

APD LIMITED
Condensed Unaudited Interim Financial Statements

As at March 31, 2014 and
the nine months ended March 31, 2014

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

Condensed Unaudited Interim Statement of Financial Position
As at March 31, 2014 and June 30, 2013
(Amounts expressed in Bahamian dollars)

	March 31, 2014 \$	June 30, 2013 \$ (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	1,497,384	1,947,427
Accounts receivable	1,864,003	1,453,416
Deferred borrowing costs	-	329,485
Deposits, prepayments and other assets	487,145	504,837
Spare parts inventory	699,339	294,813
	<u>4,547,871</u>	<u>4,529,978</u>
Total current assets		
Non-current assets		
Property, plant and equipment	91,455,764	88,130,513
	<u>96,003,635</u>	<u>92,660,491</u>
Total assets		
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	1,011,691	1,930,776
Due to related parties	2,388,630	1,937,194
Retention payable	107,679	562,907
Accrued expenses and other liabilities	1,244,086	1,539,355
Current portion of long term debt (Note 6)	425,532	-
Bridge loan (Note 6)	-	37,208,634
	<u>5,177,618</u>	<u>43,178,866</u>
Total current liabilities		
Non-current liabilities		
Preference shares (Note 7)	35,377,943	-
Long term debt (Note 6)	4,390,585	-
Deposits held	185,842	131,242
	<u>39,954,370</u>	<u>131,242</u>
Total non-current liabilities		
	<u>45,131,988</u>	<u>43,310,108</u>
Total liabilities		
Equity		
Share capital	49,969	49,969
Share premium	49,192,308	49,192,308
Retained earnings	1,629,370	108,106
	<u>50,871,647</u>	<u>49,350,383</u>
Total equity		
	<u>96,003,635</u>	<u>92,660,491</u>
Total liabilities and equity		

APD LIMITED**Condensed Unaudited Interim Statement of Comprehensive Income
For the nine months ended March 31, 2014 and 2013
(Amounts expressed in Bahamian dollars)**

	2014	2013
	\$	\$
Revenue		
Landing fees	7,015,607	6,944,147
Terminal handling fees	3,491,196	3,757,990
Stevedoring fees	2,201,011	2,293,738
Gate fees	1,795,103	1,720,490
Storage fees	1,670,188	1,089,685
Security	1,533,079	1,416,640
Subleases	585,082	525,534
Hazmat fees	490,850	531,500
Reefer line	253,300	228,250
Dockage	171,177	221,666
Other income	92,674	46,954
Line handling fees	57,150	85,640
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Total revenue	19,356,417	18,862,234
Expenses		
Terminal handling cost	3,248,794	3,376,915
Staff costs	3,104,936	2,989,833
Depreciation	2,096,404	1,790,125
Government lease	1,991,081	1,912,620
Real property tax	800,830	693,498
Utilities	713,089	809,568
Insurance	606,394	637,297
Repairs and maintenance	503,810	657,387
Legal and other professional fee	496,678	401,530
Other operating expenses	267,681	252,707
Security	214,641	36,740
Business license	212,733	32,591
Loss on sale of property and equipment	175,249	-
Office supplies, postage and delivery	104,941	120,381
Company meetings and events	94,146	86,138
Bad debts (recovery) expense	-	(204,861)
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Total expenses	14,631,407	13,592,469
Operating income	4,725,010	5,269,765

APD LIMITED

Condensed Unaudited Interim Statement of Comprehensive Income (Continued)
For the nine months ended March 31, 2014 and 2013
(Amounts expressed in Bahamian dollars)

	2014 \$	2013 \$
Finance costs		
Preference share dividend	(1,461,719)	-
Loan interest	(443,595)	(1,582,297)
Interest income	<u>766</u>	<u>1,451</u>
Total finance costs, net	<u>(1,904,548)</u>	<u>(1,580,846)</u>
Total income for the period attributable to the equity holders	<u>2,820,462</u>	<u>3,688,919</u>
Other comprehensive income	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>2,820,462</u>	<u>3,688,919</u>
Basic and diluted income per share	<u>0.56</u>	<u>0.74</u>

APD LIMITED**Condensed Unaudited Interim Statement of Changes in Equity
For the nine months ended March 31, 2014 and 2013
(Amounts expressed in Bahamian dollars)**

	<u>Share capital \$</u>	<u>Share premium \$</u>	<u>(Deficit) Retained earning \$</u>	<u>Total \$</u>
Balances at July 1, 2012	<u>49,969</u>	<u>49,192,308</u>	<u>(3,386,702)</u>	<u>45,855,575</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>3,688,919</u>	<u>3,688,919</u>
Balances at March 31, 2013	<u>49,969</u>	<u>49,192,308</u>	<u>302,217</u>	<u>49,544,494</u>
Balance at July 1, 2013	<u>49,969</u>	<u>49,192,308</u>	<u>108,106</u>	<u>49,350,383</u>
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>2,820,462</u>	<u>2,820,462</u>
Dividend paid for the period	<u>-</u>	<u>-</u>	<u>(1,299,198)</u>	<u>(1,299,198)</u>
Balances at March 31, 2014	<u>49,969</u>	<u>49,192,308</u>	<u>1,629,370</u>	<u>50,871,647</u>

APD LIMITED**Condensed Unaudited Interim Statement of Cash Flows
For the nine months ended March 31, 2014 and 2013
(Amounts expressed in Bahamian dollars)**

	2014	2013
	\$	\$
Cash flows from operating activities		
Total comprehensive income for the period	2,820,462	3,688,919
Adjustments for:		
Depreciation	2,096,404	1,790,125
Loss on sale of property and equipment	175,249	-
(Recovery of) provision for bad debts	-	(204,861)
Interest income	(766)	(1,451)
Interest expense	443,595	1,582,297
Preference share dividends	1,461,719	-
Cash flow provided by operating activities before changes in working capital	6,996,663	6,855,029
(Increase) decrease in accounts receivable	(410,587)	1,731,769
(Decrease) increase deposits, prepayments and other assets	17,692	(216,913)
Decrease in deferred borrowing cost	329,485	-
Increase in spare parts inventory	(404,526)	(119,204)
Decrease in accounts payable	(919,085)	(1,123,174)
Increase (decrease) in due to related parties	451,436	(1,166,899)
Decrease in retention payable	(455,228)	(1,878,389)
Increase current portion of long term debt	425,532	-
(Decrease) increase in accrued expenses and other liabilities	(295,269)	115,929
Increase in deposits held	54,600	27,000
Cash provided by operating activities	5,790,713	4,225,148
Cash flows from investing activities		
Construction of port facilities	(3,090,875)	(1,753,111)
Proceeds from sale of property and equipment	1,440,541	-
Acquisition of property and equipment	(3,946,570)	(2,198,723)
Net cash used in investing activities	(5,596,904)	(3,951,834)
Cash flows from financing activities		
Net proceeds from preference share offering	35,377,943	-
Bridge loan principal (repayment) drawdown	(37,208,634)	1,813,316
Issue of Long term debt	4,390,585	-
Dividends paid to share holders	(1,299,198)	-
Interest income received	766	1,451
Interest expense paid	(443,595)	(1,582,297)
Preference share dividends	(1,461,719)	-
Net cash from financing activities	(643,852)	232,470
(Decrease) increase in cash and cash equivalents	(450,043)	505,784
Cash and cash equivalents, beginning of period	1,947,427	1,704,845
Cash and cash equivalents, end of period	1,497,384	2,210,629

APD LIMITED

Notes to the Condensed Unaudited Interim Financial Statements March 31, 2014

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 nine months ended March 31, 2014 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, 2013, 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, 2013.

There are no new IFRSs or interpretations of the International Financial Reporting Interpretations Committee (IFRICs) that are effective for the first time for this interim period 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 interim 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, 2013.

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 interim 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, 2013. There have been no changes in the Company's risk management policies since June 30, 2013.

5.2 Liquidity risk

Compared to year end, there was a material change in the contractual undiscounted cash outflows for financial liabilities as it relates to the preference shares (Note 7).

6. Bridge loan and Long term debt

During the period, the bridge loan was partially repaid with funds received from the issuance of preference shares as described in Note 7. The remaining amount on the bridge loan was replaced with Long term debt. Additionally, the Company acquired the following credit facilities:

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

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

7. Preference shares

On July 5, 2013 the Company issued 72,000 series A 5.5% fixed rate, non-voting, cumulative redeemable preference shares. The net proceeds of the offer totalled \$35,377,943. The shares have an issue price of \$500 per share, with par value of \$0.10 per share and have a maturity date of June 30, 2033.

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

8. Dividends paid

a) Common shares

On December 11, 2013, the Company declared and paid a dividend of \$0.26 per share to all shareholder of record at the close of business November 27, 2013. Total dividend paid was \$1,299,198.

b) Preference shares

The Company paid its semi-annual dividend on Preference shares on the last business day in December 2013. Total dividend on Preference shares was \$973,500.

9. Seasonality of operations

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