

APD LIMITED
Unaudited Interim Financial Statements

**As at September 30, 2015 and
the three months ended September 30, 2015**

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

Unaudited Interim Statement of Financial Position
As at September 30, 2015 and June 30, 2015
(Amounts expressed in Bahamian dollars)

| | September 30, 2015 \$ | June 30, 2015 \$ (Audited) |
|--|-----------------------------|----------------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | 5,818,104 | 6,040,249 |
| Accounts receivable | 2,012,915 | 1,839,018 |
| VAT receivable | 362,691 | 162,974 |
| Deposits, prepayments and other assets | 633,467 | 777,760 |
| Spare parts inventory | 692,408 | 878,928 |
| Total current assets | 9,519,585 | 9,698,929 |
| Non-current assets | | |
| Property, plant and equipment | 90,542,610 | 89,989,383 |
| Total assets | 100,062,195 | 99,688,312 |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Accounts payable | 160,244 | 524,298 |
| Due to related parties | 1,438,675 | 2,577,247 |
| Retention payable | 93,826 | 93,826 |
| Accrued expenses and other liabilities | 1,832,331 | 1,132,512 |
| Current portion of long term debt | 425,532 | 425,532 |
| Total current liabilities | 3,950,608 | 4,753,415 |
| Non-current liabilities | | |
| Redeemable Preference shares | 35,447,498 | 35,439,722 |
| Long term debt | 3,829,787 | 3,936,170 |
| Deposits held | 236,992 | 236,992 |
| Total non-current liabilities | 39,514,277 | 39,612,884 |
| Total liabilities | 43,464,885 | 44,366,299 |
| Equity | | |
| Share capital | 49,969 | 49,969 |
| Share premium | 49,192,308 | 49,192,308 |
| Retained earnings | 7,355,033 | 6,079,736 |
| Total equity | 56,597,310 | 55,322,013 |
| Total liabilities and equity | 100,062,195 | 99,688,312 |

APD LIMITED**Unaudited Interim Statement of Comprehensive Income
For the three months ended Sept 30, 2015 and 2014
(Amounts expressed in Bahamian dollars)**

| | 2015 | 2014 |
|--|------------------|------------------|
| | \$ | \$ |
| Revenue | | |
| Landing fees | 3,078,199 | 2,973,979 |
| Terminal handling fees | 1,071,848 | 1,192,790 |
| Stevedoring fees | 776,668 | 828,311 |
| Gate fees | 500,850 | 579,850 |
| Storage fees | 240,560 | 986,205 |
| Security | 480,314 | 482,403 |
| Subleases | 395,501 | 292,563 |
| Hazmat fees | 139,200 | 174,050 |
| Reefer line | 93,400 | 94,004 |
| Dockage | 76,390 | 59,741 |
| Line handling fees | 20,800 | 22,100 |
| Other income | 2,950 | 20,778 |
| Total revenue | <u>6,876,680</u> | <u>7,706,774</u> |
| Expenses | | |
| Terminal handling costs | 902,459 | 1,378,553 |
| Salaries, employee benefits and training | 1,195,088 | 1,132,955 |
| Government lease | 630,184 | 709,296 |
| Government fees and taxes | 337,598 | 337,990 |
| Utilities | 237,005 | 276,163 |
| Repairs and maintenance | 356,801 | 196,386 |
| Insurance | 118,715 | 101,549 |
| Legal and other professional fees | 159,043 | 81,269 |
| Other operating expenses | 65,872 | 73,444 |
| Security | 67,347 | 73,245 |
| (Gain) / Loss on disposal of assets | (8,963) | - |
| Company meetings and events | 11,756 | 43,510 |
| Office supplies, postage and delivery | 34,185 | 37,955 |
| Bad debt recovery | 128,250 | - |
| Total expenses | <u>4,235,340</u> | <u>4,442,315</u> |
| Earnings before interest, depreciation and amortization | <u>2,641,340</u> | <u>3,264,459</u> |

APD LIMITED**Unaudited Interim Statement of Comprehensive Income (Continued)
For the three months ended September 30, 2015 and 2014
(Amounts expressed in Bahamian dollars)**

| | 2015 \$ | 2014 \$ |
|---|-------------------------|-------------------------|
| Depreciation and amortization | | |
| Depreciation | 808,535 | 811,397 |
| Amortization of preference shares issue cost | <u>7,776</u> | <u>38,453</u> |
| Total depreciation and amortization | <u>816,311</u> | <u>849,850</u> |
| Earnings before interest | <u>1,825,029</u> | <u>2,414,609</u> |
| Interest (finance costs) | | |
| Interest on preference shares | (495,000) | (495,000) |
| Interest expense | (54,969) | (60,332) |
| Interest income | <u>240</u> | <u>82</u> |
| Total finance costs, net | <u>(549,729)</u> | <u>555,250)</u> |
| Total earnings for the period attributable to the equity holders | <u>1,275,300</u> | <u>1,859,359</u> |
| Total comprehensive income for the period | <u>1,275,300</u> | <u>1,859,359</u> |
| Basic and diluted earnings per share | <u>0.26</u> | <u>0.37</u> |

APD LIMITED**Unaudited Interim Statement of Changes in Equity
For the three months ended September 30, 2015 and 2014
(Amounts expressed in Bahamian dollars)**

| | <u>Share capital \$</u> | <u>Share premium \$</u> | <u>Retained earning \$</u> | <u>Total \$</u> |
|--|---------------------------------|---------------------------------|------------------------------------|---------------------|
| Balances at July 1, 2014 | <u>49,969</u> | <u>49,192,308</u> | <u>2,424,745</u> | <u>51,667,022</u> |
| Total comprehensive income for the period | <u>-</u> | <u>-</u> | <u>1,859,359</u> | <u>1,859,359</u> |
| Balances at September 30, 2014 | <u>49,969</u> | <u>49,192,308</u> | <u>4,284,104</u> | <u>53,526,381</u> |
| Balance at July 1, 2015 | <u>49,969</u> | <u>49,192,308</u> | <u>6,079,737</u> | <u>55,322,014</u> |
| Total comprehensive income for the period | <u>-</u> | <u>-</u> | <u>1,275,296</u> | <u>1,275,296</u> |
| Balances at September 30, 2015 | <u>49,969</u> | <u>49,192,308</u> | <u>7,355,033</u> | <u>56,597,310</u> |

APD LIMITED**Unaudited Interim Statement of Cash Flows
For the three months ended September 30, 2015 and 2014
(Amounts expressed in Bahamian dollars)**

| | 2015 \$ | 2014 \$ |
|---|--------------------|------------------|
| Cash flows from operating activities | | |
| Total comprehensive income for the period | 1,275,296 | 1,859,359 |
| Adjustments for: | | |
| Depreciation | 808,535 | 811,397 |
| Amortization of preference shares issue cost | 7,776 | 38,452 |
| (Gain) / Loss on disposal of assets | (8,963) | |
| Provision for Bad Debts | 128,250 | |
| Interest income | (240) | (82) |
| Interest on preference shares | 54,969 | 60,332 |
| Interest expense | 495,000 | 495,000 |
| | <u>2,760,624</u> | <u>3,264,458</u> |
| Operating profit before changes in working capital | 2,760,624 | 3,264,458 |
| Increase in accounts receivable | (302,147) | (210,600) |
| Increase in VAT receivable | (199,717) | - |
| Decrease in deposits, prepayments and other assets | 144,293 | 47,185 |
| Decrease/ (increase) in spare parts inventory | 186,520 | (160,625) |
| Decrease in deferred borrowing cost | - | - |
| Decrease in accounts payable | (364,054) | (148,033) |
| (Decrease) / increase in due to related parties | (1,138,572) | 472,497 |
| Decrease in retention payable | - | (111,764) |
| Increase in accrued expenses and other liabilities | 699,819 | 784,539 |
| Increase in deposits held | - | 22,500 |
| | <u>1,786,766</u> | <u>3,960,157</u> |
| Cash provided by operating activities | 1,786,766 | 3,960,157 |
| Cash flows from investing activities | | |
| Construction of port facilities | (1,363,981) | (193,922) |
| Acquisition of property and equipment | (2,319) | (218,232) |
| Proceeds from sale of property and equipment | 13,500 | - |
| | <u>(1,352,800)</u> | <u>(412,154)</u> |
| Net cash used in investing activities | (1,352,800) | (412,154) |
| Cash flows from financing activities | | |
| Net proceeds from preference share offering | - | - |
| Bridge loan principal (repayment) | - | - |
| Principal payment on long term debt | (106,383) | (106,383) |
| Interest on preference shares | (495,000) | (495,000) |
| Interest income received | 240 | 82 |
| Interest expense paid | (54,969) | (60,332) |
| | <u>(656,113)</u> | <u>(661,633)</u> |
| Net cash used by financing activities | (656,113) | (661,633) |
| Increase in cash and cash equivalents | (222,145) | 2,886,370 |
| Cash and cash equivalents, beginning of year | 6,040,249 | 2,258,097 |
| Cash and cash equivalents, end of period | 5,818,104 | 5,144,467 |

APD Limited

Notes to the Condensed Unaudited Interim Financial Statements September 30, 2015

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 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 three months ended September 30, 2015 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, 2015, 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, 2015.

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, 2015.

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, 2015. There have been no changes in the Company's risk management policies since June 30, 2015.

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.