illegal import of counterfeit tobacco products, which lack the necessary health safeguards. Additionally, the Bahamas is too familiar with the economic consequences that foreign terrorism can have on the local economy. An economy's ability to rebound and minimize the impact of such threats is directly linked to the confidence domestic and international stakeholders have in each stage of the supply chain. Confidence can be measured by foreign direct investment, financial liquidity, job creation, minimal supply impediments, consumer demand and economic viability. APD's role in the supply chain has and will continue to mitigate the potential impact of economic and social threats and positively influence market confidence.

The shipping industry is a highly competitive one and its profitability is highly dependent on a multitude of factors of which freight rates are principal. The global recession which began in 2007 has challenged the industry as cargo tonnage has declined, oil costs have spiked and market forces have rejected freight rate improvement. The Nassau market has not been immune to these events. Ocean carriers around the world are working to right-size their business by aligning cargo supply, with total vessel capacity and the market's average revenue per TEU. In Nassau the market remains in transition as evidenced by the severe over capacity. Today, there are approximately 2,750 TEU container slots available each week on the ships that call at the Nassau Container Port. The total import demand, however, is 1,270 TEU containers or 46.15% of the available capacity. Alternatively 53.85% of the total TEU container slots to Nassau each week are empty. The market should anticipate the lines bringing the overall weekly TEU capacity to Nassau in line with demand and rates at some point in the future. This will likely occur post Baha Mar construction.

From a cost and asset optimization perspective a carrier's main interest is vessel utilization. That is maximizing the volume of cargo a ship carries from port A to port B along with the number of voyages within a specific period. A port's ability to quickly discharge and load-back a vessel positively impacts the carrier's vessel utilization and ultimately its profitability. Furthermore APD's port efficiency, when coupled with an effective carrier service, offers the importer a formula for success. Since operations began in May 2012, ***APD has increased vessel operations productivity by approximately 50% offering carriers greater efficiency.*** In keeping with these realities, our mission, ***"Operational excellence to maximize value through people development and technology",*** ensures APD remains relevant and integral to the port stakeholders.

To fulfill the mission, the company committed, right from the beginning to building the best facilities, identifying and acquiring top-of-the line, reliable equipment and hiring the most promising talents for all our teams, and affording them the best and continuous opportunities to hone existing skills and acquire new and highly marketable capabilities. Much is owed to the willingness of the Executive and Management teams to provide constant mentoring and supervision.

Beneath it all, as the foundation of our operations, is an intense commitment to ensuring the safety of APD people, Nassau Container Port tenants and all port users and engaging in sustainable practices for the preservation of the environment. These goals require adequate funding for their realization.

FUNDING

One of the principal goals, which APD projected for the 2012/2013 fiscal year, was to retire its short-term financing with RBC in the 3rd quarter of 2013 and replace it with any combination of NIB, Institutional and/or longer-term bank debt. I am pleased to report that astute strategizing between the executive team and our financial advisors brought about a solution that far exceeded expectations.

At the end of June, the company launched a highly successful preference share offering aimed mainly at the institutional market and designed for a yield of $21 million. The uptake reached $36 million. We decided to accept the extra $15 million, allowing the company to reduce bank debt at a highly favourable rate of interest. I congratulate and offer our Chief Financial Officer Dion Bethell the highest commendation for his leadership in this regard.

EQUIPMENT/TECHNOLOGY SPECIALIZATION

Nassau Container Port can boast of world class unlading equipment, especially the magnificent Liebherr cranes. The Liebherr 320 MHC now offers the carrier and importer unprecedented capability. These and our Navis Terminal Operating System are a great source of company pride. Using electronic solutions, the Navis System has automated the tracking of containers through the port (between the ship and Port gate) maximizing efficiency of movements through the terminal and reducing the risk of security breaches and loss of freight equipment. This degree of goods management and protection is an essential and expected service to port users and vital to supply chain integrity.

July 2012 NCP was called upon to land six giant tanks destined for the Shell franchisee, Sun Oil Limited. Each tank has a capacity of 90 thousand gallons and an overall length of 134ft with a diameter of 11ft. The total weight of each tank empty is 80 tons.

In this regard, Dick McCombe is to be commended for the yeoman service he has performed in leading the Port's smooth transition from obsolete equipment and methods to a range of complex machinery and ultramodern, computerized processes. Much of the success of this movement is owed to Mr. McCombe's keen knowledge of port operations, specialized equipment necessary for greatest efficiency and, most important, knowledge of the specialized training necessary for equipment operators and the best trainers to deliver the needed instruction/demonstrations.

HUMAN RESOURCES DEVELOPMENT

At the end of the fiscal year, Nassau Container Port boasted a staff complement of 100 men and women, representing a variety of skills in several departments. Nassau Container Port has given them novel opportunities to enter the ever-growing shipping industry and acquire associated skills, which have international portability. Human Resources is headed by APD's very able In-House Counsel Mrs. Yvette Rahming.

I congratulate Mrs. Rahming for her emphasis on running a very modern HR programme, with a view to assisting staff to develop those essential personal attributes that closely complement the technical, equipment-related training. The focus has been on building team spirit, positive attitudes to health, safety, camaraderie, collaboration, process improvement and service.

This year HR was expanded with the arrival in March of Mrs. Rita Ramsay, a professional who brings a wide range of professional experience to her responsibilities as Human Resources Administrator. Together. this dynamic pair, with the willing cooperation of the Executive Team, has worked to ensure that the relationship between executives, management and staff is a unified one. I also wish to acknowledge Margaret Malone, APD's longest serving H.R. staff member for her dedication and commitment to our human resources.

TEAM BUILDING AND PERSONAL DEVELOPMENT

In the interest of building unity and fostering personal growth the H.R. department has successfully led an expansive training curriculum. APD has offered training in accounting systems, mechanical and electrical engineering, crane & terminal operation, ISPS, STCW, ISM, HAZWOPER, NAVIS systems, rigging, customer service, surveillance systems, employment law, operational safety with more to come. Cross training also serves to broaden the knowledge base of our team and opens the door to new employment opportunities within the company.

APD's success to date is due to the shared commitment of each of our 100 team members. Each has demonstrated extraordinary dedication and compliance, contributing to overall operational reliability and supply chain integrity. Excellence is heralded semiannually where staff is recognized for their contributions.

ENHANCED INTERNAL COMMUNICATION

Appreciating that good internal communication is a key element in team motivation, APD has boosted its channels for delivering information to company personnel. A quarterly company newsletter and an intranet have been developed to disseminate company news, announcements, forms, photos of company events and other matters that may be of interest to staff. To facilitate access to the information carried on the intranet, television monitors have been set up around the Port.

PROMOTING DIVERSITY

APD continues to strive for diversity not only in hiring women for key positions but to give them a chance to enter and excel in areas of port operations that have long been the exclusive purview of men. Today women play an essential role in vessel planning, port security and crane operations.

SUCCEEDING AT CONTRIBUTING TO NATIONAL WORKFORCE SPECIALIZATION

Among APD's primary goals, set from the very beginning, has been to contribute to the Bahamian labour force a new group of highly specialized professionals, who are not only technically adept, but are also confident in port services. The intention is that such a team would complement the Government's thrust to strengthen The Bahamas' position and performance in the international maritime industry. It can be said that this ambitious project began at zero; such a team did not exist. I am pleased to report levels of performance that have exceeded all projections.

APD's extensive training and development of people has greatly enhanced customer service and, in so doing, has increased company value and public perception of NCP. In all likelihood, this enhanced perception played a significant role in the unprecedented demand for the preference shares. It has also netted us the compliment of the Port Department, who let it be known that they hold Nassau Container Port as the standard for port operations.

One of the great successes of APD's unique and committed training programme is the upward progress of chief crane operator Dave Nagee. While Mr. Nagee carries a Liebherr operating certification, he also holds an international certification as a Liebherr crane instructor.

STAFF HEALTH & WELFARE

A hundred-day fitness and wellness challenge was launched at APD this year to put emphasis on the importance of regular exercise and proper nutrition. There are issues of staff welfare that go beyond the competence of in-house managers. Where such is the case, APD will assist team members in getting help from external, specialized professionals. This arrangement is intended to address cases where substance or domestic abuse, particularly, may be an issue.

BUILDING SAFETY

Safety is a huge concern for us, which was manifested in 2013 by the appointment of a Health and Safety Officer in the person of Patrick Hanna. Our newly launched formal safety training programme consists of 10 modules, one to be completed every two weeks. Of particular importance is Hazmat training, where emphasis is put on wearing safety attire and employing handling methods that are appropriate to the task at hand. We have supplied the necessary facilities, equipment and staff training, but we are going beyond to create a safety culture, where safety becomes a regular part of daily life and instinctive.

Additionally, this year APD Limited engaged Edens Ltd, an internationally based company, to evaluate the progress of APD and make recommendations regarding its crane operation, stevedoring and other yard processes. Edens Ltd. is accredited by the Road Transport Industry Training Board (RTITB), of the United Kingdom and is recognized by that country's Health and Safety Executive (HSE).

ISPS CODE TRAINING HIGHLY SUCCESSFUL

The ISPS Code requires that particularized training be conducted for port facility staff, those with and those without security functions. In this regard APD Limited engaged the services of the Maritime Professional Training (MPT) out of Ft. Lauderdale, Florida and Bahamas Maritime Connection to carry out training in security and safety procedures relative to port operations. There could be no greater indication of success than to have Nassau Container Port and its staff certified as 100 percent ISPS compliant, which means that our staff is competent to deal with a range of security issues. In April Mr. Collin Cleare was awarded the Port Facility Security Officer (PFSO) designation. Mr. Cleare is now responsible for liaising with the Port Department on maritime security-related matters and is also internationally certified to conduct ISPS training.

THE RELATIONSHIP WITH APD PARTNERS

APD is deeply appreciative of the need for synergy among participants in all aspects of the operations at NCP and GFT. APD, its partners, customers and all port users, including port operators, carriers, importers, truckers and related Government agencies such as the Customs services and the Port Department all work hand in hand with a shared objective of efficiency, safety and overall success of operations. The harmonization of their efforts is essential to the facilitation and growth of trade.

Communication is paramount

- Development of Port Users' Manual

  In the interest of building safety for all who operate from the APD properties or visit and promoting efficiency and better relations for mutual benefit, APD has developed a handbook to familiarize port users with APD, Nassau Container Port and GFT and policies and procedures.

- VAT and Customs Fee Seminar for APD Partners

  The Government announced in its 2012/2013 Budget presentation that it would launch Value Added Tax (VAT), in order to meet requirements relating to the country's application for membership in the World Trade Organization. New to The Bahamas, VAT is complex and access to clear information about the tax and the method of implementing is important to developing readiness.

With the cooperation of the very able Financial Secretary John Rolle, APD sponsored a seminar on VAT and the new 2013 Customs Fees for APD partners and other Port users.

APD AND BAHAMAS CUSTOMS

The relationship between APD Limited and Bahamas Customs continues to be one hallmarked by mutual respect and the understanding that the quality of our cooperative efforts is important not only to the Port's profitability, but also to the protection of the main source of Government revenues. This is particularly pertinent to combating the illegal import and or exporting of contraband, fraudulent declarations and to identify illegal cargo operations.

KUDOS FOR APD LIMITED AND THE PORT

Rick Murrell, CEO of Tropical Shipping & Construction Co. Ltd., West Palm Beach, Florida, which is one of the region's largest container shipping companies, as well as one of Arawak Port Development's largest customers, confirms the huge impression the Nassau Container Port has made in the shipping industry:

"Arawak Port Development's move to Arawak Cay from the very congested and land-constrained private pier on Nassau's Bay Street has been very positive," Mr. Murrell said. "APD is a world-class cargo and container port operator in terms of delivery of service, cargo security, vessel productivity and employee safety. It is among the best of the ports we serve in the islands of the Caribbean and The Bahamas."

Daniel Briata, Trade Manager of MSC, the second largest shipping company in the world and the principal carrier for the Baha Mar project, offers a similar view of the success of Nassau Container Port and APD as Port Operator:

"MSC believes that the new port of Nassau was a large yet essential investment. Without this infrastructure, any future development of the island would have been stunted. The improved operations have and will continue to benefit Nassau."

Jed Munroe, Captain, Island Link, Munson Shipping. A veteran of the shipping industry, Captain Munroe has been in the business since 1987 and is passionate about it. He says:

"APD is trying to bring organization to the international /domestic shipping business. They are moving in the right direction. There is no progress without change."

A VERY GOOD YEAR

I take pleasure in commending members of the executive and senior management team Dion Bethell, Yvette Rahming, Richard McCombe and Louis Butler, a group characterized by talent, experience, motivation, collegiality, teamwork and a dedication to achieving first class results. It is a privilege to lead a team of such quality and I thank them all for their professionalism and camaraderie.

Our team is most grateful for the commitment of the Port's key stakeholders, port users and advisors. They include the Ministry of Finance, Ministry of Transport, Bahamas Customs, Royal Bahamas Police Force, Port Department, Department of Agriculture, Department of Environmental Health Services, Royal Bank of Canada, Royal Fidelity Limited, BISX, KPMG, Higgs & Johnson, Cable Bahamas, Star General, Shipping Companies & Agents, Truckers, Stevedores, Licensees, Harbour Pilots, TCL Group, and the Arawak Cay Fish Fry Association

With the combined strength and dedication of APD personnel, stakeholders, advisors and service providers, APD Limited continues to push the envelope to expand into new, profitable avenues as our contribution to strengthening the Bahamian economy and overall national development.

PARTNERS

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.
3RD FLOOR, 308 EAST BAY STREET
P.O. BOX CB-12407
NASSAU, THE BAHAMAS

REGISTRAR & TRANSFER AGENTS

BAHAMAS CENTRAL SECURITIES DEPOSITORY
#50 EXCHANGE PLACE, BAY STREET
P.O. BOX EE-15672
NASSAU, THE BAHAMAS

AUDITORS

PRICEWATERHOUSECOOPERS
CHARTERED ACCOUNTANTS
PROVIDENCE HOUSE, EAST HILL STREET
P.O. BOX N-3910
NASSAU, THE BAHAMAS

BANKERS

ROYAL BANK OF CANADA
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

OUTLOOK FOR 2013/2014

PLANNING A NOVEL CONTRIBUTION TO FAMILY ISLAND DEVELOPMENT

The Mission of APD Limited, **"Operational excellence to maximize value through people development and technology",** not only informs all that we do at Nassau Container Port and Gladstone Freight Terminal, but extends to embrace the whole country. Our commitment is that the operation of these novel facilities should contribute to enhancing the quality of life and business for Bahamians throughout the archipelago. It is a goal that is not realized overnight, but in carefully planned increments.

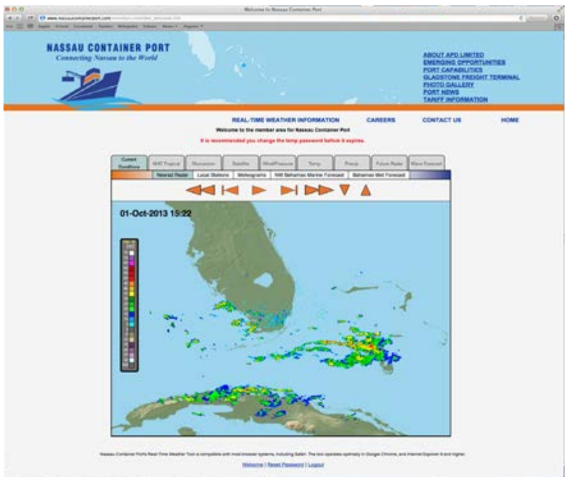
The first stage in this ambitious but entirely achievable plan is to make a significant contribution to the Family Islands by increasing their access to the benefits of international markets. We are presently facilitating Family Island development by offering discounts to carriers transporting cargo earmarked for a Family Island from an international origin. In addition, we have introduced preferred rates to ocean carriers that qualify as a Small Bahamian Shipping Company, a condition of which is 100% Bahamian ownership. The Small Bahamian Shipping Company plays an essential role in the ongoing development of our Family Islands. The financial support provided by APD directly supports the handoff of cargo from the larger foreign-owned carrier to the Bahamian operator charged with delivering the cargo to the island.

ISPS TRAINING & RSO DESIGNATION

Our strong sense of social responsibility has led us to offer ISPS training to small shippers, to whom such a necessary developmental input would prove far too costly, if they were obliged to fund such a programme from their own resources. For continued successful participation in the shipping industry, it is important that the personnel of such enterprises understand the demands from the security perspective to ensure the integrity of the supply chain. This training is to be provided free of charge by APD for a limited period of time.

APD is presently working closely with the Port Department towards RSO designation and plans to assist the Government in its effort to ensure national and international port security standards are met throughout the Bahamas.

WEATHER PAGE FOR THE APD WEBSITE



Weather conditions play a significant role in shipping and certainly in the operation of a modern port. Accurate forecasts can help us and ships that call at the port to maximize preparations and efficiency in operating under the predicted conditions. In this regard, APD has contracted with WeatherBell and partnered with the Bahamas Meteorology Department to produce a weather site centering on the Central Bahamas and supported by long range forecasts. The information is available to the general public free of charge on the APD website at www.nassaucontainerport.com.

For us at NCP, the benefits will be significant. With the best information, we can determine the need for closing the port and protecting the equipment and our staff when severe weather is headed our way and thus save the thousands of dollars that can result from hurricanes and other negative weather phenomenon.

"Operational Excellence to Maximize Value through People Development and Technology"

We expect that the information will also prove very useful information for visiting yachtsmen, ships transiting Bahamian waters and, above all for local fisherman and mailboats.

PROGRESS OF APD ADMINISTRATION BUILDING

At this writing, the last of the large first-phase construction projects at Arawak Cay, the erection of APD's 25,000 square-foot administration building on Arawak Cay, is well underway. It is expected that the project will be completed and ready for occupation by February 2014. The facility will house APD's headquarters, Bahamas Customs, Shipping companies, Department of Agriculture, Department of Environmental Health and the Royal Bahamas Police unit.

CUSTOMS SCANNING PORTAL

To improve "surveillance, risk management and collection" relating to the Government's main source of revenue, the Department of Customs announced plans some time ago to advance its facility and equipment for scanning goods entering the port. APD stands ready to assist Customs with this worthwhile initiative.

LONG-TERM EXPECTATIONS

With more than 1,167 feet of berthing space, a 28-foot draft, and Liebherr 320 mobile harbour cranes, a fully trained and ISPS and HAZWOPER certified staff, Nassau Container Port has already proven that its efficiency in vessel turnarounds, can help carriers to increase vessel utilization. These features will also help to expand the variety of vessels deployed to Nassau and maximize container utilization by loading to the units' capacity.

APD will continue to work closely with its partners with the purpose of expanding port services, which will improve overall productivity, drive efficiency, ensure Government control and lower cost of operation. Almost from the beginning of its formal operation, NCP's organizational structure and logistical expertise helped to improve efficiencies in the docking of the 30,000-ton bulk material vessels, thus reducing the likelihood of attracting hefty demurrage charges.

While Baha Mar's past container volumes have positively impacted APD, the level of contribution has not yet met projections. Furthermore, the timing of the long awaited surge in project-related volumes remains uncertain. APD had hoped to be in a position to effect further tariff reductions during this fiscal year, but the absence of the spike in project volumes coupled with an unexpected increase in taxes amounting to over $1 million has negated any possibility of a reduction this year. A tariff review will be undertaken in the new year and the company's performance will be measured against the IRR target range of 10-12%. Factors which will influence the company's performance in the new year will include, but not be limited to, total cargo throughput, any increases in operating cost, and the impact of VAT. Fortunately, APD does not anticipate an increase in TEU-associated port fees this year.

We can say confidently that NCP has contributed significantly to improving the picture in commerce. Port stakeholders today operate with greater efficiency than ever before. The Baha Mar project now benefits from an effective supply chain which was not previously available along the Bay Street wharfs and Arawak Cay terminal. By providing Baha Mar with an efficient logistics solution, the wider economy benefits due to the absence of cargo and transport congestion. The NCP operating model yields a reliable and efficient supply chain for all to benefit from.

Above all, NCP has fuelled a consolidation of shipping with a concomitant increase in efficiency throughput, owing to superb equipment, well-trained staff and the operational planning and expertise. This consolidation and expert handling has afforded Bahamas Customs and the Ministry of Finance greater control over concessions, which ultimately benefits all.

Market and transportation connectivity is a linchpin of economic development, without which progress is considerably impeded or altogether halted. It is clear that many investors have an interest in bringing business to the Family Islands, which is the type of input required to propel appropriate development in those communities, especially those that lie at a considerable distance from the capital. APD is well-positioned to assist the Government in the creation of efficient ports and their operation tailored for their sustainable economic development. As highlighted above, **Supply chain efficiency and integrity is paramount to business development, sustainability, international trade, social welfare, and it directly influences foreign direct investment.** APD Limited can provide the funding, construction and operational expertise to bring island port infrastructure into the 21st century. Such a partnership would create a win-win situation for the Family Islands, Government, Carriers and the 11,500 equity owners.

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 ending June 30, 2013 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 September 27, 2013.

OVERVIEW

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

APD Limited owns, operates and maintains the commercial port at Arawak Cay known as "Nassau Container Port" (the Port or NCP) and an inland terminal on Gladstone Road, known as "Gladstone Freight Terminal" (the Depot or GFT). The Port and Depot facilities are located 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 Surveys, acting on behalf of the Government, leased to APD the Port Land and the Depot Land. In the same capacity, the Minister also licensed 27.88 acres of seabed for use by the Company for 45 years.

NCP was officially opened on May 10, 2012 and GFT was launched on August 15 of the same year. The Company began construction of the port project in August 2010. The financial year ended June 30, 2013 represents the first full year of operations whereas the company's bulk, break bulk and container terminal facilities and GFT's deconsolidation and distribution centre are in full operational mode. As of June 30, 2013 the container terminal had processed 65,246 import Twenty-foot Equivalent Units (TEUS). All the major port development projects have been completed save for the 25,000 square-foot Administration Building, which will be completed in February of 2014.

In the 2013 financial year, APD continued to exceed projections. The company's total revenues were $25,227,526 or $171,342 over plan as described in the prospectus for the IPO, which represents a 0.68% over plan. Net income totaled $3.49 million or 39.04% also over plan.

For the 2014 fiscal year, we are forecasting gross revenue of $26,353,165 or 4.46% over the prior year actual revenue, while net income is projected to be $3,527,105 or 0.92% over the 2013 actual net income of $3,494,808. While we are currently under plan, we remain hopeful of a material injection of Baha Mar volumes this year. Our expenses consider costs attributable to the introduction of a pension plan for APD employees, an increase in Real Property Tax assessments and for the Port's Business License fees. These expenses were not previously contemplated.

Operating expenses of $19,356,799 for the period ended June 30, 2013 were $781,443 or 3.88% lower than our forecasted expenses of $20,138,242. Total comprehensive income of $3,494,808 was $981,262 or 39.04% higher than our forecasted comprehensive income of $2,513.546. While our performance to-date has been remarkable, having improved the company's retained earnings from ($3,386,702) year ended June 30, 2012 to $108,106 as of June 30, 2013 following only 15 months of operations, the Board of Directors remains very prudent and fiscally conservative. The Board of Directors will continue to monitor the Company's financial performance and anticipate dialogue with shareholders relating to dividend payments during the first six months of 2014.

Total current assets decreased from $5,498,070 (2012) to $4,529,978 (2013). During the year the company was able to collect the majority of the receivables that were outstanding at the end of the 2012 financial year end. As of June 30, 2013 accounts receivable of $52,000 were impaired with a provision amounting to $52,000 being made against this amount.

The Property, Plant & Equipment (PP&E) balance of $88,130,513 as of June 30, 2013 represents port development costs from inception inclusive of works in progress related to the main administrative building. The PP&E balance of $83,247,950 as of June 30, 2012 represents port development costs from inception and funded by equity, RBC Bridge Loan, proceeds from the IPO and operating cash flows.

Current liabilities decreased from $43,942,117 (2012) to $43,178,866 (2013). This is directly attributable to a combination of a decrease in overall payables and an increase in the bridge loan principal.

Management monitors the performance of our operations against our strategic objectives on a regular basis. Performance is assessed against strategy utilizing budget and forecasts using financial and non-financial measures. Our actual import TEU volumes during 2013 were 65,246, which were 12.65% higher than our forecasted import volumes of 57,919. While our bulk aggregate volumes during 2013 were 726,697 tons or 9.16% lower than our forecasted volumes of 800,000 tons.

NCP's TEU volumes as at August 2013 are tracking about 5.67% under budget. Additionally, total revenue as at August 2013 is tracking about 6.67% under budget. Baha Mar volumes that were expected to increase beyond historical levels during the 3rd quarter of 2013 have not yet materialized. Recognizing that Baha Mar's management continues to promote a December 2014 opening, APD's management concludes that the increase in volumes is imminent. APD Limited had a Bridge Loan facility of $43 million with the Royal Bank of Canada, which was used to finance a portion of the Port project. We were able to complete certain elements of the project from operating cash flows and, consequently, we only used about $41 million of the Bridge Loan facility.

APD launched its Preference Share Private Placement Offer in the final week of June 2013 with a view to retiring a portion of the $43 million RBC bridge loan facility and refinancing at more beneficial terms. Initially our goal was to structure debt with $20 million from bank financing and $21 million from preference shares with institutional investors. However, the demand was far more widespread than anticipated with subscriptions from institutional investors totaling $36 million. We accepted the entire $36 million. Not only did we exceed our expectations but we must credit our CFO for negotiating the most competitive debt financing arrangement in the country's history that saw interest rates of 5.5% over 20 years for preference shares and prime plus 0.25% on bank financing. The proceeds from the Preference Shares Private Placement were used to pay down $36 million of the RBC Bridge Loan leaving a balance of $5 million which will be replaced with long term-bank debt.

Such an achievement demonstrates convincingly the confidence of the market in APD's performance thus far and in the company's potential to grow in impact and income.

For the fiscal year 2013, financial management focused intensely on building audit systems and internal controls and managing costs, the latter in many cases by skillful negotiations for services. Additionally, an audit committee under the chairmanship of director Frank Forbes and Chris Lightbourn was established.

Throughout the construction process, APD has hired Bahamian companies where the expertise was available. When it was not, Bahamian firms were hired to partner with the international companies to promote knowledge transfer. For example, APD contracted Paul Worrell of DHP & Associates to carry out the entire GFT Project to ensure that everything came in according to plan specifications. IBS was hired to partner with Halcrow in the development of civil works at NCP.

Generally, once the major construction projects are completed, APD is dedicated to cost monitoring and sound fiscal oversight achieving significant savings. We also remained focused on enhanced efficiencies throughout the organization.

All told, 2013 has yielded much for APD and its dedicated team of employees to celebrate. Our company has emerged from a startup, which required much specialized build out to carry out the largest IPO ever floated in The Bahamas. Similarly, our 2013 preference share offering has drawn much attention in the financial market for its oversubscription and the unprecedented interest rates. From inception to now, APD has demonstrated that it is a progressive company with a mature, skilled, professional team throughout the organization.

Staff members have taken ownership of the company and pride themselves in knowing that they have been instrumental in creating history.

FINANCIAL PERFORMANCE

INCOME STATEMENT	2013	2012	2011
	$	$	$
Total Revenue	**25,227,526**	**7,236,453**	-
Total Operating Expenses	19,356,799	9,074,623	1,383,369
Total income (loss) for the period attributable to equity shareholders	3,494,808	(2,239,349)	(1,147,353)
Basic and diluted income (loss) per share	0.70	(0.51)	(1.21)

BALANCE SHEET	2013	2012	2011
ASSETS			
Total Current Assets	4,529,978	5,498,070	10,289,742
Net PP&E	88,130,513	83,247,950	31,786,878
Investment Property		1,155,914	
Total Assets	**92,660,491**	**89,901,934**	**42,076,620**

LIABILITIES AND SHAREHOLDER'S EQUITY			
Total Current liabilities	43,178,866	43,942,117	3,168,973
Non-current liabilities	131,242	104,242	
Total Liabilties	**43,310,108**	**44,046,359**	**3,168,973**
Total Equity	**49,350,383**	**45,855,575**	**38,907,647**

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. Once the project is fully complete, liquidity will be managed through several sources, including operating cash flows, access to funding sources, and a committed credit facility.

As of June 30, 2013, our financing needs were supported by $7,796,801 of available capacity under our Bridge Loan credit facility with Royal Bank of Canada and cash flows from operations.

APD's principal uses of cash are to fund planned operating expenditures, capital expenditures, interest payments on the bridge loan 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. 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 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 of 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. Over 90% of the revenues of the company will be derived from the services to companies that may have some ownership stake in ACPDHL. APD operates three terminals; the container terminal that provides services to related parties, such as Tropical shipping, MSC and Crowley; the bulk terminal that provides services to Bahamas Bulk Materials and Tycoon Management; and the break bulk terminal that provides services to Betty K and MailBoat.

APD has awarded licenses to:

- Arawak Bulk Materials - Bulk Terminal License
- Tropical Shipping - Private Terminal Operator's license (Container Terminal)
- Arawak Stevedore Limited - Common Terminal Operator's license

APD also sub-lets warehouse space to Betty K, Tropical shipping and Gladstone Warehouse Services at competitive market rates. It is anticipated in October 2013 that Bahamas Customs will enter into a lease for warehouse space at GFT.

APD is also 40% owned by The Treasurer of The Commonwealth of The Bahamas. Transactions with the Treasurer are as follows:

- The Company has a 45-year lease for 56.55 acres of land on Arawak Cay. For the fiscal year 2014 the minimal annual rent of 50,000 TEUs at $40 per TEU will be adjusted based on increases in the cost of living as reflected in the All Bahamas Consumer Price Index published by the Central Bank of The Bahamas for the preceding year. Accordingly, the 2014 minimum annual rent will be $2,039,400.
- Lease payments of $1 per annum for 15 acres of Crown Land at Gladstone Road.
- Seabed License of $1 per annum for 27.88 acres of seabed.
- Real Property Taxes on port lands at Arawak Cay and inland depot at Gladstone Road.
- Business License fees as required under the Business License Act.
- Return on investment via dividend whenever one is declared for its 40% interest in the company.
- The company provides Bahamas Customs with administrative offices at its inland depot at Gladstone Road at no charge. The company will also provide Bahamas Customs and other Governmental agencies administrative offices at its main administrative building at no charge.

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.

REPAYMENT OF BRIDGE LOAN

The existing bridge loan facility, outstanding as of June 30, 2013 of $37,208,634, was due to mature on July 31, 2013. Accordingly, the loan was classified as a current liability as of that date. Subsequent to the balance sheet date, the principal on the bridge loan was reduced to $5,000,000 after applying some of the proceeds from the preference share private placement offering.

In order to meet the Company's capital and operational requirements over the upcoming year, management has taken or will be taking the following actions:

(i) The bridge loan facility was extended to September 30, 2013 or until the credit agreement is finalized (note 20);

(ii) Remaining capital works will be funded using cash and cash flows from operations

Based on the mitigating factors as explained above, management believes that the Company has adequate resources to meet its obligations as they fall 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.

MOU

The MOU required that 20% of the Company's ordinary shares be offered for sale to the general public. Accordingly, the Company held an IPO in November 2011 to February 2012. At the conclusion of the IPO, the Government and ACPDHL each owned 40% and the general public owns 20% of the ordinary share capital of the Company.

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%.

The Government agrees that for a period of twenty years (20) years from the date of Substantial Completion it shall not establish or permit to be established in the Islands of New Providence and Paradise Island or within 20 miles of the shoreline of New Providence, any other port (including any sufferance wharf) for landing of containerized, bulk or Break Bulk Cargo or vehicles or any other Terminal. Nothing contained in this clause shall apply to the port at Clifton Pier used for the loading and unloading of fuels, petroleum products, asphalt and cement or any rights or privileges relating thereto.

The MOU further states that the Company and any of its 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 recognizes the exemption in the financial statements as a government grant. The grant received during the period mainly related to acquisition of property, plant and equipment. Under the terms of the MOU, the above exemption will remain in effect so long as the Company fulfills its obligations under the MOU. During the reporting period, 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 in relation to specific matters in the MOU (hereinafter referred to as the Reserved Matters) unless prior approval from the Government has been obtained.

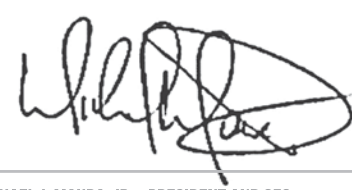
CONTROLS AND PROCEDURES

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 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

ARAWAK
PORT DEVELOPMENT

FINANCIAL STATEMENTS

FINANCIAL STATEMENTS
FOR THE YEAR END JUNE 30, 2013

NAVIGATING NEW CHANNELS IN PORT DEVELOPMENT

AUDITED FINANCIAL STATEMENTS

pwc

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, 2013, 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.

PricewaterhouseCoopers, Providence House, East Hill Street, P.O. Box N-3910, Nassau, Bahamas
T: + 1 242 302 5300, F: + 1 242 302 5350, www.pwc.com/bs, E-mail: pwcbs@bs.pwc.com

pwc

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, 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Chartered Accountants
Nassau, Bahamas

September 27, 2013

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

Statement of Financial Position
As of June 30, 2013
(Amounts expressed in Bahamian dollars)

	Notes	2013 $	2012 $
ASSETS			
Current assets			
Cash and cash equivalents	3	1,947,427	1,704,845
Accounts receivable	4	1,453,416	3,024,611
Deferred borrowing costs	7	329,485	329,485
Deposits, prepayments and other assets	6	504,837	221,312
Spare parts inventory		294,813	217,817
Total current assets		**4,529,978**	**5,498,070**
Non-current assets			
Property, plant and equipment	9	88,130,513	83,247,950
Investment properties	8	-	1,155,914
Total non-current assets		**88,130,513**	**84,403,864**
Total assets		**92,660,491**	**89,901,934**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		1,930,776	1,959,694
Due to related parties	5	1,937,194	2,924,074
Retention payable	10	562,907	3,300,489
Accrued expenses and other liabilities		1,539,355	554,661
Bridge loan	7	37,208,634	35,203,199
Total current liabilities		**43,178,866**	**43,942,117**
Non-current liabilities			
Deposits held		131,242	104,242
Total liabilities		**43,310,108**	**44,046,359**
Equity			
Share capital	11	49,969	49,969
Share premium	11	49,192,308	49,192,308
Retained earnings (Accumulated deficit)		108,106	(3,386,702)
Total equity		**49,350,383**	**45,855,575**
Total liabilities and equity		**92,660,491**	**89,901,934**

Approved by the Board of Directors on 25 Sept 2013 **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 June 30, 2013
(Amounts expressed in Bahamian dollars)

	Notes	2013 $	2012 $
Revenue			
Landing fees	5	9,288,951	2,682,419
Terminal handling fees	5	5,025,921	1,328,596
Stevedoring fees	5	3,106,945	762,908
Gate fees	5	2,313,080	513,090
Security	5	1,898,285	1,000,769
Storage fees	5	1,427,975	86,100
Subleases	5,13	739,524	484,819
Hazmat fees	5	702,900	140,450
Reefer line	5	303,050	67,700
Dockage	5	283,557	127,642
Line handling fees	5	108,690	40,400
Other income	5	28,648	1,560
Total revenue		**25,227,526**	**7,236,453**
Expenses			
Terminal handling costs	5	4,568,348	1,165,112
Staff costs	5	4,145,914	2,257,353
Government lease	13	2,572,643	1,962,967
Depreciation	8,9	2,456,664	614,935
Repairs and maintenance		1,428,569	420,346
Utilities		1,108,049	298,915
Real property tax		931,691	134,930
Insurance		787,861	425,961
Legal and other professional fees	14	693,861	544,866
Business license		317,597	54,399
Office supplies, postage and delivery		159,025	126,524
Company meetings and events		99,772	100,474
Security		39,753	598,033
Bad debt (recovery) expense	4	(151,761)	241,101
Other operating expenses		198,813	128,707
Total expenses		**19,356,799**	**9,074,623**
Operating income (loss)		**5,870,727**	**(1,838,170)**

The accompanying notes are an integral part of these financial statements.

APD LIMITED

Statement of Comprehensive Income (Continued)
For the year ended June 30, 2013
(Amounts expressed in Bahamian dollars)

	Notes	2013 $	2012 $
Finance costs			
Bridge loan interest		(2,378,017)	(430,368)
Interest income		2,098	29,189
Total finance costs, net		**(2,375,919)**	**(401,179)**
Total income (loss) for the year attributable to the equity holders		**3,494,808**	**(2,239,349)**
Other comprehensive income		-	-
Total comprehensive income (loss) for the year		**3,494,808**	**(2,239,349)**
Basic and diluted earnings (loss) per share	12	**0.70**	**(0.51)**

The accompanying notes are an integral part of these financial statements.

APD LIMITED

Statement of Changes in Equity
For the year ended June 30, 2013
(Amounts expressed in Bahamian dollars)

	Share capital $	Share premium $	Retained earnings (Accumulated deficit) $	Total $
Balance at July 1, 2011	**40,000**	**40,015,000**	**(1,147,353)**	**38,907,647**
Total comprehensive loss for the year	-	-	(2,239,349)	(2,239,349)
Transactions with owners				
Issuance of ordinary shares (Note 11)	9,969	9,177,308	-	9,187,277
Balance at June 30, 2012	**49,969**	**49,192,308**	**(3,386,702)**	**45,855,575**
Balance at July 1, 2012	**49,969**	**49,192,308**	**(3,386,702)**	**45,855,575**
Total comprehensive income for the year	-	-	3,494,808	3,494,808
Balance at June 30, 2013	**49,969**	**49,192,308**	**108,106**	**49,350,383**

The accompanying notes are an integral part of these financial statements.

FINANCIAL STATEMENTS

APD LIMITED

Statement of Cash Flows
For the year ended June 30, 2013
(Amounts expressed in Bahamian dollars)

	Notes	2013 $	2012 $
Cash flows from operating activities			
Total comprehensive income (loss)		3,494,808	(2,239,349)
Adjustments for:			
Depreciation	8,9	2,456,664	614,935
(Recovery of) provision for bad debts	4	(151,761)	241,101
Loss (gain) on disposal of property and equipment	9	12,772	(12,160)
Interest income		(2,098)	(29,189)
Interest expense		2,378,017	430,368
Operating profit (loss) before changes in working capital		**8,188,402**	**(994,294)**
Decrease (increase) in accounts receivable		1,722,956	(2,889,329)
Decrease in deferred borrowing costs		-	250,000
(Increase) in deposits, prepayments and other assets		(283,525)	(16,418)
(Increase) in spare parts inventory		(76,996)	(217,817)
(Decrease) increase in accounts payable		(28,918)	627,469
(Decrease) increase in due to related parties		(986,880)	2,036,221
(Decrease) increase in retention payable		(2,737,582)	1,688,064
Increase in accrued expenses and other liabilities		984,694	330,338
Increase in deposits held		27,000	104,242
Cash provided by operating activities		**6,809,151**	**918,476**
Cash flows from investing activities			
Increase in due to related parties - construction of port facilities		-	887,853
Construction of port facilities	9	(4,217,563)	(44,465,510)
Acquisition of property and equipment	9	(1,978,522)	(7,627,927)
Construction of investment properties	8	-	(1,163,729)
Proceeds from sale of property and equipment		-	37,405
Net cash used in investing activities		**(6,196,085)**	**(52,331,908)**
Cash flows from financing activities			
Proceeds from issuance of ordinary shares, net	11	-	9,187,277
Bridge loan principal drawdown	7	1,813,316	35,203,199
Interest income received		2,098	29,189
Interest expense paid		(2,185,898)	(430,368)
Net cash (used in) provided by financing activities		**(370,484)**	**43,989,297**
Increase (decrease) in cash and cash equivalents		**242,582**	**(7,424,135)**
Cash and cash equivalents, beginning of year		**1,704,845**	**9,128,980**
Cash and cash equivalents, end of year		**1,947,427**	**1,704,845**

The accompanying notes are an integral part of these financial statements.

APD LIMITED

Notes to Financial Statements
June 30, 2013

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 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.

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) (Note 13).

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.

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 Company commenced operations on the date of substantial completion of the Port facility on May 1, 2012. 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 will have 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).

APD LIMITED

Notes to Financial Statements
June 30, 2013

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (continued)

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.

Impairment of non-financial assets

Items of property, plant and equipment that are subject to depreciation 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 may show a significant decline from previous budgets and forecasts.

APD LIMITED

Notes to Financial Statements
June 30, 2013

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (continued)

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

Capitalization 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.

Inception and commencement of leases

Under IAS 17 *'Leases'*, the lease classification is made at the inception of the lease which is the earlier of the date of the lease agreement and the date of the parties' commitment to the lease's principal provisions. Whereas, the commencement of the lease term is the date from which the lessee is entitled to exercise its right to use the leased asset and represents the date from which lease payments made under operating leases are recognised as an expense on a straight-line basis over the lease term.

Determining the inception and commencement of the lease required significant judgment. In making the judgment, management reviewed the MOU and the lease agreements, and determined that the Company and the Government had in effect agreed to principal provisions of the lease on May 10, 2010 through the MOU. However, the commencement of the lease occurred on June 21, 2011 which is the date on which the lease agreements were signed and the Company's rights to use the leased assets were established. The lease payments began at "substantial completion" and is based on a minimum annual rent of two million dollars or forty dollars per TEU, whichever is greater, as outlined in the lease agreement and the MOU. The substantial completion dates of the Port facility and Depot facility were May 1, 2012 and August 13, 2012, respectively.

APD LIMITED

Notes to Financial Statements
June 30, 2013

2. Summary of significant accounting policies (Continued)

(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, 2012 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, 2012, and have not been applied in preparing these financial statements. None of these is 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. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after July 1, 2015. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The Company has not yet assessed the full impact of adopting IFRS 13.

APD LIMITED

Notes to Financial Statements
June 30, 2013

2. Summary of significant accounting policies (Continued)

(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.

(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 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 realizable value. Cost is determined using the first-in, first out (FIFO) method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory is derecognised when the parts are issued to production.

(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.

APD LIMITED

Notes to Financial Statements
June 30, 2013

2. Summary of significant accounting policies (Continued)

(g) Property, plant and equipment (continued)

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	45 years
Freight handling equipment (cranes)	10 to 15 years
Other freight handling equipment	1 to 10 years
Buildings and improvements	45 years
Temporary office trailers	1 to 3 years
Motor vehicles	1 to 5 years
Furniture and fixtures, communications and office equipment	1 to 10 years

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 that are subject to depreciation/amortization 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 to sell 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.

APD LIMITED

Notes to Financial Statements
June 30, 2013

2. Summary of significant accounting policies (Continued)

(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 recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income 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 and recognised as part of the borrowings using the effective interest method. To the extent that it is not probable that some or all of the facility will be drawn down, the fee is expensed in the statement of comprehensive income.

(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.

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

Ordinary shares are classified as equity. Total value of shares issued in excess of the par value is recognised as share premium.

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

APD LIMITED

Notes to Financial Statements
June 30, 2013

2. Summary of significant accounting policies (Continued)

(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.

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 comprise 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 are 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 expense are charged to operations 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 lease is recognised over the term of the lease on a straight-line basis.

APD LIMITED

Notes to Financial Statements
June 30, 2013

2. Summary of significant accounting policies (Continued)

(o) Financial assets

(a) Classification

The Company classifies all its financial assets as 'loans and receivables'. Management determines the classification of its financial assets at initial recognition.

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 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 and other assets (Note 6) included in the statement of financial position.

(b) Recognition

The Company recognises financial assets on the date it becomes a party to the contractual provisions of the instrument.

(c) Measurement

Financial assets are measured initially at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset.

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.

(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 reorganization.

APD LIMITED

Notes to Financial Statements
June 30, 2013

2. Summary of significant accounting policies (Continued)

(o) Financial assets (continued)

(e) Impairment (continued)

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 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.

(p) Investment properties

Property that is held for long-term rental income or for capital appreciation or both, and that is not occupied by the Company is classified as investment property. Investment properties comprise of self-constructed buildings and warehouse spaces leased to other related parties and third parties. These properties are carried under the "Cost Model" per IAS 40, "Investment Property" and as such are carried at historical cost less accumulated depreciation. Depreciation on all investment properties is calculated using the straight-line method to allocate their cost less residual values, over their estimated useful lives, as follows:

Buildings and improvements	45 years

An investment property shall be derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal.

(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.

APD LIMITED

Notes to Financial Statements
June 30, 2013

2. Summary of significant accounting policies (Continued)

(r) Income taxes

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.

(s) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with conditions attached to the grant.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are presented in the statement of financial position as a deduction from the carrying value. The grant is recognised in the statement of comprehensive income over the life of the depreciable assets as a reduced depreciation expense.

(t) Earnings (loss) per share

(a) Basic

Basic earnings (loss) per share is calculated by dividing the profit/(loss) attributable to the equity shareholders by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares, if any.

(b) Diluted

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares, if any.

APD LIMITED

Notes to Financial Statements
June 30, 2013

3. Cash and cash equivalents

	2013 $	2012 $
Cash on hand	2,000	1,000
Cash held with bank	1,945,427	1,703,845
	1,947,427	**1,704,845**

4. Accounts receivable

	2013 $	2012 $
Customers' account - gross:		
Third parties	36,921	723,321
Related parties (Note 5)	1,468,495	2,514,379
	1,505,416	3,237,700
Less: Provision for bad debts	(52,000)	(213,089)
Accounts receivable, net	**1,453,416**	**3,024,611**

Movements in the provision for doubtful accounts are as follows:

	2013 $	2012 $
Balance at beginning of year	(213,089)	-
Recovery of (provision for) bad debts	151,761	(241,101)
Receivables written off during the year	9,328	28,012
Balance at end of year	**(52,000)**	**(213,089)**

As of June 30, 2013, accounts receivable of $52,000 (2012: $413,089) was impaired with a provision amounting to $52,000 (2012: $213,089) 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.

APD LIMITED

Notes to Financial Statements
June 30, 2013

4. Accounts receivable (Continued)

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

	Total $	Current $	16-45 days $	46-75 days $	76-90 days $	More than 90 days $
2013	1,505,416	1,128,423	267,753	32,868	19,387	56,985
2012	3,237,700	259,891	1,884,250	763,772	184,091	145,696

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Company does not hold any collateral as security. The credit quality of trade receivables 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 16(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.

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

	2013 $	2012 $
Due from Shareholder	1	1
Due from other related parties - affiliates	1,468,494	2,514,378
	1,468,495	**2,514,379**

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 Company providing services. The receivables are unsecured and bear no interest.

APD LIMITED

Notes to Financial Statements
June 30, 2013

5. Related party balances and transactions (Continued)

(b) Amounts due to related parties comprise:

	2013 $	2012 $
Due to Shareholder	1,704,984	1,629,632
Due to other related parties - affiliates	232,210	1,294,442
	1,937,194	**2,924,074**

The due to Shareholder pertains to lease payable to the government relevant to 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 rendered for terminal handling operations.

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

(c) Sale and purchases of services

	2013 $	2012 $
Sale of services		
Other related parties - affiliates	**24,102,599**	**6,215,917**

Sale 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.

In addition, other income from related parties - affiliates during the year pertains to the sale of dredged spoils related to the dredging of the Arawak Cay Channel by the Company amounting to $Nil for the year ended June 30, 2013 (2012: $189,144). The sales have been credited to capital work in progress because they were realised as a direct result of activities associated with the construction of the Company's capital work.

	2013 $	2012 $
Purchases of services		
Other related parties - affiliates	**6,936,524**	**18,659,169**

The services purchased from other related parties - affiliates are related to the construction of the Port and Depot facilities, and purchases of building and equipment that have been capitalised and included within property, plant and equipment aggregating to $2,122,713 (2012: $16,660,531). All contracts awarded were as a result of a formal bidding process performed by the Company.

APD LIMITED

Notes to Financial Statements
June 30, 2013

5. Related party balances and transactions (Continued)

(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:

	2013 $	2012 $
Salaries	612,456	550,650
Short-term employee benefits	457,529	285,235
	1,069,985	**835,885**

6. Deposits, prepayments and other assets

	2013 $	2012 $
Security deposits	386,795	192,590
Prepayments	118,042	28,722
	504,837	**221,312**

7. Bridge loan; deferred borrowing costs

(a) Demand Construction Bridge Loan Facility

	2013 $	2012 $
Bridge loan	**37,208,634**	**35,203,199**

On June 30, 2010, the Company entered into a two-year Demand Construction Loan Multi-Currency Facility agreement (the Facility) with Royal Bank of Canada, Nassau, Bahamas in the amount of $30 million, to be drawn in Bahamian dollars (B$) or United States dollars (US$). In September 2011, by mutual agreement of the parties the Facility was increased to $43 million and repayment term was extended to November 30, 2012. In October 2012, the maturity date of the loan was further extended to July 31, 2013 or until the Facility is repaid via a bond/preference share offering arranged by Royal Fidelity Merchant Bank & Trust Limited. On June 24, 2013, the preference share offering for $36 million Series A 5.5% fixed rate, non-voting, cumulative, redeemable preference shares occurred. The preference share offering was closed on July 5, 2013 (Note 20).

APD LIMITED

Notes to Financial Statements
June 30, 2013

7. Bridge loan; Deferred borrowing costs (Continued)

The Facility is being used for funding the construction and development of the Port and the Depot. The key terms of the agreement are as follows:

- Amount	$43 million
- Arrangement fee	$328,000
- Interest on B$ loan	Nassau Prime + 1%
- Interest on US$ loan	New York Prime + 1%
- Repayment	Interest only until July 31, 2013. The Facility will be repaid via a bond/preference share offering arranged by Royal Fidelity Merchant Bank & Trust Limited, placement agent, prior to maturity date. In the event that the placement agent is unable to issue sufficient bonds/preference shares into the market to repay the Facility by the date contemplated above, and provided the Facility is not in default and that there has been no Material Adverse Change, the Facility will be extended on terms mutually agreed upon by both parties at that time until such bond/preference share issuance is completed or the debt is repaid or refinanced. The preference share offering was opened on June 24, 2013 and closed on July 5, 2013 and is further described in Note 20.
- Security/Collateral	▪ Loan agreement and associated documentation; ▪ Negative pledge on all owned assets; and ▪ Undertaking from the shareholders to fund all cost overruns.

The first draw-down under the facility occurred on September 30, 2011. As of June 30, 2013, the total amount drawn down under the Facility stood at B$37,208,634 (2012: $35,383,599). Arrangement fees of B$328,000 was offset against the total drawn-down amount, which was fully amortised as of June 30, 2013 (2012: $147,600).

No interest expense related to the loan facility was capitalised to property, plant and equipment for the year ended June 30, 2013 (2012: $682,899) (Note 9).

(b) Arrangement fee for Demand Construction Bridge Loan Facility

	2013 $	2012 $
Financial advisory services for replacement financing	329,485	329,485
	329,485	**329,485**

APD LIMITED

Notes to Financial Statements
June 30, 2013

7. Bridge loan; Deferred borrowing costs (Continued)

(c) *Financial advisory services for replacement financing*

The arrangement fee represents the cost of preparation of documentation for the financing exercise, including overall financing models, prospectus for equity and bond investors, sales/road show documentation and managing the offering process and timeline. The fee is payable as of June 30, 2013 and 2012 and included in accounts payable in the statement of financial position.

8. Investment properties

In 2012, investment properties comprised a newly constructed warehouse in the Port facility leased to other related parties and third parties. The cost of the investment property was transferred to property, plant and equipment during the year (Note 9). The carrying amount of the investment property as of reporting date follows:

	2013 **$**	**2012** **$**
Cost		
As of July 1	1,163,729	-
Additions	-	1,163,729
Transfer to property, plant and equipment (Note 9)	(1,163,729)	-
As of June 30	**-**	**1,163,729**
Less: Accumulated depreciation		
As of July 1	7,815	-
Depreciation during the year	-	7,815
Transfer to property, plant and equipment	(7,815)	-
As of June 30	-	**7,815**
Net book value	**-**	**1,155,914**

APD LIMITED

Notes to Financial Statements
June 30, 2013

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 $
At July 1, 2011							
Cost	-	-	125,468	77,295	87,715	31,532,418	31,822,896
Accumulated depreciation	-	-	(15,767)	(9,177)	(11,074)	-	(36,018)
Net book value	-	-	**109,701**	**68,118**	**76,641**	**31,532,418**	**31,786,878**
Year ended June 30, 2012							
Opening net book value	-	-	109,701	68,118	76,641	31,532,418	31,786,878
Additions	-	6,498,650	96,337	198,522	834,418	45,629,239	53,257,166
Transfers	42,767,790	1,483,724	3,799,596	-	-	(48,051,110)	-
Transfers to investment property	-	-	-	-	-	(1,163,729)	(1,163,729)
Disposals							
Cost	-	-	-	(28,747)	-	-	(28,747)
Accumulated depreciation	-	-	-	3,502	-	-	3,502
Depreciation charge for the year	(122,480)	(92,731)	(277,519)	(28,653)	(85,737)	-	(607,120)
Closing net book value	**42,645,310**	**7,889,643**	**3,728,115**	**212,742**	**825,322**	**27,946,818**	**83,247,950**
At June 30, 2012							
Cost	42,767,790	7,982,374	4,021,401	247,070	922,133	27,946,818	83,887,586
Accumulated depreciation	(122,480)	(92,731)	(293,286)	(34,328)	(96,811)	-	(639,636)
Net book value	**42,645,310**	**7,889,643**	**3,728,115**	**212,742**	**825,322**	**27,946,818**	**83,247,950**

APD LIMITED

Notes to Financial Statements
June 30, 2013

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, 2013							
Opening net book value	42,645,310	7,889,643	3,728,115	212,742	825,322	27,946,818	83,247,950
Additions	823,355	318,767	167,568	21,500	647,332	4,217,563	6,196,085
Transfers	-	-	26,113,769	-	331,247	(26,445,016)	-
Transfers from investment property							
Cost	-	-	1,163,729	-	-	-	1,163,729
Accumulated depreciation	-	-	(7,815)	-	-	-	(7,815)
Reclassifications							
Cost	-	-	(74,320)	-	-	-	(74,320)
Accumulated depreciation	-	-	74,320	-	-	-	74,320
Disposals							
Cost	-	-	-	(2,500)	(17,691)	-	(20,191)
Accumulated depreciation	-	-	-	-	7,419	-	7,419
Depreciation charge for the year	(985,043)	(423,651)	(668,407)	(56,366)	(323,197)	-	(2,456,664)
Closing net book value	**42,483,622**	**7,784,759**	**30,496,959**	**175,376**	**1,470,432**	**5,719,365**	**88,130,513**
At June 30, 2013							
Cost	43,591,145	8,301,141	31,392,147	266,070	1,883,021	5,719,365	91,152,889
Accumulated depreciation	(1,107,523)	(516,382)	(895,188)	(90,694)	(412,589)	-	(3,022,376)
Net book value	**42,483,622**	**7,784,759**	**30,496,959**	**175,376**	**1,470,432**	**5,719,365**	**88,130,513**

Capital work in progress includes costs incurred as of June 30, 2013 in connection with the construction of the administration building at the Port. This project is expected to be completed no later than the third fiscal quarter of 2014.

APD LIMITED

Notes to Financial Statements
June 30, 2013

10. Retention payable

The balance represents amounts retained by the Company from the progress payments made to contractors in connection with the construction of the Port and Depot facilities. As of June 30, 2013, the retention payable comprises:

	2013 $	2012 $
CGT Contractors and Developers Ltd.	516,009	617,220
Bahamas Marine Construction	18,000	18,000
Island Site Development	14,836	-
General Fire and Mechanical Contractors	12,062	3,764
Sound Omatic Construction	2,000	-
Bahamas Hot Mix Co. Ltd.	-	1,845,348
American Bridge Bahamas Ltd.	-	697,957
Island Pavers	-	63,547
SUNCO Builders and Developers Ltd.	-	54,653
	562,907	**3,300,489**

(a) *Bahamas Hot Mix Co. Ltd., CGT Contractors and Developers Ltd., SUNCO Builders and Developers Ltd.*

Under the terms of each of the separate agreements, the Company withholds 5% of the progress payments payable to the contractor. Upon substantial completion of the entire work, the Company will make payments to the contractor up to 95% of the contract value, with the balance being withheld for incomplete work and unsettled claims. The final payment, constituting the entire unpaid balance of the contract sum, shall be made upon final completion of the project.

(b) *American Bridge Bahamas Ltd.*

Under the terms of the agreement, the Company withholds 10% of the progress payments payable to the contractor until the total amount withheld is equal to 5% of the total contract value. The final payment, constituting the entire unpaid balance of the contract sum, shall be made when the contractor has fulfilled all its commitments under the contract.

(c) *Island Pavers, Bahamas Marine Construction, General Fire and Mechanical Contractors*

Under the terms of each of the separate agreements, the Company withholds 10% of the progress payments payable to the contractor. Upon substantial completion of the entire work, the Company will make payments to the contractor up to 90% of the contract value, with the balance being withheld for incomplete work and unsettled claims. The final payment, constituting the entire unpaid balance of the contract sum, shall be made upon final completion of the project.

APD LIMITED

Notes to Financial Statements
June 30, 2013

10. Retention payable (Continued)

(d) Sound Omatic Construction and Island Site Development

Under the terms of each of the separate agreements, the Company withholds 5% of the progress payments payable to the contractor. Upon substantial completion of the entire work, the Company will make payments to the contractor up to 95% of the contract value, with the balance being withheld for incomplete work and unsettled claims. The final payment, constituting the entire unpaid balance of the contract sum, shall be made upon final completion of the project.

11. Share capital

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

As of reporting date, the Company has issued 4,996,915 (2012: 4,996,915) ordinary shares that were fully paid for by the shareholders.

Incremental costs directly attributable to the issuance of 996,915 ordinary shares from the IPO exercise during the 2012 financial year amounted to $781,873. These costs were deducted from the total issuance proceeds aggregating to $9,969,150 and shown as a deduction to share premium in equity.

Subsequent to the reporting date, the Company completed a preference share offering with a total subscribed amount of $36,000,000 (Note 20).

12. Basic and diluted earnings (loss) per share

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

	2013 $	2012 $
Total earnings (loss) for the year attributable to the equity shareholders	3,494,808	(2,239,349)
Weighted average number of ordinary shares in issue	4,996,915	4,412,422
Basic and diluted earnings (loss) per share	**0.70**	**(0.51)**

APD LIMITED

Notes to Financial Statements
June 30, 2013

13. Significant agreements

(a) Memorandum of Understanding (MOU)

As discussed in Note 1, the MOU requires that 20% of the Company's ordinary shares must be offered for sale to the general public. Accordingly, the Company made an Initial Public Offering (IPO) of shares during the period November 2011 to 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.

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 20 years from the date of the substantial completion (Note 1).

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 reporting period, the Company did not default on any of its obligations under the MOU.

APD LIMITED

Notes to Financial Statements
June 30, 2013

13. Significant agreements (Continued)

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

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 instrument carrying rights of conversion into ordinary shares;
- incurring financial indebtedness which would result in the secured debt exceeding 3 times the Earning Before Interest, Taxation, Depreciation and Amortization 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;
- 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 authorization 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 reorganization 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.

APD LIMITED

Notes to Financial Statements
June 30, 2013

13 . Significant agreements (Continued)

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

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 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.

(b) Leases

Pursuant to the terms of the MOU, on June 21, 2011 the Company entered into 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 an 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, 2013, the total rent expense recognised in the statement of comprehensive income amounted to $2,572,643 (2012: $1,962,967). As of reporting period, lease payable to the government amounted to $1,704,984 (2012: $1,629,632) 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 45 years on the same terms and conditions but at an annual rent to be agreed between the parties. As of inception date of the lease, management is not reasonably certain that it will exercise the option to renew the lease for another 45 years and the lease was therefore classified as an operating lease.

APD LIMITED

Notes to Financial Statements
June 30, 2013

13. Significant agreements (Continued)

(b) Leases (continued)

Contemporaneously with the signing of the lease agreements on June 21, 2011, the Company was granted a 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 45 years but at an annual licence fee to be agreed between the parties.

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

	2013 $	2012 $
No later than one year	2,000,002	2,000,002
Later than one year and no later than 5 years	10,000,010	10,000,010
Later than 5 years	75,666,653	77,666,655
	87,666,665	**89,666,667**

(c) Subleases

The lease terms for existing lease agreements began in September 2011 and range from three (3) to five (5) years with an option to renew for another three (3) to five (5) years. The annual rent from the above leases amounted to $709,452. The lease agreements also state that in the fourth year, the annual lease is to be adjusted based on the Bahamas Consumer Price Index. Deposits held as per the lease agreements totalled $131,242 as of June 30, 2013 (2012: $104,242).

Warehouse income amounting to $739,524 (2012: $484,819) 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:

	2013 $	2012 $
No later than one year	709,452	709,452
Later than one year and not later than 5 years	1,249,146	1,958,598
	1,958,598	**2,668,050**

APD LIMITED

Notes to Financial Statements
June 30, 2013

14. Legal and other professional fees

Legal and other professional fees comprise the following:

	2013 $	2012 $
Incorporation, registration and start-up related activities	-	226,738
Legal and other professional fees	551,361	203,636
Directors' fees	142,500	19,500
Other	-	94,992
	693,861	**544,866**

Directors' fees are included within short-term employee benefits of key management in Note 5.

15. Commitments and contingencies

Outstanding capital commitments as of reporting date were as follows:

	2013 $	2012 $
Contracted but not yet incurred	2,607,682	333,420
Approved but not yet contracted	-	-
	2,607,682	**333,420**

As of June 30, 2013, the Company is contingently liable to its banker in respect of customs bonds issued to the Bahamas Government and corporate visas in the total amount of $574,000 (2012: Nil). There is an annual bank charge of 1.25% on the face value of each bond.

16. 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.

APD LIMITED

Notes to Financial Statements
June 30, 2013

16. Financial risk management (Continued)

(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.

(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, 2013, the Company did not hold any fixed interest rate financial instruments which would have exposed it to any significant fair value or cash flow interest rate risk. The bridge loan facility is subject to the prevailing market interest rate and 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.

APD LIMITED

Notes to Financial Statements
June 30, 2013

16. Financial risk management (Continued)

(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.

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, 2013. The amounts disclosed in the table are the contractual undiscounted cash flows.

As of June 30, 2013	Carrying amount $	Three months or less $	Three months to one year $	More than one year $
Liabilities				
Accounts payable	1,930,776	1,387,161	193,213	350,402
Due to related parties	1,937,194	902,165	1,035,029	-
Retention payable	562,907	473,228	2,000	87,679
Accrued expenses and other liabilities	1,539,355	-	1,539,355	-
Bridge loan	37,208,634	37,208,634	-	-
Deposits held	131,242	-	-	131,242
Total financial liabilities	**43,310,108**	**39,971,188**	**2,769,597**	**569,323**
Total financial assets	**3,787,638**	**-**	**3,787,638**	-
Net liquidity gap	**(39,522,470)**	**(39,971,188)**	**1,018,041**	**(569,323)**

As of June 30, 2012	Carrying amount $	Three months or less $	Three months to one year $	More than one year $
Liabilities				
Accounts payable	1,959,694	1,959,694	-	-
Due to related parties	2,924,074	916,401	2,007,673	-
Retention payable	3,300,489	-	3,300,489	-
Accrued expenses and other liabilities	554,661	-	554,661	-
Bridge loan	36,175,755	-	36,175,755	-
Deposits held	104,242	-	-	104,242
Total financial liabilities	**45,018,915**	**2,876,095**	**42,038,578**	**104,242**
Total financial assets	**4,922,046**	**-**	**4,922,046**	-
Net liquidity gap	**(40,096,869)**	**(2,876,095)**	**(37,116,532)**	**(104,242)**

APD LIMITED

Notes to Financial Statements
June 30, 2013

16. Financial risk management (Continued)

(c) Liquidity risk (continued)

The retention payable is to be paid using the available amount to be drawn from the bridge loan facility prior to the maturity date of the facility.

The bridge loan facility is being used to complete the construction of the Port and Depot facilities. The net liquidity gap of three months or less is primarily due to the bridge loan facility. As agreed with Royal Bank of Canada, the bridge loan will be repaid via the proceeds from the issuance of preference shares through a private placement to occur prior to the maturity date of the Facility (Notes 7 and 20).

As disclosed in Note 15, the Company has total capital commitments for provision of goods and services in the amount of $2,607,682 (2012: $333,420) which mainly relates to the completion of the administrative building. These commitments are expected to be incurred and paid within 12 months of the reporting date.

17. Fair value of financial instruments

Financial instruments utilised by the Company include recorded financial assets and liabilities. 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.

18. 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. The gearing ratio is calculated as net debt divided by total capital.

APD LIMITED

Notes to Financial Statements
June 30, 2013

18. Capital management (Continued)

The gearing ratios at June 30 were as follows:

	2013 $	2012 $
Total borrowings (Note 7)	37,208,634	35,203,199
Less: cash and cash equivalents (Note 3)	1,947,427	1,704,845
Net debt	35,261,207	33,498,354
Total equity	49,350,383	45,855,575
Total capital	**84,611,590**	**79,353,929**
Gearing ratio	**42%**	**42%**

19. 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*.

20. Subsequent events

(a) On July 5, 2013, the Company closed its preference share offering and issued 72,000 series A 5.5% fixed rate, non-voting, cumulative redeemable preference shares with a par value of $0.10. The shares have an issue price of $500 per share and have a maturity date of June 30, 2033. Interest is payable semi-annually on the last business day of December and June each year commencing December 31, 2013. The preference share offering was fully subscribed and total proceeds of the offer amounted to $36,000,000. The aforementioned proceeds were utilized to repay a portion of the Royal Bank of Canada's bridge loan facility taken out for the construction of port facilities.

(b) On July 30, 2013, the demand construction loan facility of $5,000,000 with Royal Bank of Canada was extended to September 30, 2013 or until the credit facility is refinanced or repaid.

(c) As of reporting date, the Company's administrative building was approximately 60% completed.

COMMUNITY PARTNERSHIP AND OUTREACH

BAHAMAS ANTI-DOPING COMMISSION • BAHAMAS POLICE STAFF ASSOCIATION
BAHAMAS SPEED WEEK REVIVAL • CENTRAL ANDROS YOUTH CAMP • THE COUNSELLORS LIMITED
THE ONE BAHAMAS FOUNDATION • THE RED RIBBON BALL • BAHAMAS NATIONAL TRUST
BAHAMAS AIR SEA RESCUE ASSOCIATION • BAHAMAS CHAMBER OF COMMERCE AND EMPLOYERS CONFEDERATION

PROJECT PARTNERS DEVELOPMENT PHASE

21ST CENTURY WELDING CO LTD
A & A AIRCONDITION & REFRIGERATION
A & M TOURS
A NUDDA PRODUCTION
A.G. ELECTRIC CO. LTD.
A.I.D
ABC SECURITY SYSTEM
ABI- ABSOLUTE INNOVATIVE INC.
ADVANCED MODULAR STRUCTURES INC.
ALL PURPOSE STEEL COMPANY LIMITED
ALPHA TRAINING SERVICE
AMERICAN BRIDGE
AMERICAN MACHINE TOOLS CORP.
AMP'D WIRELESS
ARCHIMEDIA LONDON LTD
ARCOP ARCHITECTS
AUTOMATED SERVICES LTD
B & R WELDING DESIGN CONTRACTORS
BAHAMA HEALTH
BAHAMA WALL SYSTEMS
BAHAMAS BUSINESS SOLUTIONS LTD.
BAHAMAS CONTRACTOR'S RENTAL & SUPPLIES
BAHAMAS HOT MIX CO. LTD.
BAHAMAS MARINE CONSTRUCTION
BAHAMAS MARITIME CONNEXION LTD

E. SERVICES
EXELLENCESCAPE LTD.
ENGINEERING AND TECHNICAL SERVICES
ENVIRO TECHNOLOGIES LTD.
ENVIROMANAGERS
FIBER ELECTRICAL CO. LTD.
FIRST STEP DEVELOPMENT CO. LTD.
FLORIDA AIR TECHNOLOGIES LLC.
FLORIDA AQUASTORE
FYP
GENERAL FIRE & MECHANICAL CONTRACTORS
GEN-TECH ELECTRIC
GEORGE T. SANDS & COMPANY
GEORGE V. COX & COMPANY LTD.
GLOBAL METAL BAHAMAS
GOLD ROCK CORP LTD
GRAINGER
GRASHOLM LIMITED
GUARDIAN TRAFFIC SYSTEM
HADLEY CONSTRUCTION COMPANY INC.
HALCROW INC.
HARDING SECURITY
HEAVY MARINE & FOUNDATION LTD.
HENRY F. STORR ELECTRIC CO. LTD.
HIBIZ SOLUTIONS LLC.

MICRONET BUSINESS TECHNOLOGY
MSC WATERWORKS
N.P. BUILDING SUPPLIES LTD
NAPCO PRINTING SERVICES
NASSAU GLASS COMPANY LTD.
NASSAU MOTOR COMPANY
NASSAU PAPER COMPANY
NATIONAL FENCING CO.
NATIONAL LIFT EQUIPMENT
NATIONAL PLUMBING
NATURE'S WAY
NAVIS LLC
NEIL BARROW
NEIL BEHAGG & ASSOCIATES CO. LTD
NORTHERN TOOLS & EQUIPMENT
PACETTI (ARCHITECTS) INC.
PALM BEACH HOSE & FITTINGS INC.
PAUL THOMPSON & ASSOCIATES
PC CONSULTANTS LIMITED
PIBC MANAGEMENT LTD.
PINDER ENTERPRISES LTD.
PINE ISLAND TOWING COMPANY INC
PINERIDGE CONSTRUCTION & DEVELOPMENT CO. LTD.
PLASCO
PREMIER IMPORTERS LTD.

BAHAMAS POLICE STAFF ASSOCIATION
BAHAMAS SAFETY ALLIANCE
BAHAMAS WASTE LIMITED
BAHAMAS WELDING & FIRE CO.
BOOKWORLD & STATIONERS LTD.
BOSS
BOULDER HEAVY EQUIPMENT & CONSTRUCTION COMPANY
BOWLINE GROUP
BUCHI INC.
BURCK OIL COMPANY INC
C&S STEEL BUILDING SUPPLY CO. LTD.
CABLE BAHAMAS
CARIBBEAN CONCRETE & CONSTRUCTION
CFAL LTD.
CGT CONTRACTORS & DEVELOPERS
CHARLIE LIGHTBOURN
COMLINK TECHNOLOGIES BAHAMAS
COMMONWEALTH BUILDING SUPPLIES
COMPASS SOLUTIONS INT'L LTD.
CONSOLIDATED RIGGING & MARINE SUPPLY CO. INC
CRANE PARTS INC.
CRANE TECH
CROWN INTL. STEEL BUILDING SYSTEMS INC.
CRYSTAL TECHNOLOGY LIMITED
CUSTOM COMPUTERS
DC TECHNOLOGY
DEB ENTERPRISE & ASSOCIATES
DEMETRY FERGUSON
DHP ASSOCIATES
DIPLOMAT SECURITY TRAINING & CONSULTANT SERVICES

HIGGS & JOHNSON
HIGH-TECH DESIGN & DRAFTING STUDIO
HYDRO ELECTRIC COMPANY
IDNET
ILS LTD.
INLINE PROJECT CO. LTD.
INTEGRATED BUILDING SERVICES
INTERFORCE INC.
INTERMODAL EQUIPMENT EXCHANGE
ISAAC SHAFRAN
ISLAND BY DESIGN LIMITED
ISLAND PAVERS
ISLAND SITE DEVELOPMENT
JBR BUILDING SUPPLIES
JD CRANE & HEAVY EQUIPMENT RENTAL
JOLLY TECHNOLOGIES
JOSE FUNDORA
K-9 TRUCKING & CUSTOMS BROKERAGE
KELLY'S LUMBER YARD
KENUTH'S ELECTRIC CO.
KPMG
L & S DIVERSIFIED LLC
LAPLACE MARITIME CONSULTING
LARUE CONSULTING
LEE INTERIORS
LIEBHERR NENZING CRANE CO.
M&E LIMITED
MARITIME PROFESSIONAL TRAINING
MECHANICAL TROUBLESHOOTERS LIMITED
MERCATOR MEDIA LIMITED

PRICEWATERHOUSECOOPERS
QUALIFIED SECURITY & INVESTIGATIONS LTD.
QUANTUM TECHNOLOGIES LIMITED
RELIABLE FENCING CO. LTD
RODSON HEAVY EQUIPMENT LIMITED
ROLAND ROSE
RUGGED NOTEBOOKS
SHAL CONSULTING ENGINEERS LIMITED
SHIRLEY ENTERPRISE LTD.
SOLO PETROLEUM
SPARTAN ETECHNOLOGY
SPEED TECH LIGHTS INC
SSI
SUN OIL
SUN TEE EMBROIDME
SUNCO
TARGET SURVEYING & ENGINEERING LTD
THE BELDING GROUP OF COMPANIES
THE COUNSELLORS LIMITED
TOPS LUMBER & PLUMBING
TWO WAY SOLUTIONS
WALKER'S INDUSTRIES LTD.
WAYDE MCCARTNEY
WEATHER BELL
WELLS SERVICE STATION
WILD SEED DESIGNS
WILDY & SONS LTD
WOSLEE CONSTRUCTION
Y.S.G MOTORS
YUDIT DESIGN

NOTES

M. IRIDIUM
STOP

PORT DEVELOPMENT

NASSAU CONTAINER PORT HOURS OF OPERATION:
MONDAY – FRIDAY, 8:00 AM - 4:00 PM AND SATURDAY UNTIL 3PM.

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