

APD LIMITED
Condensed Unaudited Interim Financial Statements

**As at December 31, 2013 and
the six months ended December 31, 2013**

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

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

	December 31, 2013 \$	June 30, 2013 \$ (Audited)
ASSETS		
Current assets		
Cash and cash equivalents	1,281,603	1,947,427
Accounts receivable	2,040,051	1,453,416
Deferred borrowing costs	-	329,485
Deposits, prepayments and other assets	527,601	504,837
Spare parts inventory	655,014	294,813
Total current assets	4,504,269	4,529,978
Non-current assets		
Property, plant and equipment	90,837,321	88,130,513
Total assets	95,341,590	92,660,491
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	1,346,293	1,930,776
Due to related parties	2,867,967	1,937,194
Retention payable	107,679	562,907
Accrued expenses and other liabilities	921,763	1,539,355
Bridge loan (Note 6)	4,922,500	37,208,634
Total current liabilities	10,166,202	43,178,866
Non-current liabilities		
Preference shares (Note 7)	35,377,943	-
Deposits held	157,942	131,242
Total non-current liabilities	35,535,885	131,242
Total liabilities	45,702,087	43,310,108
Equity		
Share capital	49,969	49,969
Share premium	49,192,308	49,192,308
Retained earnings	397,226	108,106
Total equity	49,639,503	49,350,383
Total liabilities and equity	95,341,590	92,660,491

APD LIMITED**Condensed Unaudited Interim Statement of Comprehensive Income
For the six months ended December 31, 2013 and 2012
(Amounts expressed in Bahamian dollars)**

	2013 \$	2012 \$
Revenue		
Landing fees	4,684,738	4,812,975
Terminal handling fees	2,253,353	2,681,535
Stevedoring fees	1,693,355	1,583,082
Gate fees	1,202,175	1,179,740
Storage fees	966,560	925,555
Security	958,955	973,227
Subleases	366,624	326,224
Hazmat fees	332,250	372,400
Reefer line	170,550	153,550
Dockage	116,711	154,524
Line handling fees	37,150	64,340
Other income	29,320	26,461
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Total revenue	12,811,741	13,253,613
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Expenses		
Staff cost	2,145,709	1,972,307
Terminal handling costs	2,144,162	2,419,475
Depreciation	1,371,225	1,147,898
Government lease	1,362,943	1,309,430
Real property tax	533,887	402,028
Utilities	419,770	534,672
Insurance	404,502	412,751
Legal and other professional fees	338,017	340,360
Repairs and maintenance	335,125	332,700
Other operating expenses	204,491	181,611
Loss on sale of property and equipment	191,842	-
Business license	161,444	27,713
Security	109,769	900
Company meetings and events	79,275	35,722
Office supplies, postage and delivery	66,506	83,728
Bad debt expense	-	7,008
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Total expenses	9,868,667	9,208,303
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Operating income	2,943,074	4,045,310

APD LIMITED

Condensed Unaudited Interim Statement of Comprehensive Income (Continued)
For the six months ended December 31, 2013 and 2012
(Amounts expressed in Bahamian dollars)

	2013 \$	2012 \$
Finance costs		
Preference share dividend	(973,500)	-
Bridge loan interest	(381,951)	(1,054,916)
Interest income	695	972
	<u>(1,354,756)</u>	<u>(1,053,944)</u>
Total finance costs, net		
	<u>(1,354,756)</u>	<u>(1,053,944)</u>
Total income for the period attributable to the equity holders	<u>1,588,318</u>	<u>2,991,366</u>
Other comprehensive income	-	-
	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>1,588,318</u>	<u>2,991,366</u>
Basic and diluted income per share	<u>0.32</u>	<u>0.63</u>

APD LIMITED**Condensed Unaudited Interim Statement of Changes in Equity
For the six months ended December 31, 2013 and 2012
(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	49,969	49,192,308	(3,386,702)	45,855,575
Total comprehensive income for the period	-	-	2,991,366	2,991,366
Balances at December 31, 2012	49,969	49,192,308	(395,336)	48,846,941
Balance at July 1, 2013	49,969	49,192,308	108,106	49,350,383
Total comprehensive income for the period	-	-	1,588,318	1,588,318
Dividend paid for the period			(1,299,198)	(1,299,198)
Balances at December 31, 2013	49,969	49,192,308	397,226	49,639,503

APD LIMITED**Condensed Unaudited Interim Statement of Cash Flows
For the six months ended December 31, 2013 and 2012
(Amounts expressed in Bahamian dollars)**

	2013	2012
	\$	\$
Cash flows from operating activities		
Total comprehensive income for the period	1,588,318	2,991,366
Adjustments for:		
Depreciation	1,371,225	1,147,898
Loss on sale of property and equipment	191,842	-
Provision for bad debts	-	7,008
Interest income	(695)	(972)
Interest expense	381,951	1,054,916
Preference share dividends	973,500	-
Cash flow provided by operating activities before changes in working capital	4,506,141	5,200,216
(Increase) decrease in accounts receivable	(586,635)	1,549,831
(Increase) decrease in deposits, prepayments and other assets	(22,764)	1,382
Decrease in deferred borrowing cost	329,485	-
Increase in spare parts inventory	(360,201)	(117,155)
Decrease in accounts payable	(584,483)	(1,244,474)
Increase (decrease) in due to related parties	930,773	(699,713)
Decrease in retention payable	(455,228)	(1,654,849)
(Decrease) increase in accrued expenses and other liabilities	(617,592)	291,388
Increase in deposits held	26,700	27,000
Cash provided by operating activities	3,166,196	3,353,626
Cash flows from investing activities		
Construction of port facilities	(1,993,717)	(2,374,212)
Proceeds from sale of property and equipment	1,350,041	-
Acquisition of property and equipment	(3,626,199)	(543,027)
Net cash used in investing activities	(4,269,875)	(2,917,239)
Cash flows from financing activities		
Net proceeds from preference share offering	35,377,943	-
Bridge loan principal (repayment) drawdown	(32,286,134)	1,813,316
Dividends paid to share holders	(1,299,198)	-
Interest income received	695	972
Interest expense paid	(381,951)	(1,054,916)
Preference share dividends	(973,500)	-
Net cash from financing activities	437,855	759,372
(Decrease) increase in cash and cash equivalents	(665,824)	1,195,759
Cash and cash equivalents, beginning of period	1,947,427	1,704,845
Cash and cash equivalents, end of period	1,281,603	2,900,604

APD LIMITED

Notes to the Condensed Unaudited Interim Financial Statements December 31, 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).

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, 2013 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

During the period, the bridge loan was partially repaid with funds received from the issuance of preference shares as described in Note 7. Additionally, the Company acquired the following credit facilities:

Facility 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.

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.