

APD LIMITED
Unaudited Interim Financial Statements

For the six months ended December 31, 2016

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

Unaudited Interim Statement of Financial Position
As at December 31, 2016 and June 30, 2016
(Amounts expressed in Bahamian dollars)

	December 31, 2016 \$	June 30, 2016 \$ (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	3,915,286	5,689,676
Accounts receivable	4,014,069	1,950,066
VAT Receivable	373,622	159,882
Deposits, prepayments and other assets	625,503	816,652
Spare parts inventory	864,291	693,498
Total current assets	9,792,771	9,309,774
Non-current assets		
Property, plant and equipment	87,618,395	88,819,789
Total assets	97,411,166	98,129,563
LIABILITIES AND EQUITY		
Current liabilities		
Due to related parties	2,897,117	2,330,346
Accrued Expenses and Other Liabilities	377,577	1,058,445
Current portion of long term debt	425,532	425,532
Accounts payable	183,894	408,136
Retention Payable	881	2,911
Total current liabilities	3,885,001	4,225,370
Non-current liabilities		
Redeemable Preference shares	35,486,377	35,470,825
Long term debt	3,297,872	3,510,638
Deposits held	261,233	259,194
Total non-current liabilities	39,045,482	39,240,657
Total liabilities	43,920,483	43,466,027
Equity		
Share capital	49,969	49,969
Share premium	49,192,308	49,192,308
Retained earnings	5,238,406	5,421,259
Total equity	54,480,683	54,663,536
Total liabilities and equity	97,411,166	98,129,563

APD LIMITED**Unaudited Interim Statement of Comprehensive Income
For the six months ended Dec 30, 2016 and 2015
(Amounts expressed in Bahamian dollars)**

	2016	2015
	\$	\$
Revenue		
Landing fees	6,640,609	5,902,043
Terminal handling fees	2,138,700	2,205,873
Stevedoring fees	1,626,220	1,523,817
Gate fees	1,106,191	1,037,448
Security	1,200,312	978,253
Subleases	846,362	791,001
Storage fees	631,509	453,602
Hazmat fees	351,200	283,000
Reefer line	230,100	211,600
Dockage	135,269	141,439
Line handling fees	36,200	40,128
Other income	560	3,450
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Total revenue	14,943,232	13,571,654
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Expenses		
Salaries, employee benefits and Training	2,486,931	2,442,519
Terminal handling costs	1,735,788	1,834,033
Government lease	1,437,791	1,298,451
Government fees and taxes	675,051	675,196
Utilities	500,636	471,257
Repairs and maintenance	420,159	704,257
Legal and other professional fees	230,516	309,579
Security	180,524	153,166
Other operating expenses	165,488	159,196
Insurance	157,692	223,945
(Gain) / Loss on disposal of assets	(4,192)	(8,963)
Company meetings and events	37,973	62,139
Office supplies, postage and delivery	54,756	59,555
Bad debt recovery	(700,168)	256,500
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Total expenses	7,378,945	8,640,830
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Earnings before interest, Depreciation and amortization	7,564,287	4,930,824
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APD LIMITED**Unaudited Interim Statement of Comprehensive Income (Continued)
For the six months ended December 30, 2016 and 2015
(Amounts expressed in Bahamian dollars)**

	2016	2015
	\$	\$
Depreciation and amortization		
Depreciation	1,648,873	1,626,860
Amortization of preference shares issue cost	<u>15,551</u>	<u>15,552</u>
Total depreciation and amortization	<u>1,664,424</u>	<u>1,642,412</u>
Earnings before interest	<u>5,899,863</u>	<u>3,288,412</u>
Interest (finance costs)		
Interest on preference shares	(990,000)	(990,000)
Interest expense	(97,872)	(108,598)
Interest income	<u>2,072</u>	<u>2,022</u>
Total finance costs, net	<u>(1,085,800)</u>	<u>(1,096,576)</u>
Total earnings for the period attributable to the equity holders	<u>4,814,063</u>	<u>2,191,836</u>
Total comprehensive income for the period	<u>4,814,063</u>	<u>2,191,836</u>
Basic and diluted earnings per share	<u>0.96</u>	<u>0.44</u>

APD LIMITED**Unaudited Interim Statement of Changes in Equity
For the six months ended December 31, 2016 and 2015
(Amounts expressed in Bahamian dollars)**

	<u>Share capital \$</u>	<u>Share premium \$</u>	<u>Retained earning \$</u>	<u>Total \$</u>
Balances at July 1, 2015	49,969	49,192,308	6,079,737	55,322,014
Total comprehensive income for the period	-	-	2,191,836	2,191,836
Dividend paid for the period	-	-	(4,996,915)	(4,996,915)
Balances at December 31, 2015	49,969	49,192,308	3,274,658	52,516,935
Balance at July 1, 2016	49,969	49,192,308	5,421,259	54,663,536
Total comprehensive income for the period	-	-	4,814,063	4,814,063
Dividend paid for the period	-	-	(4,996,915)	(4,996,915)
Balances at December 31, 2016	49,969	49,192,308	5,238,407	54,480,684

APD LIMITED**Unaudited Interim Statement of Cash Flows
For the six months ended December 31, 2016 and 2015
(Amounts expressed in Bahamian dollars)**

	2016	2015
	\$	\$
Cash flows from operating activities		
Total comprehensive income for the period	4,814,063	2,191,836
Adjustments for:		
Depreciation	1,648,873	1,626,860
Amortization of preference shares issue cost	15,551	15,552
(Gain) / Loss on disposal of assets	(4,193)	(8,963)
Provision for Bad Debts	(700,168)	256,500
Interest income	(2,072)	(2,022)
Interest on preference shares	97,872	108,598
Interest expense	990,000	990,000
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Operating profit before changes in working capital	6,859,926	5,178,361
Increase in accounts receivable	(1,363,835)	(210,469)
Increase in tax receivables	(213,740)	(306,251)
Decrease in deposits, prepayments and other assets	191,149	215,995
Increase in deposit held	2,039	1,950
(Increase) / Decrease in spare parts inventory	(170,793)	193,444
Decrease in accounts payable	(224,242)	(310,408)
Increase / (Decrease) in due to related parties	566,771	(379,472)
Decrease in retention payable	(2,030)	(12,062)
Decrease in accrued expenses and other liabilities	(680,868)	(965,000)
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Cash provided by operating activities	4,964,377	3,406,088
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Cash flows from investing activities		
Construction of port facilities	(413,336)	(1,870,398)
Acquisition of property and equipment	(34,550)	(13,013)
Proceeds from sale of property and equipment	4,600	13,500
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Net cash used in investing activities	(443,286)	(1,869,911)
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Cash flows from financing activities		
Principal payment on long term debt	(212,766)	(212,766)
Dividends paid to ordinary shareholders	(4,996,915)	(4,996,915)
Interest on preference shares	(990,000)	(990,000)
Interest income received	2,072	2,022
Interest expense paid	(97,872)	(108,598)
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Net cash used by financing activities	(6,295,481)	(6,306,257)
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Increase in cash and cash equivalents	(1,774,390)	(4,770,078)
Cash and cash equivalents, beginning of year	5,689,676	6,040,249
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Cash and cash equivalents, end of period	3,915,286	1,270,171
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APD Limited

Notes to the Condensed Unaudited Interim Financial Statements December 31, 2016

1. General information

APD Limited (the Company) was incorporated on February 24, 2009, under the Companies Act, 1992 of the Commonwealth of The Bahamas (The Bahamas). The Company is 40% owned by The Treasurer of The Bahamas, 40% owned by Arawak Cay Port Development Holdings Limited (ACPDHL) and 20% owned by the general public, hereinafter collectively referred to as the Shareholders. ACPDHL is owned by a consortium of private companies operating in The Bahamas.

The 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).

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.

These condensed interim financial statements have not been audited.

2. Basis of preparation

These condensed interim financial statements for the six months ended December 31, 2016 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim financial reporting'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2016, which have been prepared in accordance with the International Financial Reporting Standards (IFRSs).

3. Accounting policies

The accounting policies applied, methods of computation and presentation are consistent with those of the annual financial statements for the year ended June 30, 2016.

There are no new IFRSs or interpretations of the International Financial Reporting Interpretations Committee (IFRICs) that are effective for the first time that would be expected to have a material impact on the Company.

4. Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2016.

5. Financial risk management

5.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

These condensed financial statements do not include all the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at June 30, 2016. There have been no changes in the Company's risk management policies since June 30, 2016.

5.2 Liquidity risk

Compared to year end there was no material change in the contractual undiscounted cash flows for the financial liabilities.

6. Seasonality of operations

Due to the nature of the Company's operations, seasonal trends are not applicable.