

APD LIMITED
Unaudited Interim Financial Statements

**As at December 31, 2017 and
the six months ended December 31, 2017**

APD LIMITED**(Incorporated under the laws of the Commonwealth of The Bahamas)****Unaudited Interim Statement of Financial Position****As of December 31, 2017 and June 30, 2017****(Amounts expressed in Bahamian dollars)**

	December 31, 2017	June 30, 2017
	\$	(Audited) \$
ASSETS		
Current assets		
Cash and cash equivalents	14,720,151	13,830,892
Accounts receivable	2,380,808	1,958,248
Tax receivable	178,897	553,204
Deposits, prepayments and other assets	631,420	733,485
Spare parts inventory	769,390	852,841
Deferred borrowing costs	22,989	-
Total current assets	<u>18,703,655</u>	<u>17,928,670</u>
Non-current assets		
Property, plant and equipment	85,580,463	86,736,933
Total assets	<u>104,284,118</u>	<u>104,665,603</u>
LIABILITIES AND EQUITY		
Current liabilities		
Due to related parties	3,573,342	2,997,653
Accounts payable	219,067	369,626
Accrued expenses and other liabilities	364,167	1,179,781
Current portion of long term debt	425,532	425,532
Current portion of preference shares	1,929,000	1,286,000
Total current liabilities	<u>6,511,108</u>	<u>6,258,592</u>
Non-current liabilities		
USD Long Term Debt	1,500,000	-
Deposits held	261,595	268,152
Long term debt	2,872,340	3,085,106
Redeemable preference shares	33,588,479	34,215,928
Total non-current liabilities	<u>38,222,414</u>	<u>37,569,186</u>
Total liabilities	<u>44,733,522</u>	<u>43,827,778</u>
Equity		
Share capital	49,969	49,969
Share premium	49,192,308	49,192,308
Retained earnings	10,308,319	11,595,548
Total equity	<u>59,550,596</u>	<u>60,837,825</u>
Total liabilities and equity	<u>104,284,118</u>	<u>104,665,603</u>

APD LIMITED**Unaudited Interim Statement of Comprehensive Income
For the six months ended December 31, 2017 and 2016
(Amounts expressed in Bahamian dollars)**

	2017	2016
	\$	\$
Revenue		
Landing fees	6,941,821	6,640,609
Terminal handling fees	2,251,205	2,138,700
Stevedoring fees	1,659,697	1,626,220
Storage fees	1,145,539	631,509
Security	1,382,318	1,200,312
Gate fees	1,177,135	1,106,191
Subleases	865,811	846,362
Reefer line	307,350	230,100
Hazmat fees	205,750	351,200
Dockage	136,316	135,269
Line handling fees	38,250	36,200
Other income	33,051	560
	<u>16,144,243</u>	<u>14,943,232</u>
Total revenue	16,144,243	14,943,232
Expenses		
Salaries, employee benefits and training	2,711,016	2,486,931
Terminal handling costs	2,135,361	1,735,788
Government lease	1,422,551	1,437,791
Repairs and maintenance	747,732	420,159
Government fees and taxes	726,418	675,051
Utilities	618,596	500,636
Security	198,947	180,524
Legal and other professional fees	192,040	230,516
Other operating expenses	87,323	165,488
Loss on sale of property and equipment	-	(4,192)
Insurance	133,086	157,692
Office supplies, postage and delivery	104,598	54,756
Company meetings and events	63,687	37,973
Bad debt (recovery)/expense	-	(700,168)
	<u>9,141,355</u>	<u>7,378,945</u>
Total expenses	9,141,355	7,378,945
Earnings before interest, depreciation and amortisation	<u>7,002,888</u>	<u>7,564,287</u>

APD LIMITED**Unaudited Interim Statement of Comprehensive Income (Continued)
For the six months ended December 31, 2017 and 2016
(Amounts expressed in Bahamian dollars)**

	2017	2016
	\$	\$
Depreciation and amortization		
Depreciation	1,563,690	1,648,873
Amortisation of preference share issue cost	<u>15,551</u>	<u>15,551</u>
Total depreciation and amortisation	<u>1,579,241</u>	<u>1,664,424</u>
Earnings before interest	<u>5,423,647</u>	<u>5,899,863</u>
Interest (finance costs)		
Interest on preference shares	(990,000)	(990,000)
Interest expense	(78,642)	(97,872)
Interest income	<u>4,280</u>	<u>2,072</u>
Total finance costs, net	<u>(1,064,362)</u>	<u>(1,085,800)</u>
Total earnings for the period attributable to the equity holders	<u>4,359,285</u>	<u>4,814,063</u>
Total comprehensive income for the period	<u>4,359,285</u>	<u>4,814,063</u>
Basic and diluted earnings per share	<u>0.87</u>	<u>0.96</u>

APD LIMITED**Unaudited Interim Statement of Changes in Equity
For the six months ended December 31, 2017 and 2016
(Amounts expressed in Bahamian dollars)**

	Share capital \$	Share premium \$	Retained earnings \$	Total \$
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)
Balance at December 31, 2016	<u>49,969</u>	<u>49,192,308</u>	<u>5,238,407</u>	<u>54,480,684</u>
Balance at July 1, 2017	49,969	49,192,308	11,595,548	60,837,825
Total comprehensive income for the period	-	-	4,359,285	4,359,285
Dividend paid for the period	-	-	(5,646,514)	(5,646,514)
Balance at December 31, 2017	<u>49,969</u>	<u>49,192,308</u>	<u>10,308,319</u>	<u>59,550,596</u>

APD LIMITED**Unaudited Interim Statement of Cash Flows
For the six months ended December 31, 2017 and 2016
(Amounts expressed in Bahamian dollars)**

	2017	2016
	\$	\$
Cash flows from operating activities		
Total comprehensive income for the period	4,359,285	4,814,063
Adjustments for:		
Depreciation	1,563,690	1,648,873
Amortisation of preference share issue cost	15,551	15,551
(Gain) / loss on disposal of assets	-	(4,193)
Bad debt expense	-	(700,168)
Interest income	(4,280)	(2,072)
Interest on preference shares	990,000	990,000
Loan interest expense	78,642	97,872
Operating profit before changes in working capital	<u>7,002,888</u>	<u>6,859,926</u>
Increase in accounts receivable	(422,560)	(1,363,835)
Increase in deferred borrowing cost	(22,989)	-
Decrease in deposits, prepayments and other assets	102,065	191,149
Decrease / (Increase) in spare parts inventory	83,451	(170,793)
Decrease/(Increase) in tax receivable	374,307	(213,740)
Decrease in accounts payable	(150,559)	(224,242)
Increase in due to related parties	575,689	566,771
Decrease in accrued expenses and other liabilities	(815,614)	(680,868)
(Decrease) / Increase in deposits held	(6,557)	2,039
Decrease in retention payable	-	(2,030)
Net cash provided by operating activities	<u>6,720,121</u>	<u>4,964,377</u>
Cash flows from investing activities		
Construction of port facilities	(407,220)	(413,336)
Acquisition of property, plant and equipment	-	(34,550)
Proceeds from sale of property, plant and equipment	-	4,600
Net cash used in investing activities	<u>(407,220)</u>	<u>(443,286)</u>
Cash flows from financing activities		
Principal payment long term debt	(212,766)	(212,766)
USD Bank Loan Proceeds	1,500,000	-
Dividends paid on ordinary shareholders	(5,646,514)	(4,996,915)
Interest on preference shares	(990,000)	(990,000)
Interest income received	4,280	2,072
Interest expense paid	(78,642)	(97,872)
Net cash used in financing activities	<u>(5,423,642)</u>	<u>(6,295,481)</u>
Increase in cash and cash equivalents	<u>889,259</u>	<u>(1,774,390)</u>

Cash and cash equivalents, beginning of the period

13,830,892

5,689,676

Cash and cash equivalents, end of the period

14,720,151

3,915,286

APD LIMITED

Condensed Notes to the Unaudited Interim Financial Statements December 31, 2017

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.

These condensed interim financial statements have not been audited.

2. Basis of preparation

These unaudited interim financial statements for the six months ended December 31, 2017 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, 2017, 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, 2017.

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, 2017.

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, 2017. There have been no changes in the Company's risk management policies since June 30, 2017.

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.