ARAWAK
PORT DEVELOPMENT

annual report

YEAR ENDING JUNE 30, 2015

vision

Operational excellence to maximize value through people development and technology.

mission

Consistently delivering operational excellence.

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PORT DEVELOPMENT

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contents

port advantages

- » General cargo, container, bulk and break bulk operations
- » Meets ISPS code requirements and supported by 24/7 security presence
- » Dedicated deconsolidation and LCL facilities
- » Onsite Customs Department to provide entry processing and freight inspection
- » Three container vessel berths, with 28-foot draft
- » Terminal Operating System that tracks containers
- » Greater Bahamas Customs control facilitates faster cargo delivery
- » Backup power and emergency fuel storage in the event of natural disaster.

ARAWAK PORT DEVELOPMENT

arawak port development limited (APD Limited)

APD Limited is the owner and operator of the Nassau Container Port and Gladstone Freight Terminal, with the mission to facilitate Port growth and build a bridge to a new and more prosperous future for Bahamians. Formed in 2009, the company is responsible for the design, development, construction, management, operation and maintenance of the 56.6-acre Nassau Container Port and 15-acre Gladstone Freight Terminal. Nassau Container Port (NCP) celebrated its formal opening on May 10, 2012 and Gladstone Freight Terminal (GFT) was officially launched on August 15, 2012.

APD Limited was planned and established to:

- Support the redevelopment of Downtown Nassau, the capital of The Bahamas
- Fuel growth of the essential and lucrative commercial shipping in The Bahamas
- Bring exciting new employment and skill-building opportunities to Bahamians
- Stimulate business growth in New Providence

By the terms of a Memorandum of Understanding with the Government of The Bahamas, APD Limited holds a 20-year exclusive control over international imports and exports to and from New Providence via sea.

Ownership of the Port and inland terminal is a partnership between Arawak Cay Port Development Holdings Limited (40 percent equity stake) and the Government of The Bahamas (40 percent equity stake). Each stakeholder has invested in the Port operating company, APD Limited. In January 2012, a historic IPO allowed the Bahamian public to acquire 20 percent of the total equity of APD Limited.

In its role as owner/operator of NCP and GFT, APD Limited has an inherent responsibility to efficiently, securely and safely serve the market while providing opportunities to all shareholders.

Nassau Container Port (NCP)

Nassau Container Port is a strategically located port facility for container and general cargo shipping in the Caribbean, and beyond to North America and the world. The port facility is located on Arawak Cay, just two miles west of Downtown Nassau at the mouth of Nassau Harbour.

The Port provides facilities for both domestic and international bulk, break bulk, container and project cargo clients. Importers can use several ocean carriers simultaneously and conduct all business at Arawak Cay.

In compliance with the standards of the International Ship and Port Facility Security (ISPS) code, the port features around-the-clock security guards, perimeter fencing, and surveillance cameras to ensure the highest level of security.

Hours of Operation

Monday through Friday 8 a.m. to 4 p.m. - public holidays excluded. The Port will accommodate requests to serve carriers and importers outside of the regular operating hours; additional fees and rules will apply.

Major Ocean Carriers, Terminal Operators, and Stevedores operating from NCP at Arawak Cay

- Abaco Shipping Two (Duke of Topsail)
- Arawak Stevedoring Limited (ASL)
- Bahamas Bulk Materials
- Bahamas Concrete Holdings
- Betty K Agencies Ltd
- MailBoat Company Ltd
- MSC (Mediterranean Shipping Company)
- Tropical Shipping

Gladstone Freight Terminal (GFT)

The 15-acre GFT is NCP's inland terminal, situated in the centre of New Providence. The facility offers 90,000 square feet of cargo warehousing and deconsolidation space.

With comprehensive Customs services available at GFT, importers have access to entry processing and can pay their ocean freight, customs duties and collect their goods in a single trip, saving valuable time.

GFT is extensively monitored by surveillance cameras and supported by the Royal Bahamas Police Force and has a backup power supply and fuel storage capabilities. In the event of a natural disaster, both Nassau Container Port and Gladstone Freight Terminal have the means to become operational should key elements of the island's utility supply temporarily become unavailable and require additional time to come on-line.

board of directors

Jack Sands

Appointed by ACPDHL and confirmed by the Prime Minister

A respected name in the shipping, building supply and mortgage businesses for over 50 years, Jack W.E. Sands began his distinguished career at Kelly's Lumber Yard Limited in 1959. Mr. Sands currently serves as President and Director of Betty K Agencies Limited, positions that he has held for 35 years. He has served as President and Director of Betty K Agencies (USA), LLC since its inception, 12 years ago.

In addition, Mr. Sands serves as Vice President, Secretary, and Managing Director of Kelly's Lumber Yard Limited; Secretary and Director of Kelly's Lumber Yard 2005 Limited; President of Import Export Brokers Limited; President and Director of Dorick Navigation SA; Secretary and Director of Rovert Properties Limited, and Director of APD Limited. Mr. Sands formerly served as Director on the boards of Bahamas First Holdings Limited, Nassau Underwriters Agency Limited, and Bahamas Telecommunications Corporation. He graduated from Queen's College, Nassau, Bahamas in 1959. Mr Sands became chairman of the Board of APD Limited in 2014.

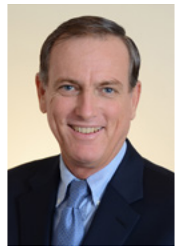
Michael Turner

Deputy Chairman, appointed by Government

Michael Turner is the managing partner of the law firm of McKinney, Turner & Company. His varied practice includes corporate and commercial law with concentration in banking, trust, insurance, conveyancing, personal injury and other financial transactions.

He is a director and/or officer of many companies in the Commonwealth of The Bahamas including the following: Security & General Insurance Company Limited –President and Director; Nassau Insurance Brokers and Agents Limited – President and Director; Atlantic Medical Insurance Limited – Director and Assistant Secretary; Cunningham Lindsey (Bahamas) Limited – Director; FedEx Bahamas Limited – Director; Helvetic Management Services Ltd. – Director and Swiss Atlantic S.A. – Director.

Mr. Turner holds an LL.B. degree and is a Barrister-at-Law. He is a Fellow of the Institute of Chartered Secretaries and Administrators of London and possesses a Master's degree in Business Administration.



Christopher Lightbourn

Secretary, appointed by ACPDHL

Christopher Lightbourn has been involved in construction, development, and shipping in The Bahamas for more than 25 years. Mr. Lightbourn was appointed a member of the public/private SW Port Task Force in 2006, which ultimately resulted in the relocation of container port activities from Downtown Nassau to Arawak Cay, a mile or so to the west. Mr. Lightbourn has a Bachelor of Science degree in Commerce from the University of Virginia, U.S.A. and is a licensed C.P.A. He has served as a Director of APD Limited since inception. He also serves as a Director for several local companies.

Franklyn A Butler II

Appointed by ACPDHL

Franklyn Butler II serves as an independent director. He is President and Managing Director of Milo B Butler & Sons Co. Ltd., Mr Butler had managed the company's Sales and Operations units for ten years previously. He serves as a director of several companies, including Tuscan Shores Developments Company and AML Foods Limited. He is also Vice-Chairman of Cable Bahamas and Chairman, Milo B Butler & Sons Limited.

Mr. Butler is a graduate of St. Anne's High School, Fox Hill, New Providence. He furthered his education in England at Trent College in Nottingham, England, where he studied for and received his 'A' levels. He went on to the University of Warwick in Coventry, England, graduating with a Bachelor of Science degree in Accounting and Finance.

Frank Forbes
Appointed by Government

A native of New Providence, Bahamas, Frank Forbes was born in 1966. He was recognized for academic excellence early on and won a scholarship to attend St. Augustine's College for secondary studies. Later, he earned a degree in Business Administration & Finance from the University of Western Ontario School of Business.

Mr Forbes is a licensed chartered public accountant. He was employed at PriceWaterhouseCoopers as Senior Accountant for several years, then moved on to British American Holdings, where he held the position of Vice President of Finance. In 1996, armed with the wealth of knowledge and experience acquired in those posts, Mr Forbes launched Sigma Management Bahamas, his own accounting firm, a venture that has proved successful.

R. Craig Symonette
Appointed by ACPDHL

Mr Symonette attended St. Andrew's School in Nassau before completing his education in Canada. Back home, he began working in the family business and soon branched off into ventures of his own. He launched Bahamas Ferries, a passenger and cargo transportation company, which provides invaluable services between the capital and several Family Islands, catering for residents and tourists. In the latter regard, he is also contributing through resort development.

Mr Symonette is a director on several boards, including Commonwealth Bank, RBC Trust Bahamas Ltd., AML Foods and Bahamas Hot Mix. He is a member of the Honorary Consular Corps, representing Norway and is an active member of the business community generally. He has been a member of the APD Board of Directors since fiscal year 2013/2014.

Creswell Sturrup
Appointed by Government

Creswell Sturrup is a public service professional, who has occupied positions of considerable responsibility. At the rank of Permanent Secretary since 1990, he has been deployed in several government ministries and departments. Currently, he holds the post of Permanent Secretary in the Office of the Prime Minister.

Mr Sturrup received his secondary education at St. Augustine's College, Nassau, Bahamas. He was graduated from St. John's University, Minnesota with a BA in Government. He also earned a Post Graduate Diploma in Public Administration from the University of the West Indies (Mona) and an LLB (Hons.) degree from the University of London, United Kingdom.

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Registrar & Transfer Agents
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chairman's report

Jack Sands

When metal is to be used in high stress environments, it is tested for tensile strength. The idea is to ensure that it is not brittle, but exhibits superior strength and toughness without losing its ability to be shaped when a situation calls for variation. Certain types of steel are such metals.

Companies behave in much the same way. In stressful economic climates, the good ones show tensile strength and stand firm during testing. APD Limited has proven to be such a company since its establishment in 2009. In the past six years, APD, the Nassau Container Port and Gladstone Freight Terminal have been tested in the everyday, ordinary ways of most companies, but also in the unpredictable ways that can shake an organization less solidly built.

In this past year that is now under review, the economy of The Bahamas has been severely challenged by a very slow recovery from the Great Recession, further aggravated by such unexpected challenges as the Baha Mar crisis. As Chairman of APD, it gives me great pleasure to say that APD Limited is holding firm because it stands on the solid foundation of tested human steel.

APD strength is founded on people, a group of talented, extensively trained people with years of quality experience in their individual fields of expertise and in the shipping industry. These are people who demonstrate true Bahamian pride in abundance—loyalty to colleagues and company, eagerness to keep learning to push the envelope of excellence. They are also determined to perform each task with the greatest rigor for the benefit of the customers we serve and for the greater good of our country. It is my pleasure to thank each member of staff, because each has made an invaluable contribution to the company's standing.

I am obliged to make special mention of the concrete that binds these strong building blocks together into a unified and enduring structure—a gifted management team led by APD President & CEO Mike Maura, to whom I give highest commendation. Vice President & CFO Dion Bethell and his team must be singled out and thanked for the strong and prudent financial management that forms an essential part of the rudder that keeps the APD ship steering true. By the same token, I must commend In-House Counsel & Senior Manager-Safety and Human Resources Yvette Rahming who is entrusted with keeping the people element in harmony with the high goals of APD.

My colleagues and I of the Board of Directors are proud of the well-oiled mechanism that the Nassau Container Port has proven to be and its continued productivity. Here, we see the value of the strong partnerships that work together to make the Port a success. There are countless cogs in the machinery that keep it going with ever increasing precision, but time and space will permit the mention of just a few.

The Board of Directors congratulates Senior Manager-Operations & Facilities Richard McCombe, Planning Manager Crispin Seymour and the entire Planning team on the successful implementation of XPS module of the NAVIS terminal operation program, which is the gold standard of shipping industry terminals worldwide. We offer a special thank you to Tropical Shipping and Arawak Stevedoring for their support. Their committed participation has contributed much to the success and the continued excellent functioning of XPS. We are most grateful to the port licensees for embracing the new technology and the truckers for their continuing cooperation in APD's dedication to maintaining port efficiency and safety at the highest levels of excellence.

The Board cannot fail to recognize that the Department of Customs has been a faithful partner to the Port from the beginning. For its part, Customs has been working continuously to upgrade its services and we are grateful.

On behalf of the Board I offer profound thanks to all APD partners for trusting and working with APD and its management team.

Of the excellent innovations made to facilities and operations over the 2014/2015 fiscal year, we are especially proud of the new NCP Maritime Centre for the degree to which it has enhanced every aspect of the Port's forward movement by providing a one-stop shop, offering convenience, comfort and time-saving to our customers. It is a facility of which we can all be proud.

In previewing the new fiscal year, it would be remiss of me not to point out that there will be challenges. The economy continues to be tough. It is common for challenges of all degrees to emerge from the expected ebb and flow of businesses everywhere. There are also those, however, that arise from the unexpected decisions and actions that lie beyond our purview. Among the gravest are those things that have a harmful impact nationally. An increasingly indisputable fact is that there exists a direct link between crime and the use of ill-equipped ports to land or export duty-not-paid cargo. Unfortunately, the weak controls at ports in our Family Island and at Potters Cay, a major domestic port, support the criminal element.

Nevertheless, our shareholders, port partners and the general public may be assured that we stand ready and equipped to effect answering strategies where we can and we continue to lobby the decision-makers in those instances where the necessary actions lie within the authority of others.

We believe equally that the new fiscal year will bring new opportunities. Seizing them is best accomplished through dedicated partnerships, such as those for which we expressed gratitude. However, we need the support of the general public. It would be enough if we could increase awareness among Bahamians that ports, functioning with the highest degree of legitimacy and transparency, are a vital component to the economic progress and quality of national security and development.

In this regard, I must emphasize that NCP is a national strategic asset which works 24/7 in support of legitimate trade. APD is a national ally, ever available to assist in the country's port development efforts.

Finally, I thank my fellow Directors for their untiring devotion to the great mission on which we are engaged and I express full confidence in the leadership team of APD in their ability to run an operation of the highest efficiency and probity for the benefit of all Bahamians and our beautiful Bahamas. ■

executive team

Mike Maura, Jr.
President & Chief Executive Officer

Chief Executive Officer of APD Limited, Michael Maura, Jr brings to this challenging post over seventeen years of industry experience. In that regard, he was a key driver in the port relocation initiative. He was initially Co-chair of the Southwest Port Task Force, which in 2006 was commissioned to explore the feasibility of locating container port operations from Downtown Nassau to Clifton in Southwest New Providence. Mr Maura is credited with drafting the Arawak Port conceptual plan. He served previously as a founding director of Arawak Cay Port Development Holdings Limited and APD Limited, a post he relinquished upon assuming his current role as leader of the APD Team.

Additionally, he has held key management positions within Tropical Shipping and the retail and wholesale grocery sector. He has also served as a director of the Bahamas Chamber of Commerce, and as a member of the Bahamas Trade Commission and the Caribbean Chamber of Commerce.

Mr. Maura has a Bachelor of Arts degree in Economics with a minor in Business Administration from Rollins College in Winter Park, Florida, U.S.A.

Dion Bethell
Vice President/Chief Financial Officer

APD's Chief Financial Officer, Dion Bethell had previously accumulated over nine years' experience in international shipping, having served as CFO at Container Terminals Ltd; a subsidiary of Tropical Shipping Ltd. Prior to this, Mr. Bethell spent over 16 years working in the financial services industry where he rose to the position of Director, Vice President and CFO at W&P Fund Services Ltd. /The St. James Bank & Trust Company Ltd. Mr. Bethell is also Chairman of the Bahamasair Employees Provident Fund. He has a Bachelor of Business Administration degree in Accounting from Tiffin University in Ohio, U.S.A. and is a licensed Chartered Accountant with the Bahamas Institute of Chartered Accountants.

Richard McCombe
Senior Manager,
Operations & Facilities

Before his promotion to his current post, Mr. McCombe served as the Stevedore & Heavy Equipment Manager. His career experiences in shipping include a period with Tropical Shipping, where he was Operations Manager. Mr McCombe's business acumen has helped to build a solid foundation in trade and commerce. In 1987, he became the Managing Director for Jacharic Holdings, which operated Blue Lagoon Island, Sting Ray City, Divers Haven, Holland America's Half Moon Cay, and Splash. In 2002, Mr. McCombe left Jacharic to start his own businesses — Gussie Mae Ltd., Esso's On The Run, and GEP Destination Management Company. His strong entrepreneurial and managerial background helped to prepare Mr. McCombe for his varied responsibilities at the new Nassau Container Port and GFT, the Inland Freight Terminal. While McCombe's impact on the local business community has been significant, some of his greatest accomplishments are associated with his term as District Governor of Rotary International's District 7020 which encompassed 14 countries and territories.

Yvette Rahming
Senior Manager
In-House Legal Counsel
& Human Resources and Safety

Yvette C. Rahming, LLM, LL.B, CLE — In-House Legal Counsel/Sr Manager, Human Resources and Health & Safety.

Yvette C. Rahming received her early education at St. John's College and St. Anne's Anglican High School. Before embarking upon studies in law, Mrs. Rahming worked at a leading Bahamian law firm where she gained years of experience in property, corporate and commercial law. In 2008, she then obtained an LL.B with honours from the University of London, and her Certificate of Legal Education from the Eugene Dupuch Law School. Admitted to The Bahamas Bar in 2010, Mrs. Rahming practiced in the commercial and corporate department at the law firm of C. F. Butler and Associates. She was previously the principal of The Mobile Office, a headhunting and business consultant firm. A native of New Providence Island, Mrs. Rahming received her LLM degree (Merit) and postgraduate diploma from the University of London in 2015. She is a member of the Association of Corporate Counsel and Society of Human Resources Managers.

management team

Collin Cleare
Port Facility Security Officer

Mr. Cleare is the Port Facility Security Officer, with years of experience in law enforcement with the Royal Bahamas Police Force. Mr. Cleare received training in the following areas: container port security training, electronic surveillance management, emergency response security services against terrorism and hazardous wastes events and advanced maritime operations training with the elite U.S. Navy Seals.

Anthony Cooke
Financial Accounting Manager - Operations

Mr. Cooke is the Financial Accounting Manager - Operations at APD with over 18 years of experience in the financial services sector, serving as Accounts Manager at Cooke-McIver & Co and Operations Manager and Money Laundering Reporting Officer at The St. James Bank & Trust Company. Mr. Cooke holds a Bachelor of Science Degree in Accounting and Finance from Florida State University in Tallahassee, Florida and also ICA International Diplomas in Anti-Money Laundering and in Compliance.

Brando Glinton
Gate, Interchange & Berthing Manager

Mr. Glinton is the Gate & Interchange Manager at APD; previously working for over 24 years in various roles within the Bahamas Customs Department, his last post there being Customs/Revenue Officer. Mr. Glinton holds an LLB degree from the University of Huddersfield, England and has an Associate of Arts degree in Management & Marketing from the Bahamas Baptist Community College in Nassau.

Felix Rolle
Facilities Maintenance Manager

Mr. Rolle the Port's Facilities Maintenance Manager has an extensive background as a contractor, having operated his own construction firm. Mr. Rolle holds the designation of Certified International Project Manager from the American Academy of Project Management, an electronics degree from the College of the Bahamas in Nassau; and systems certifications. He has worked closely with air traffic controllers in the civil aviation industry.

Crispin Seymour
Operations Manager

Mr. Seymour was promoted to Operations Manager having formerly served as Planning Manager and has over 15 years' experience in international shipping, previously working at the Freeport Container Port and Tropical Shipping. Mr. Seymour has attained numerous industry certifications from various courses pursued at institutions throughout the United Kingdom and the United States. He is also a Reserve Police Constable attached to the Marine Support Unit of the Royal Bahamas Police Force Reserves.

Cloran Watchorn
Financial Controller

Mrs. Watchorn is the Company's Financial Controller, just recently promoted from Financial Reporting Manager. She previously held the position of Assistant Financial Controller at Kerzner International (Bahamas) Limited for 3 years, prior to which she worked for over 13 years in the financial services sector. Mrs. Watchorn has a Bachelor of Science degree in Accounting from Nova Southeastern University in Fort Lauderdale.

Rita Ramsay
Human Resources Administrator

Mrs. Ramsay is the Human Resources Administrator at APD with more than 12 years' experience in the field. Mrs. Ramsay previously served as an Executive Director of SkyBahamas Airlines. She holds a Master's degree in Business Administration and a Bachelor of Science degree in Management from Nova Southeastern University, Fort Lauderdale, Florida, she is a certified Project Manager and a member of The Bahamas Human Resources Association.

"NCP is a safe and reliable Port and is the leader in the Caribbean region in which Tropical Shipping services."

Tim Martin, Assistant VP, Tropical Shipping

ceo's review

> "I am pleased to present a review of the 2015 fiscal year, which included an array of successes and a few challenges. Our strong bond as a corporate family, coupled with a passion for excellence, continues to yield positive financial and operational results, which are described in the following report."

Profitability

APD achieved a total comprehensive income of $6,753,078 for the period ended June 30, 2015, $3,137,240 over prior year. The increase in income was primarily attributable to a significant increase in container storage revenue resulting from the Baha Mar project, the relocation of the bulk auto carriers from Prince George Wharf to the Nassau Container Port in December 2014, and an increase in the landing fee of $28 per TEU, which took effect on June 8, 2014. Dividends paid during the period amounted to $3,098,087 with each of the 4,996,915 issued shares receiving a dividend of $0.62, with the Government receiving $1,239,234 as its dividend.

Port Cargo Volumes

Prior to December 2014 bulk auto carriers called at Prince George Wharf, sharing the berth with the cruise lines. Recognizing the safety and operational challenges resulting from this practice, the Ministry of Finance worked with APD to relocate the bulk auto carrier operations to the Nassau Container Port. In December 2014, we welcomed the first bulk auto shipment comprising 156 vehicles. By year end, we had received 5,485 vehicles, which represented new business to the company. Overall container import TEU volumes were 68,380 for the period, 1,345 or 2% over prior period. While year-on- year total container volumes showed moderate growth, the Baha Mar development project comprised 6,300 TEUS during this period or just over 9% of the total volumes. Bulk aggregate volumes for the period were 369,121 tons, 108,358 or 23% under prior period and break bulk cargo volumes were 9,761 tons, 3,976 tons or 29% under as well. The significant decline in bulk aggregate volumes is indicative of the present slowdown in the construction sector. Bulk aggregate volumes are a good indicator of future container volumes as aggregates precede the import of other containerized construction materials such as drywall, steel studs, lumber, fixtures, furniture and landscaping. A significant spike in aggregate imports in one year often leads to both a future increase in construction-related container volumes, and a subsequent decline in bulk aggregate imports. The decline in break bulk volume was primarily attributable to this cargo type shifting to container transport. Further analysis can be found in the MD&A.

Safely Driving Productivity

In May of this year the Nassau Container Port celebrated its 3rd anniversary. From inception, APD has embraced the customer's expectation that the port company must both deliver and influence productivity, while establishing equitable controls, which support various Government objectives such as tax collection, trade promotion and national security. Today, the pursuit of improved productivity is evident in the truck-turn time, vessel-turn time, cargo handling, and the logistics and time associated with the customer/ broker transaction. APD's productivity advancement is the result of investments in I.T., contemporary port equipment, new facilities, a committed team, and the development of customized standard operating procedures "SOPs". While the benefits derived from maritime I.T. and port equipment may be obvious, the time invested in the development of SOPs has yielded equally significant benefits. SOPs serve as links in the operations chain, providing clear rules and guidelines for both the successful completion of a task and the safe transfer of task responsibility between functional operating areas. Furthermore, each SOP considers how the task should be performed in order to safely complete the procedure and avoid injury and operational delays. APD's mission is "operational excellence to maximize value through people development and technology".

In keeping with our mission the management successfully completed the following initiatives.

Training, Safety and Employee Benefits

APD has made a commitment to its company family to ensure that each member receive the appropriate training to safely and efficiently perform their job and also to receive skills that are valuable to them on a personal level. Over the past year we provided an average of 38 hours of training per employee, offering training in a number of areas to include:

- International Ship & Port Facility Security Code "ISPS"
- Basic First Aid, CPR and AED
- Safe Forklift Operations
- Workplace Safety
- Communicating effectively in emergencies
- Financial Wellness

Tied to our commitment to maximizing value, we introduced key performance indicators "KPI", which serve to encourage compliance with safety policies, financial management, and operational excellence. The KPI program rewards our employees for meeting predetermined objectives. In addition the company introduced a pension program which is presently 60% subscribed and provides retirement security to the participants. We will continue to work with our employees and encourage their participation in this essential program. In August of 2014, in our ongoing effort to provide a safe operating environment at the NCP, the NCP Safety Video was produced and now serves as a training and compliance tool which is introduced to visitors to the Nassau Container Port Maritime Centre and to port users. The NCP Safety Video can be viewed on our website www.nassaucontainerport.com. Additionally during the week of October 17, 2014 we held a Health & Safety Fair, which provided both our port community and the general public the opportunity to learn what can be done to live a healthier and safer life. This event was a huge success and efforts are underway to have another Health & Safety fair this fiscal year. I must express my sincere appreciation to Mrs. Yvette Rahming and Mrs. Rita Ramsey for their leadership in these efforts and also the NCP Safety Committee for its commitment to the safety and welfare of our NCP community.

Terminal and Vessel Planning

In February of 2015, following several months of systems configuration and training, APD launched the N4 NAVIS terminal operating system upgrade and also a new yard management module, XPS. The addition of the XPS yard management system has provided both the terminal operator and truck operator greater productivity and has enhanced the importer's supply chain. Upon entering the port gates, the trucker presents the shipping papers for the container he has come to collect. While the trucker is still at the port gate, the XPS system searches the container yard and identifies the location of the container. The related terminal address is printed and provided to the trucker who departs the port gate in route to the designated address. While the trucker is proceeding to the container's location, the container handling equipment "CHE" receives an electronic communication advising that the trucker is in route. The CHE operator begins the process of digging the container out of the stack well before the arrival of the trucker. Providing the trucker with the exact location of the container, while simultaneously sending electronic work instructions to the CHE, has reduced the time the trucker spends in the port by 50%, resulting in an average turn time of less than 25 minutes. A further benefit of the XPS system is that the trucker has a very specific path to follow, which avoids the possibility of the driver's becoming distracted while searching for his container. The investment in XPS has resulted in a safer terminal for all. While many have worked hard to make the NAVIS N4 and XPS system upgrade a success, special mention needs to go to Brian Majesty, project manager; Richard McCombe, Senior Manager of Operations; Crispin Seymour, Operations Manager and Justina Miller, Planning Supervisor. The truck interface begins and ends at the Port's interchange gate and Mr. Brando Glinton leads a team of professional men and women tasked with assisting our trucking partners. The recent enhancements made to NAVIS and the introduction of XPS asked much of our gate team. A special thank you is owed to Brando and his leadership team of Shanique Collie, Jamington Johnson and the gate team.

Security and Facilities

In order for the Nassau Container Port to operate as an international port facility, it must comply with very strict security protocols, as described in the International Ship & Port Facility Security Code. On May 7, 2015, the US Coast Guard in the company of Lieutenant Commander Munroe, Bahamas ISPS coordinator, toured the Nassau Container Port. The US Coast representatives expressed that they found the Nassau Container Port to be in good order and thanked the port's PFSO Collin Cleare for his commitment to the ISPS code. Shortly following the visit by the Coast Guard and the ISPS coordinator, the Nassau Container Port was audited for ISPS compliance. I am proud to say that the Nassau Container Port was found to be 100% compliant, which speaks to the professionalism of our port security team. Our security efforts are not limited to the NCP. The Gladstone Freight Terminal encompasses 100,000 square feet of office and warehouse facilities and is the home to seven tenants. The APD security department monitors this facility on a 24/7 basis in an effort to safeguard both persons and assets. I wish to acknowledge the great work and strong leadership of Mr. Collin Cleare. His passion for policing and security are a big part of the success that NCP has had to date.

The Nassau Container Port and Gladstone Freight Terminal represent over 150,000 square feet under roof and over 71 acres of property. Keeping APD's facility assets maintained and functional is no easy task. Any given day may require repairs to asphalt, fencing, bathrooms, the painting of interior and exterior walls, landscaping and much more. Consider that the NCP processes over 2,000 trucks per week or more than 100,000 per year, making it a very busy facility. This volume of traffic along with the operations that are required to service these trucks causes considerable wear and tear on the facility. Mr. Felix Rolle and his team are to be congratulated for their great work and commitment to APD facilities.

Fiscal Management

APD is very fortunate to have a great financial management team. Led by our Vice President and CFO, Mr. Dion Bethell, the Accounts Department continues to exercise sound judgment in the management of the company's finances. Dion leads by example; he will only settle for excellence and expects the same from his team. Building and maintaining a strong team remains a core value of Accounts Department and in keeping with this philosophy, Mrs. Cloran Watchorn was recently promoted from financial reporting manager to Controller. Supporting Cloran is Mr. Anthony Cooke, Revenue Manager. An expert in his field, Anthony is a large part of the success the Department has realized. This past year the Accounts Department faced new challenges with the introduction of VAT. Well before the effective date of January 1, Dion and his team worked tirelessly to prepare the company and the port customers for the new tax system. This year's PWC audit did not note any material matters, which underscores the excellent work performed by this team. I wish to express my sincere gratitude to our VP & CFO Dion Bethell for his strong leadership and his support team, Cloran Watchorn and Anthony Cooke.

Outlook

The greatest revenue-related challenge facing APD during the year ahead relates to the remobilization of the Baha Mar project, the subsequent timing of the opening of the hotel property and indirectly to what extent local Baha Mar creditors will be paid. Prior to the suspension of all construction activities at Baha Mar, APD had anticipated approximately a 5% drop in import container TEUS as the resort property transitioned from construction to hotel operations. While we are confident that construction will resume and the resort property will be completed, great uncertainty surrounds the timing of this effort. The current standstill and associated impact on the local economy necessitated that APD budget a 9% decline in import TEU volumes for the 2015/2016 fiscal period. This dramatic decline in business required that APD take an aggressive step to reduce costs and, on September 5, in an effort to align operations with market demand, APD suspended the Saturday operations.

A bright spot on the horizon, however, relates to the import of automobiles via the bulk auto carriers. As previously noted, NCP received 5,485 vehicles between December 2014 and June 2015. During the first three months of the new fiscal year, the NCP has already handled 2,994 vehicles, which will help to offset the decline in container volumes. The Albany development on the SW end of New Providence, The Pointe project at the Hilton site, the Ocean Club and Atlantis renovations will also serve to mitigate the impact of the container volume decline in connection with the Baha Mar project.

On December 19, 2014, U.S. President Obama announced that the U.S. would be working to restore relations with the Cuban Government. There has been much speculation surrounding the impact that this may have on The Bahamas and other Caribbean countries. In February of this year, APD met with various Cuban Government agencies in Havana and also toured the new commercial cargo port of Mariel. Our visit was most informative and we came away impressed by Cuba's greatest resource, its people. It is our opinion that, while Cuba will undoubtedly have an impact on The Bahamas, its influence on our tourism sector and economy will not be as dramatic or sudden as some may think. Cuba is a rough diamond which will require polishing for some time. We also left with a view that Cuba may one day become a regular trading partner with The Bahamas, but this will only materialize after Cuba determines it can afford to export valuable commodities like cement, which is presently in high demand within Cuba.

This year will continue to present national security-related challenges to APD. As the only officially sanctioned port of entry in New Providence for cargo, the Port is subject to various criminal threats, from the smuggling activities involving various forms of contraband, including illicit movements of money, narcotics and ammunitions. We will continue to work closely with both domestic and international government agencies in an effort to assist them in this critical area. In January of 2016, we expect to complete the construction of the NCP K9 facility, which will add a significant detection capability to the port facility. APD has partnered with the Ministry of National Security and, by extension, the RBPF whereby APD is providing the facility and the dogs free of charge and the RBPF will provide the K9 handlers. We believe that this partnership will yield many benefits to the fight against the criminal epidemic that is presently plaguing our country. Another area which continues to pose a threat to both APD and society as a whole is the continued circumvention of the Nassau Container Port by persons who smuggle cargo through Family Island ports and across Potters Cay. This practice serves to avoid the appropriate import taxes and/or pass contraband such as guns and ammunition through a port facility, which does not have the necessary controls to appropriately address this threat. From an import tax perspective both the Public Treasury and APD lose revenue when goods ultimately destined for Nassau are cleared in a Family Island such as Bimini. Customs entries are submitted that describe an ocean freight rate reflecting a 60-mile transit and not the actual 190-mile voyage from point of origin to Nassau as destination.

Our operational focus this year will be to build upon the excellent progress that has been made in the area of safety, productivity and asset utilization. Working closely with our port community partners, we will invest in safety training, the continued development of SOPs, which serve to refine our operational processes and drive cost down while optimizing the supply chain, and the regular alignment of asset utilization and market demand.

As a prominent corporate citizen, APD Limited will continue to work closely with national security agencies in the fight against crime and will support the efforts of the National Emergency Management Agency and the Bahamas Met Office in their efforts. Where possible we will also continue our support of the One Bahamas Foundation, Bahamas Breast Cancer Initiative Foundation, Bahamas National Trust and the Bahamas Air Sea Rescue Association.

Ports are among the vital arteries of a country that supply a significant volume of the lifeblood of the people and fuel commerce and civic engagement. Furthermore, such facilities are essential to overall development. The Directors, Executive, Management and Staff of APD and its subsidiaries Nassau Container Port and Gladstone Freight Terminal are supremely conscious of the confidence that has been placed in us to build, manage and enhance the port in order to expand its benefits to Bahamians and facilitate investment. We are privileged to be entrusted with this single aspect of nation building and commit to bringing to the task excellence in every sphere of our operation and engagement with our partners and customers. ■

management discussion & analysis

This management discussion and analysis (MD&A) should be read in conjunction with the audited financial statements of APD Limited for the year ended June 30, 2015 and related notes. The financial statements have been prepared in accordance with International Financial Reporting Standards and are expressed in Bahamian dollars. This MD&A is dated September 24, 2015.

OVERVIEW

APD Limited (the Company or APD) 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 interest entity, which was listed on the Bahamas International Securities Exchange effective on April 11, 2012. The Company's registered office is located at Ocean Centre, Montagu Foreshore, East Bay Street, New Providence, The Bahamas.

The Company owns, operates and maintains the commercial port at Arawak Cay known as "Nassau Container Port" (the Port or NCP), an inland terminal on Gladstone Road, known as "Gladstone Freight Terminal" (the Depot or GFT) and administrative offices on Arawak Cay known as "NCP Maritime Centre". The Port and Depot facilities are located, 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 Surveys, acting on behalf of the Government, leased to APD the Port Land and the Depot Land. In the same capacity, the Minister also licensed 27.88 acres of seabed for use by the Company for 45 years.

NCP was officially opened on May 10, 2012 and GFT was launched on August 15 of the same year. The Company began construction of the Port project in August 2010. The financial year ended June 30, 2015 represents the third full year of operations. The NCP Maritime Centre was opened on March 5, 2014. The NCP Maritime Centre is the new administrative office of APD and the tenants that occupy the facility, including Bahamas Customs, MSC, Tropical Shipping, Arawak Stevedoring Limited, Tycoon Shipping and the Department of Environmental Health. APD is expected to open another administrative building in the Break Bulk Terminal. The tenants in this building will be Betty K and other small Bahamian shipping companies. As of June 30, 2015 the container terminal had processed 68,380 (2014: 67,035) Twenty-foot Equivalent Units (TEUs).This represents a 2.0 percent increase in container volumes over 2014 volumes.

In the 2015 financial year, APD continued to exceed projections. The actual net income of $6,753,078 exceeded the budgeted net income of $5,070,417 by 33.19 percent. The Company's total revenues were $29,668,994 or $3,911,266 higher than the prior year, which represents a 15.18 percent increase. Net income for 2015 totaled $6,753,078 (2014: $3,615,837) which represents an 86.76 percent increase over the prior year.

For the 2016 fiscal year, we are forecasting gross revenue of $26,223,949 or 11.61 percent under the 2015 actual revenue, while net income is projected to be $3,525,693 or $3,227,385 under the 2015 actual net income of $6,753,078. On June 8, 2014 we had our first rate increase since commencement of operations with landing fees increasing from $120 per TEU to $148 per TEU. On September 1, 2015 we introduced a security fee of $25 per TEU for loaded exports. Our TEU volumes are currently on budget as at August 31, 2015; however, we are doubtful of any project cargo volumes this year. The main project, Baha Mar, is at a standstill and the Hilton and Albany projects are in the very early stages.

Due to this, we do not foresee any significant project volumes during FY16. With the current Baha Mar situation, we feel that total market volumes will be around 61,500 TEUs for 2016 or 6,880 under the 2015 TEU volumes of 68,380 TEUs. Our total revenues as at August 31, 2015 are ahead of budget by $360,000 or 55.0%.

Total expenses for the aforementioned period is over budget by $121,500 or 4%. Operating expenses including depreciation of $20,643,131 for the period ended June 30, 2015 were $127,860 or 0.62% higher than our 2015 forecasted expenses of $20,515,271. Total comprehensive income of $6,753,078 was $1,682,661 or 33.18% higher than our 2015 forecasted total comprehensive income of $5,070,417.

Despite our actual TEU volumes for 2015 of 68,380 being under budget by 467 or 0.68% compared to our budgeted 2015 volumes of 68,847 TEUs, management was able to successfully secure the bulk car carrier business in December 2015. This resulted in some 5,485 vehicles landing at our facility and additional revenue of approximately $600,000. Prior to the bulk car boats calling at NCP we would not have recognized this revenue. This revenue component was not budgeted and directly impacted net income being over what was budgeted. Additionally, revenues from storage fees were approximately $1,484,209 over budget which was attributable to cargo that had exceeded allowable free time at the port. Storage income on vehicles was approximately 4.3% of total storage income. Total current assets increased by 87% from $5,186,494 in 2014 to $9,698,929 in 2015. Cash and cash equivalents increased by $3,782,152. During the year, the spare parts inventory increased by $363,363 to consider additional essential spare parts for the three Liebherr cranes, while accounts receivable increased by $110,908. We have made an impairment provision against the accounts receivable balance of $187,168. There is also a tax receivable of $162,974 related to VAT refunds for the first six months of 2015 (January to June).

The Property Plant & Equipment (PP&E) balance of $89,989,383 (2014: $91,221,801) as of June 30, 2015 represents Port development costs from inception inclusive of works in progress related to the Break Bulk Terminal Administrative Building and the BEC substation. These projects are expected to be completed within fiscal year 2016. Current liabilities decreased from $4,825,866 in 2014 to $4,753,415in 2015. This is largely attributable to a decrease in retention payables and accrued expenses.

Non-current liabilities decreased from $39,915,387 in 2014 to $39,612,884 in 2015 which is mainly attributable to the repayment of principal on the long-term bank debt. Deposits held increased by approximately $61,250 related to deposits placed on rental units. Management monitors the performance of our operations against our strategic objectives on a regular basis. Performance is assessed against strategy utilizing budget and forecasts using financial and non-financial measures. Our actual TEU volumes during 2015 were 68,380 which were 0.68% lower than the forecasted volumes of 68,847. However, actual 2015 volumes were 1,345 TEUs or 2.01% more than our 2014 volumes.

Actual bulk tons volumes during 2015 were 369,121 (2014: 477,479) tons or 17.97% lower than our forecasted volumes of 450,000 (2014: 650,750) tons.

NCP's TEU volumes as at August 31, 2015 are tracking flat against budget. Total revenues as at August 2015 are tracking about 11.0% over budget.

For the fiscal year 2015, financial management continued to focus intensely on efficiencies and cost management. In February 2015, APD launched its NAVIS XPS module. This has enhanced our container yard management process. We are able to determine the exact location of each container in our facility thereby reducing truck turn times in the facility to about 23 minutes per visit. The NAVIS XPS system is able to advise truckers and heavy equipment operators which container is being picked up, where it is located and which trucker/ driver is coming to pick the unit up. Truckers no longer have to drive up and down the aisles trying to locate a container.

In October 2014 APD started its voluntary defined contribution pension plan. The plan is administered by CFAL. The Company matches up to a maximum of 5% of an employee's eligible annual salary. The Company's contributions to the pension plan vest 60% with the employees upon completion of five (5) years of employment, incrementally vesting annually, with full vesting upon completion of ten (10) years of employment.

"Since moving to the Nassau Container Port we now unload our cargo in half the time and the facility is so much better than what we had to work with before."

Stan Bethel, Abaco Shipping

As part of the company's on-going commitment to safety; in August 2014, APD launched its first safety video which provides information pertaining to port access and the respective safety protocol. The video outlines the port credentialing system, the necessary paperwork required for port access, the various gates processes and highlights the port vehicular traffic flow. It also highlights safety protocol for truckers when operating in the port facility; including the speed limits, pedestrian crossing and restrictions on cell phone usage while driving.

APD is months away from the completion of the 8,000 square foot administrative building located in the Break Bulk Terminal at NCP. The key tenant will be the Betty K and office space will also be made available to smaller Bahamian shipping companies and brokers.

This year, as part of APD's ongoing commitment to staff development and training, APD launched an HRMS systems which is an extension of our SAGE AccPac ERP 300 accounting software/system. HRMS allows the employers to efficiently manage employees' time and attendance, and payroll functions.

LIQUIDITY AND CAPITAL RESOURCES

APD's principal source of operating liquidity is cash flows generated from operations, including working capital. We maintain an appropriate level of liquidity. Given that the project is fully complete, liquidity will be managed through several sources, including operating cash flows, and an unused $3,000,000 credit facility with RBC with an interest rate of prime + 0.25%.

As of June 30, 2015, our financing needs are well supported by this $3,000,000 available line of credit and cash flows from operations.

APD's principal uses of cash are to fund planned operating expenditures, capital expenditures, dividend payments on preference shares, interest payments on the long-term debt and any mandatory quarterly lease payments on Port Lands to the government. With the cash and cash equivalents on our balance sheet and our ability to generate cash from operations over the course of a year we believe we have sufficient liquidity to meet our ongoing needs for at least the next 12 months.

Based on the Company's current financial forecast, our default risk is assessed as low. To-date we have not drawn down on any portion of the $3,000,000 credit facility. In the event of an unanticipated adverse variance compared to the financial forecast, which might lead to an event of default, we have the opportunity to take certain mitigating actions in order to avoid such default including reducing or deferring discretionary expenditure, modifying our tariff rates, and securing additional sources of finance or investment.

We believe an important measure of APD's liquidity is unleveraged free cash flow. This measure is a useful indicator of our ability to generate cash to meet our liquidity demands. We believe unleveraged free cash flow provides investors a better understanding of how the Company is performing and measures management's effectiveness in managing cash. We define unleveraged free cash flow as net cash, which is provided by/(used in) operating activities of continuing operations, adjusted to remove the impact of interest payments, and deduct the impact of capital expenditures on property and equipment additions. We believe this measure gives management and investors a better understanding of the cash flows generated by our core business, as interest payments will be primarily related to our debt, while capital expenditures are primarily related to the development and operation of the port.

TRANSACTIONS WITH RELATED PARTIES

APD is 40% owned by Arawak Cay Port Development Holdings Limited (ACPDHL), a consortium of private companies operating in The Bahamas that are involved in shipping or maritime services. Over 90% of the revenues of the Company is derived from the services to companies that have an ownership stake in ACPDHL. APD operates three terminals: the container terminal that provides services to related parties, such as Tropical Shipping and MSC; the bulk terminal that provides services to Bahama Bulk Materials; and the break bulk terminal that provides services to Betty K Agencies Limited and The MailBoat Company Ltd.

APD has awarded licenses to:

- Arawak Bulk Terminal Co. Ltd - Bulk Terminal License
- Tropical Shipping - Private Terminal Operator's license (Container Terminal)
- Arawak Stevedoring Limited - Common Terminal Operator's license

APD sub-lets warehouse space to Betty K, Tropical Shipping, Bahamas Customs and Gladstone Warehouse Services at competitive market rates. APD also sub-lets administrative office space to Ministry of Finance – VAT Department at the GFT inland facility. It is anticipated in 2015 that Bahamas Customs will enter into a lease for warehouse space at GFT.

APD is also 40% owned by The Treasurer of The Commonwealth of The Bahamas. Transactions with the Treasurer are as follows:

The Company has a 45-year lease for 56.55 acres of land on Arawak Cay. For the fiscal year 2016 the minimal annual rent of 50,000 TEUs at $41.43 (2015: $40.94) per TEU will be adjusted based on increases in the cost of living as reflected in the All Bahamas Consumer Price Index published by the Central Bank of The Bahamas for the preceding year. Accordingly the 2016 minimum annual rent will be $2,071,500 (2015:$2,047,000).

Lease payments of $1 per annum for 15 acres of Crown Land at Gladstone Road.

Seabed License of $1 per annum for 27.88 acres of seabed.

Real Property Taxes on port lands at Arawak Cay and inland depot at Gladstone Road.

Business License fees as required under the Business License Act.

Return on investment via dividend whenever one is declared for its 40% interest in the company.

The Company provides Bahamas Customs with administrative offices at its inland depot at Gladstone Road at no charge. The Company also provides Bahamas Customs and other Governmental agencies administrative offices at its NCP Maritime Centre at no charge.

CRITICAL ACCOUNTING ESTIMATES

Management determines the estimated useful lives of the properties, plant and equipment, based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of properties, plant and equipment based on factors that include, but are not limited to, asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets. It is possible that the future results of operations could be materially affected by changes in these estimates brought about by changes in the above-mentioned factors.

BRIDGE LOAN AND LT DEBT

The bridge loan balance at June 30, 2015 was $Nil (2014 - $Nil). The bridge loan was partially repaid with funds received from the issuance of preference shares. The remaining amount on the bridge loan was replaced with long-term debt, whereby the Company acquired the following credit facilities:

Facility 1: Long term debt being a $5,000,000 non-revolving reducing term loan. The loan of $4,361,702 (2014 - $4,787,234) 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 installments of $106,383 with a balloon payment of $2,978,723 at maturity. The current portion of long-term debt is $425,532 (2014 - $425,532).

Facility 2: $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. There have been no drawdowns against this facility.

The above facilities are secured by the following:

Security/Collateral	Loan agreement and associated documentation; Promissory note for the facility amount.

The Company has 150,000 series A 5.5% fixed rate, non-voting redeemable preference shares of which 72,000 shares were issued on July 5, 2013. The net proceeds of the offer totaled $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. The shares are entitled to dividends at the rate of 5.5% per annum. If the company is unable to pay the dividend in any financial year, it must accumulate the arrears of dividends on the preference shares from year to year until they are all paid, before the ordinary shareholders can receive any of the profits.

Since the shares are mandatorily redeemable on a specified date, they are recognised as liabilities.

Management believes that the Company has adequate resources to meet its current and long-term obligations as they fall due and will continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

MOU

The MOU required that 20% of the Company's ordinary shares be offered for sale to the general public. Accordingly, the Company held an IPO between November 2011 to 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 MOU states that the Government will allow the Company to make such adjustments to fees and tariffs as may be required from time to time to maintain an Internal Rate of Return (IRR) of no less than 10%.

The Government agrees that for a period of twenty (20) years from the date of substantial completion, it shall not establish or permit to be established in the Islands of New Providence and Paradise Island or within 20 miles of the shoreline of New Providence, any other port (including any sufferance wharf) for landing of containerized, bulk or break bulk Cargo or vehicles or any other Terminal. Nothing contained in this clause shall apply to the port at Clifton Pier used for the loading and unloading of fuels, petroleum products, asphalt and cement or any rights or privileges relating thereto.

The MOU further states that the Company and any of its contractors employed during the Port and Depot build-out period will be exempt from any customs duty and excise taxes on the importation of certain material and equipment that will be used in the construction, equipping, furnishing, completing, opening and operation of the Port and Depot. This exemption was later notified by the Ministry of Finance through its letter to the Company dated June 21, 2011. The Company recognizes the exemption in the financial statements as a government grant. The grant received during the period mainly related to acquisition of property, plant and equipment. Under the terms of the MOU, the above exemption will remain in effect so long as the Company fulfills its obligations under the MOU. During the reporting period, the Company did not default on any of its obligations under the MOU.

The MOU also provides that so long as the Government will hold at least 40% of the Company's issued capital, no action or decision shall be taken by the Board of Directors in relation to specific matters in the MOU (hereinafter referred to as the Reserved Matters) unless prior approval from the Government has been obtained. Where the context provides, the Reserved Matters are applicable to the Company and its subsidiaries, if any, from time to time (the Company and its subsidiaries are hereinafter referred to as the Group Members).

CONTROLS AND PROCEDURES

Our management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of its disclosure controls and procedures. Based on the evaluation performed, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective.

The Company maintains disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Industry Act of 2011 (the "Act") is recorded, processed, summarized and reported within the specified time periods and communicated to management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no material changes in internal control over the financial reporting period to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Michael J. Maura, Jr., President and CEO

Dion O. Bethell, Vice President and CFO

APD LIMITED

financial statements

For the year ended June 30, 2015

financial statements

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of APD Limited

We have audited the accompanying financial statements of APD Limited, which comprise the statement of financial position as of June 30, 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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Auditors' Responsibility (continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of APD Limited as of June 30, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Chartered Accountants
Nassau, Bahamas

24 September 2015

financial statements

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

Statement of Financial Position
As of June 30, 2015
(Amounts expressed in Bahamian dollars)

	Notes	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	3	6,040,249	2,258,097
Accounts receivable	4	1,839,018	1,728,110
Tax receivable		162,974	-
Deposits, prepayments and other assets	6	777,760	684,722
Spare parts inventory		878,928	515,565
Total current assets		**9,698,929**	**5,186,494**
Non-current assets			
Property, plant and equipment	9	89,989,383	91,221,801
Total assets		**99,688,312**	**96,408,295**
LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable		524,298	696,040
Due to related parties	5	2,577,247	2,392,398
Retention payable	10	93,826	151,921
Accrued expenses and other liabilities		1,132,512	1,159,995
Current portion of long term debt	7	425,532	425,532
Total current liabilities		**4,753,415**	**4,825,886**
Non-current liabilities			
Redeemable preference shares	8	35,439,722	35,377,943
Long term debt	7	3,936,170	4,361,702
Deposits held	13	236,992	175,742
Total non-current liabilities		**39,612,884**	**39,915,387**
Total liabilities		**44,366,299**	**44,741,273**
Equity			
Share capital	11	49,969	49,969
Share premium		49,192,308	49,192,308
Retained earnings		6,079,736	2,424,745
Total equity		**55,322,013**	**51,667,022**
Total liabilities and equity		**99,688,312**	**96,408,295**

Approved by the Board of Directors on 24 September 2015 and signed on its behalf by:

Director

Director

The accompanying notes are an integral part of these financial statements.

APD LIMITED

Statement of Comprehensive Income
For the year ended June 30, 2015
(Amounts expressed in Bahamian dollars)

	Notes	2015 $	2014 $
Revenue			
Landing fees	5	12,151,894	9,514,879
Terminal handling fees	5	4,513,180	4,410,540
Stevedoring fees	5	3,164,181	3,321,063
Storage fees	5	2,915,986	2,103,860
Gate fees	5	2,229,484	2,381,930
Security	5	1,924,424	1,889,950
Subleases	5,13	1,337,907	841,067
Hazmat fees	5	636,650	641,750
Reefer line	5	406,454	348,350
Dockage	5	278,317	226,489
Line handling fees	5	86,028	77,550
Other income	5	24,489	300
Total revenue		**29,668,994**	**25,757,728**
Expenses			
Salaries, employee benefits and training	5,15	4,913,891	4,639,887
Terminal handling costs	5	4,597,443	4,253,218
Government lease	13	2,799,160	2,694,665
Government fees and taxes		1,365,095	1,091,254
Utilities		1,044,020	1,013,154
Repairs and maintenance		826,961	1,050,072
Insurance		510,413	475,424
Legal and other professional fees	14	463,706	580,298
Security		308,364	280,679
Other operating expenses		227,639	187,948
Bad debt expense	4	135,168	-
Office supplies, postage and delivery		134,073	142,634
Company meetings and events		123,182	104,091
(Gain)/loss on disposal of assets		(49,528)	164,107
Total expenses		**17,399,587**	**16,677,431**
Earnings before interest, depreciation and amortisation		**12,269,407**	**9,080,297**

The accompanying notes are an integral part of these financial statements.

financial statements

APD LIMITED

Statement of Comprehensive Income (Continued)
For the year ended June 30, 2015
(Amounts expressed in Bahamian dollars)

	Notes	2015 $	2014 $
Depreciation	9	3,243,544	2,919,734
Amortisation of preference share issue cost		61,779	-
Total depreciation and amortisation		**3,305,323**	**2,919,734**
Earnings before interest		**8,964,084**	**6,160,563**
Interest (finance costs)			
Interest on preference shares		(1,980,000)	(1,963,500)
Interest expense		(231,419)	(582,098)
Interest income		413	872
Total finance costs, net		**(2,211,006)**	**(2,544,726)**
Total earnings for the year attributable to the equity holders		**6,753,078**	**3,615,837**
Total comprehensive income for the year		**6,753,078**	**3,615,837**
Basic and diluted earnings per share	12	**1.35**	**0.72**

APD LIMITED

Statement of Changes in Equity
For the year ended June 30, 2015
(Amounts expressed in Bahamian dollars)

	Share capital $	Share premium $	Retained earnings $	Total $
Balance at July 1, 2013	**49,969**	**49,192,308**	**108,106**	**49,350,383**
Total comprehensive income for the year	-	-	3,615,837	3,615,837
Dividends paid (Note 11)	-	-	(1,299,198)	(1,299,198)
Balance at June 30, 2014	**49,969**	**49,192,308**	**2,424,745**	**51,667,022**
Balance at July 1, 2014	**49,969**	**49,192,308**	**2,424,745**	**51,667,022**
Total comprehensive income for the year	-	-	6,753,078	6,753,078
Dividends paid (Note 11)	-	-	(3,098,087)	(3,098,087)
Balance at June 30, 2015	**49,969**	**49,192,308**	**6,079,736**	**55,322,013**

The accompanying notes are an integral part of these financial statements.

financial statements

APD LIMITED

Statement of Cash Flows
For the year ended June 30, 2015
(Amounts expressed in Bahamian dollars)

	Notes	2015 $	2014 $
Cash flows from operating activities			
Total comprehensive income for the year		6,753,078	3,615,837
Adjustments for:			
Depreciation	9	3,243,544	2,919,734
Amortisation of preference share issue cost		61,779	-
Bad debt expense		135,168	-
(Gain)/loss on disposal of assets	9	(49,528)	164,107
Interest income		(413)	(872)
Preference share dividends		1,980,000	1,963,500
Loan interest expense		231,419	582,098
Operating profit before changes in working capital		**12,355,047**	**9,244,404**
Increase in accounts receivable		(246,076)	(274,694)
Increase in deposits, prepayments and other assets		(93,038)	(179,885)
Increase in spare parts inventory		(363,363)	(220,752)
Increase in tax receivable		(162,974)	-
Decrease in deferred borrowing costs		-	329,485
Decrease in accounts payable		(171,742)	(1,234,736)
Increase in due to related parties		184,849	455,204
Decrease in retention payable		(58,095)	(410,986)
Increase in current portion of long term debt		-	425,532
Decrease in accrued expenses and other liabilities		(27,483)	(379,360)
Increase in deposits held		61,250	44,500
Net cash provided by operating activities		**11,478,375**	**7,798,712**
Cash flows from investing activities			
Acquisition of property, plant and equipment	9	(2,028,444)	(7,614,836)
Proceeds from sale of property, plant and equipment		66,846	1,439,707
Net cash used in investing activities		**(1,961,598)**	**(6,175,129)**
Cash flows from financing activities			
Net proceeds from preference share offering	8	-	35,377,943
Bridge loan principal repayment	7	-	(37,196,915)
Proceeds from long term debt	7	-	4,574,468
Principal payments on long term debt	7	(425,532)	(212,766)
Dividends paid to ordinary shareholders	11	(3,098,087)	(1,299,198)
Preference share dividends		(1,980,000)	(1,963,500)
Interest income received		413	872
Interest expense paid		(231,419)	(593,817)
Net cash used in financing activities		**(5,734,625)**	**(1,312,913)**
Increase in cash and cash equivalents		**3,782,152**	**310,670**
Cash and cash equivalents, beginning of year		**2,258,097**	**1,947,427**
Cash and cash equivalents, end of year		**6,040,249**	**2,258,097**

The accompanying notes are an integral part of these financial statements.

APD LIMITED

Notes to Financial Statements
June 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 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.

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 has 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.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The Company's financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) Interpretations (herein after collectively referred to as IFRS).

financial statements

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (continued)

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Company's accounting policies. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

(i) Critical accounting estimates and assumptions

Useful lives of property, plant and equipment

Management determines the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property, plant and equipment based on factors that include, but are not limited to, asset utilisation, internal technical evaluation, technological changes, environmental and anticipated use of assets. It is possible that the future results of operations could be materially affected by changes in these estimates brought about by changes in the above-mentioned factors.

Impairment of non-financial assets

Items of property, plant and equipment that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Identifying and assessing circumstances that indicate that the carrying amount of an item of property, plant and equipment may not be recoverable requires significant judgment. In determining whether circumstances indicating impairment exist, management, at a minimum, considers the following factors:

- A decline in the asset's market value that is significantly greater than would be expected as a result of the passage of time or normal use;
- Significant adverse changes in the technological, market, economic or legal environment;
- Increases in interest rates or other market rates of return;
- Obsolescence or physical damage affecting the asset;
- Significant adverse changes that have taken place or are expected in the way that an asset is used or expected to be used;
- Deterioration in the expected level of the asset's performance; and
- Management's own forecasts of future net cash inflows or operating profits showing a significant decline from previous budgets and forecasts.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (continued)

(ii) Critical judgment in applying the entity's accounting policies

Capitalization of directly attributable costs related to the acquisition of property, plant & equipment

International Accounting Standard (IAS) 16 *'Property, Plant and Equipment'* requires that the cost of an item of property, plant and equipment should include directly attributable costs of bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Determining directly attributable costs requires significant judgment. Management determines directly attributable costs as those that are incremental in nature and/or would be necessarily incurred by a third party in bringing the asset to the location and condition necessary for it to be used for the intended purpose.

Inception and commencement of leases

Under IAS 17 *'Leases'*, the lease classification is made at the inception of the lease which is the earlier of the date of the lease agreement and the date of the parties' commitment to the lease's principal provisions. Whereas, the commencement of the lease term is the date from which the lessee is entitled to exercise its right to use the leased asset and represents the date from which lease payments made under operating leases are recognised as an expense on a straight-line basis over the lease term.

Determining the inception and commencement of the lease required significant judgment. In making the judgment, management reviewed the MOU and the lease agreements, and determined that the Company and the Government had in effect agreed to principal provisions of the lease on May 10, 2010 through the MOU. However, the commencement of the lease occurred on June 21, 2011 which is the date on which the lease agreements were signed and the Company's rights to use the leased assets were established. The lease payments began at "substantial completion" and is based on a minimum annual rent of two million dollars or forty dollars per TEU, whichever is greater, as outlined in the lease agreement and the MOU. The substantial completion dates of the Port facility and Depot facility were May 1, 2012 and August 13, 2012, respectively.

(b) Changes in applicable accounting policy and disclosures

(i) New and amended standards adopted by the Company

There are no IFRS or IFRIC interpretations that are effective for the first time for the financial year beginning on or after July 1, 2014 that would be expected to have a material impact to the Company.

financial statements

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. Summary of significant accounting policies (Continued)

(b) Changes in applicable accounting policy and disclosures (continued)

(ii) New standards and interpretations not yet adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after July 1, 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The determination is made at initial recognition, and the classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. In addition, IFRS 9 will require the impairment of financial assets to be calculated using an expected credit loss model that replaces the incurred loss impairment model required by IAS 39. For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income for financial liabilities designated at fair value through profit or loss. The Company has not yet assessed the full impact of adopting IFRS 9, which is effective for financial periods beginning on or after January 1, 2018.

IFRS 15, 'Revenue from contracts with customers', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with its customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after January 1, 2017, and replaces IAS 18, 'Revenue' and IAS 11, 'Construction contracts' and related interpretations. The Company has not yet assessed the full impact of adopting IFRS 15.

(c) Foreign currency translation

(i) Functional and presentation currency

The financial statements are presented in Bahamian dollars, which is the Company's functional and presentation currency, as it represents the currency of the primary economic environment in which the Company operates.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. Summary of significant accounting policies (Continued)

(c) Foreign currency translation (continued)

(ii) Transactions and balances (continued)

translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

(d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash held with banks and other short-term highly liquid investments with original maturities of three (3) months or less.

(e) Accounts receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one (1) year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Impairment of accounts receivable is discussed in Note 2(o).

(f) Inventory

Inventory primarily includes spare crane parts that are valued at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory is derecognised when the parts are issued to production.

(g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical costs include expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company, and the cost of the item can be measured reliably. The carrying amount of the replaced asset is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Buildings under construction, termed capital work in progress, are carried at cost and not depreciated until construction is complete and the assets are ready for their intended use. At that time, the accumulated cost is transferred from capital work in progress to the appropriate asset category.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. Summary of significant accounting policies (Continued)

(g) Property, plant and equipment (continued)

All other items of property, plant and equipment are depreciated using the straight-line method to allocate their cost less residual values, over their estimated useful lives, as follows:

Container terminal	10 to 45 years
Freight handling equipment (cranes)	10 to 15 years
Other freight handling equipment	1 to 10 years
Buildings and improvements	45 years
Temporary office trailers	1 to 3 years
Motor vehicles	1 to 10 years
Furniture and fixtures, communications and office equipment	1 to 10 years

The assets' residual values and estimated useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount [Note 2(h)].

At the time of disposal or retirement of assets, the cost and related accumulated depreciation are eliminated, and any resulting gain or loss is reflected in the statement of comprehensive income.

(h) Impairment of non-financial assets

Items of property, plant and equipment that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows [Cash Generating Units (CGUs)]. Non-financial assets that incurred impairment charges are reviewed for possible reversal of the impairment at each reporting date.

(i) Accounts payable

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one (1) year or less. If not, they are presented as non-current liabilities.

Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. **Summary of significant accounting policies (Continued)**

(j) **Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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 costs.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

(k) **Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

financial statements

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. Summary of significant accounting policies (Continued)

(l) Share capital

Ordinary shares are classified as equity. Total value of shares issued in excess of the par value is recognised as share premium. Mandatorily redeemable preference shares are classified as liabilities [Note 2(j)].

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction from the proceeds.

(m) Revenue and expense recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of services provided in the ordinary course of the Company's activities. Revenue is shown net of returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below:

Revenue from services

Revenue from general cargo and vessel services comprises landing fees, terminal handling fees, security, stevedoring fees, hazmat fees, dockage, and line handling fees. Revenue from port services includes gate fees, storage fees and reefer line. The above revenues are recognised upon delivery of services.

Revenue from rental and other fixed-term contracts is recognised using a straight-line basis over the term of the contract.

Interest income and expense

Interest income and expense for all interest-bearing financial assets and liabilities are recognised in the statement of comprehensive income using the effective interest method.

All other costs and expenses are recognised in the statement of comprehensive income as incurred.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. Summary of significant accounting policies (Continued)

(n) Leases

Accounting as lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Accounting as lessor

Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

(o) Financial instruments

(a) Classification

Financial instruments include financial assets and financial liabilities. The Company classifies all its financial assets as 'loans and receivables'. Management determines the classification of its financial assets at initial recognition. The Company classifies all its financial liabilities as financial liabilities at amortised cost.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve (12) months after the reporting date in which case, these are classified as non-current assets. The Company's loans and receivables comprise cash and cash equivalents (Note 3), accounts receivable (Note 4) and deposits, prepayments and other assets (Note 6) included in the statement of financial position.

Financial liabilities at amortised cost comprise accounts payable, due to related parties (Note 5), retention payable (Note 10), accrued expenses and other liabilities, long term debt (Note 7) and redeemable preference shares (Note 8).

(b) Recognition

The Company recognises financial assets and financial liabilities initially on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. **Summary of significant accounting policies (Continued)**

(o) **Financial instruments (continued)**

(c) Measurement

Financial instruments are measured initially at fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities are amortised over the life of the instrument.

Subsequent to the initial recognition, financial assets classified as loans and receivables are carried at amortised cost using the effective interest method, less a provision for impairment losses.

(d) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company derecognises a financial liability when the obligation specified in the contract is discharged, cancelled or expired.

(e) Impairment

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that the loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of a loss event include:

- significant financial difficulty of the customer;
- a breach of contract, such as a default or delinquency in payments; or
- it becomes probable that the customer will enter bankruptcy or other financial reorganisation.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

(e) Impairment (continued)

Individually significant financial assets are tested for impairment if there are indicators of impairment. Impairment loss is recognised in the statement of comprehensive income and the carrying amount of the asset is reduced through the use of an allowance account. Individual insignificant financial assets are grouped together.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

(f) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(p) Retirement benefit costs

The Company has a defined contribution pension plan for all eligible employees whereby the Company makes contributions to a privately administered pension plan. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior years. The Company and employees make contributions based on eligible earnings, and the Company's contributions are recognised in the statement of comprehensive income in the financial period to which they relate. Enrolment in the defined contribution pension plan is at the discretion of the employee.

(q) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management that makes strategic decisions.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. Summary of significant accounting policies (Continued)

(r) Taxation

Under the current laws of The Bahamas, the Company is not subject to income, capital or other corporate taxes. The Company's operations do not subject it to taxation in any other jurisdiction.

On January 1, 2015, the Government of The Bahamas introduced the Value Added Tax (VAT) Act, 2014 which implemented a consumption tax assessed at a rate of 7.5%. As such, the Company is required to assess VAT on all commercial leases and other services, to be payable to the Government. The Company will also incur VAT on certain goods and services acquired during the normal course of business to be offset against this payable.

(s) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with conditions attached to the grant. Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are presented in the statement of financial position as a deduction from the carrying value. The grant is recognised in the statement of comprehensive income over the life of the depreciable assets as a reduced depreciation expense.

(t) Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing:

- the earnings attributable to the equity shareholders, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, excluding treasury shares, if any.

(b) Diluted

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares, if any.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

2. Summary of significant accounting policies (Continued)

(u) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's Board of Directors.

(v) Corresponding figures

Where necessary, certain corresponding figures included in the statement of comprehensive income, statement of cash flows and notes to the financial statements have been adjusted to conform with changes in presentation in the current year.

3. Cash and cash equivalents

	2015 $	2014 $
Cash on hand	2,487	1,865
Cash held with bank	6,037,762	2,256,232
	6,040,249	**2,258,097**

4. Accounts receivable, net

	2015 $	2014 $
Customers' account - gross:		
Third parties	290,019	49,795
Related parties (Note 5)	1,736,167	1,730,315
	2,026,186	1,780,110
Less: Provision for bad debts (third party)	(187,168)	(52,000)
	1,839,018	**1,728,110**

Movements in the provision for doubtful accounts are as follows:

	2015 $	2014 $
Balance at beginning of year	(52,000)	(52,000)
Provision for bad debts	(135,168)	-
Receivables written off during the year	-	-
Balance at end of year	**(187,168)**	**(52,000)**

As of June 30, 2015, accounts receivable of $187,168 (2014: $52,000) was impaired with a provision amounting to $187,168 (2014: $52,000) being made against this amount. The remaining balance of the receivables is considered by management to be collectible.

financial statements

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

4. Accounts receivable, net (Continued)

The other classes within accounts receivable do not contain impaired assets.

As of reporting date, the aging analysis of trade receivables is as follows:

	Total $	Current $	1-30 days $	31-60 days $	61-90 days $	More than 90 days $
2015	2,026,186	1,363,036	444,234	200,931	450	17,535
2014	1,780,110	334,132	1,053,183	151,572	94,586	146,637

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The credit quality of accounts receivable that are neither past due nor impaired at reporting date can be assessed by reference to historical information about counterparty default rates. Credit risk is discussed in Note 17(b).

5. Related party balances and transactions

A party is related to the Company if:

(a) Directly, or indirectly through one or more intermediaries, the party:
- (i) controls, is controlled by, or is under common control with, the Company;
- (ii) has an interest in the Company that gives it significant influence over the Company;

(b) the party is a member of the key management personnel, including directors and officers, of the Company or its shareholders;

(c) the party is a close member of the family of any individual referred to in (b) above; and

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entities resides with, directly or indirectly, any individual referred to in (b) or (c) above.

(a) Amounts due from related parties included in accounts receivable comprise:

	2015 $	2014 $
Due from Shareholder	1	1
Due from other related parties - affiliates	1,736,166	1,730,314
	1,736,167	**1,730,315**

The amount due from Shareholder represents amounts paid on behalf of the Shareholder. The amount due from other related parties - affiliates arise mainly from the services provided by the Company. The receivables are unsecured and bear no interest.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

5. Related party balances and transactions (Continued)

(b) Amounts due to related parties comprise:

	2015 $	2014 $
Due to Shareholder	2,321,095	2,260,341
Due to other related parties - affiliates	256,152	132,057
	2,577,247	**2,392,398**

The due to Shareholder pertains to lease payable to the government relevant to the lease of the Port and Depot Lands (Note 13). The amounts due to other related parties - affiliates arise mainly from services provided to the Company and services obtained for terminal handling operations.

The amounts due to related parties are trade payables for services in the ordinary course of business. Settlement of the above payables is within the payment terms agreed in the agreements and invoices.

(c) Sales and purchases of services:

	2015 $	2014 $
Sales of services		
Other related parties - affiliates	**28,476,147**	**25,232,035**

Sales of services to other related parties - affiliates pertains to the various general cargo and vessel services, port services, and rental income with terms as agreed in the invoices and agreements and are recognised as revenues in the statement of comprehensive income.

	2015 $	2014 $
Purchases of services		
Other related parties - affiliates	**4,760,695**	**4,317,510**

The services purchased from other related parties - affiliates are related to services provided by the common terminal operator at the Port facilities, and purchases of building and equipment that have been capitalised and included within property, plant and equipment aggregating to $Nil (2014: $185,197). All contracts awarded were as a result of a formal bidding process performed by the Company.

financial statements

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

5. Related party balances and transactions (Continued)

(d) Key management compensation

Key management includes the directors of the Company and senior management. The compensation paid or payable to key management for their services is shown below:

	2015 $	2014 $
Salaries	763,019	724,925
Short-term employee benefits	474,872	465,426
Retirement benefits	30,066	-
	1,267,957	**1,190,351**

6. Deposits, prepayments and other assets

	2015 $	2014 $
Security deposits	423,265	413,735
Prepayments	354,495	270,987
	777,760	**684,722**

7. Long term debt

Facility 1: Long term debt being a $5,000,000 non-revolving reducing term loan. The loan of $4,361,702 (2014: $4,787,234) is for a five (5) year period, amortised 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 $106,383 with a balloon payment of $2,978,723 at maturity. The current portion of long term debt is $425,532 (2014: $425,532).

Facility 2: $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. There have been no drawdowns against this facility.

The above facilities are secured by the following:

- Security/Collateral
  - Loan agreement and associated documentation;
  - Promissory note for the facility amount.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

8. Redeemable preference shares

The Company has 150,000 series A 5.5% fixed rate, non-voting redeemable preference shares of which 72,000 shares were issued on July 5, 2013. 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. The shares are entitled to dividends at the rate of 5.5% per annum. If insufficient profits are available in a particular financial year, the dividends accumulate and are payable when sufficient profits are available.

Since the shares are mandatorily redeemable on a specified date, they are recognised as liabilities.

financial statements

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

9. Property, plant and equipment

	Container terminal $	Freight handling equipment $	Buildings, improvements & office trailers $	Motor vehicles $	Furniture & fixtures, communications and office equipment $	Capital work in progress $	Total $
At June 30, 2013							
Cost	43,591,145	8,301,141	31,392,147	266,070	1,883,021	5,719,365	91,152,889
Accumulated depreciation	(1,107,523)	(516,382)	(895,188)	(90,694)	(412,589)	-	(3,022,376)
Net book value	**42,483,622**	**7,784,759**	**30,496,959**	**175,376**	**1,470,432**	**5,719,365**	**88,130,513**
Year ended June 30, 2014							
Opening net book value	42,483,622	7,784,759	30,496,959	175,376	1,470,432	5,719,365	88,130,513
Additions	84,300	110,935	37,501	25,995	63,426	7,292,679	7,614,836
Transfers	117,106	2,934,136	7,396,551	114,308	552,817	(11,114,918)	-
Reclassifications							
Cost	37,230	-	-	3,502	(3,673)	-	37,059
Accumulated depreciation	(37,230)	-	-	(3,502)	3,673	-	(37,059)
Disposals							
Cost	-	(1,708,260)	(221,805)	(8,395)	(589)	(23,159)	(1,962,208)
Accumulated depreciation	-	137,707	216,805	3,638	244	-	358,394
Depreciation charge for the year	(991,669)	(578,819)	(759,604)	(64,850)	(524,792)	-	(2,919,734)
Closing net book value	**41,693,359**	**8,680,458**	**37,166,407**	**246,072**	**1,561,538**	**1,873,967**	**91,221,801**
At June 30, 2014							
Cost	43,829,781	9,637,952	38,604,394	401,480	2,495,002	1,873,967	96,842,576
Accumulated depreciation	(2,136,422)	(957,494)	(1,437,987)	(155,408)	(933,464)	-	(5,620,775)
Net book value	**41,693,359**	**8,680,458**	**37,166,407**	**246,072**	**1,561,538**	**1,873,967**	**91,221,801**

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

9. Property, plant and equipment (Continued)

	Container terminal $	Freight handling equipment $	Buildings, improvements & office trailers $	Motor vehicles $	Furniture & fixtures, communications and office equipment $	Capital work in progress $	Total $
Year ended June 30, 2015							
Opening net book value	41,693,359	8,680,458	37,166,407	246,072	1,561,538	1,873,967	91,221,801
Additions	-	-	87,758	114,842	59,227	1,781,076	2,042,903
Transfers	123,472	11,642	197,771	26,525	721,321	(1,080,731)	-
Reclassifications							
Cost	-	-	(2,000)	-	(13,861)	1,402	(14,459)
Accumulated depreciation	-	-	-	-	-	-	-
Disposals							
Cost	-	(6,535)	-	(40,268)	-	-	(46,803)
Accumulated depreciation	-	-	-	29,485	-	-	29,485
Depreciation charge for the year	(1,001,794)	(639,013)	(898,481)	(80,598)	(623,658)	-	(3,243,544)
Closing net book value	**40,815,037**	**8,046,552**	**36,551,455**	**296,058**	**1,704,567**	**2,575,714**	**89,989,383**
At June 30, 2015							
Cost	43,953,253	9,643,059	38,887,923	502,579	3,261,689	2,575,714	98,824,217
Accumulated depreciation	(3,138,216)	(1,596,507)	(2,336,468)	(206,521)	(1,557,122)	-	(8,834,834)
Net book value	**40,815,037**	**8,046,552**	**36,551,455**	**296,058**	**1,704,567**	**2,575,714**	**89,989,383**

Capital work in progress includes costs incurred as of June 30, 2015 in connection with ongoing construction and special projects at the Port. These projects are expected to be completed no later than the third fiscal quarter of 2016.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

10. Retention payable

The balance represents amounts retained by the Company from the progress payments made to contractors in connection with the construction of the Port and Depot facilities. As of June 30, 2015, the retention payable comprises:

	2015 $	2014 $
CGT Contractors and Developers Ltd.	-	113,709
Bahamas Marine Construction	18,000	18,000
Island Site Development	6,150	6,150
General Fire and Mechanical Contractors	12,062	12,062
Sound Omatic Construction	-	2,000
Cavalier Construction Co. Ltd.	57,614	-
	93,826	**151,921**

(a) *CGT Contractors and Developers Ltd.*

Under the terms of the agreement, the Company withholds 5% of the progress payments payable to the contractor. Upon substantial completion of the entire work, the Company will make payments to the contractor up to 95% of the contract value, with the balance being withheld for incomplete work and unsettled claims. The final payment, constituting the entire unpaid balance of the contract sum, was made upon final completion of the project.

(b) *Bahamas Marine Construction, General Fire and Mechanical Contractors*

Under the terms of each of the separate agreements, the Company withholds 10% of the progress payments payable to the contractor. Upon substantial completion of the entire work, the Company will make payments to the contractor up to 90% of the contract value, with the balance being withheld for incomplete work and unsettled claims. The final payment, constituting the entire unpaid balance of the contract sum, shall be made upon final completion of the project.

(c) *Sound Omatic Construction and Island Site Development*

Under the terms of each of the separate agreements, the Company withholds 5% of the progress payments payable to the contractor. Upon substantial completion of the entire work, the Company will make payments to the contractor up to 95% of the contract value, with the balance being withheld for incomplete work and unsettled claims. The final payment, constituting the entire unpaid balance of the contract sum, shall be made upon final completion of the project.

(d) *Cavalier Construction Co. Ltd.*

Under the terms of the agreement, the Company withholds 7.5% of the progress payments payable to the contractor. Upon substantial completion of the entire work, the Company will make payments to the contractor up to 95% of the contract value, with the balance being withheld for incomplete work and unsettled claims. The final payment, constituting the entire unpaid balance of the contract sum, shall be made upon final completion of the project.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

11. Share capital

The Company has an authorised capital of $65,000 divided into 5,000,000 ordinary shares and 150,000 cumulative preference shares with a par value of $0.01 and $0.10 each, respectively.

As of reporting date, the Company has issued 4,996,915 (2014: 4,996,915) ordinary shares that were fully paid for by the shareholders.

During the year, the Company declared and paid dividends to ordinary shareholders of $3,098,087 (2014: $1,299,198) representing $0.62 (2014: $0.26) per share.

12. Basic and diluted earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to the equity shareholders divided by the weighted average number of ordinary shares outstanding during the period.

	2015 $	**2014** $
Total earnings for the year attributable to the equity shareholders	6,753,078	3,615,837
Weighted average number of ordinary shares in issue	4,996,915	4,996,915
Basic and diluted earnings per share	**1.35**	**0.72**

13. Significant agreements

(a) Memorandum of Understanding (MOU)

As discussed in Note 1, the MOU requires that 20% of the Company's ordinary shares must be offered for sale to the general public. Accordingly, the Company made an Initial Public Offering (IPO) of shares during the period November 2011 to 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 MOU states that the Government will allow the Company to make such adjustments to fees and tariffs as may be required from time to time to maintain an Internal Rate of Return (IRR) of no less than 10%.

Under the MOU, the Government has granted the Company an exclusive arrangement whereby no other port (including sufferance wharfs) or container terminals (whether inland or not) can be established on the islands of New Providence and Paradise Island as well as within 20 miles of the shoreline of New Providence for a period of twenty (20) years from the date of the substantial completion (Note 1).

financial statements

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

13. Significant agreements (Continued)

(a) Memorandum of Understanding (MOU) (continued)

The MOU further states that the Company and any of its licensees, tenants and contractors employed during the Port and Depot build-out period, will be exempt from any customs duty and excise taxes on the importation of certain material and equipment that will be used in the construction, equipping, furnishing, completing, opening and operation of the Port and Depot. This exemption was later notified by the Ministry of Finance through its letter to the Company dated June 21, 2011. The Company recognises the exemption in the financial statements as the acquisition of property, plant and equipment recognised net of customs duty. Under the terms of the MOU, the above exemption will remain in effect so long as the Company fulfils its obligations under the MOU. During the year, the Company did not default on any of its obligations under the MOU.

The MOU also provides that so long as the Government will hold at least 40% of the Company's issued capital, no action or decision shall be taken by the Board of Directors (BOD) in relation to specific matters in the MOU (hereinafter referred to as the Reserved Matters) unless prior approval from the Government has been obtained. Where the context provides, the Reserved Matters are applicable to the Company and its subsidiaries, if any, from time to time (the Company and its subsidiaries are hereinafter referred to as the Group Members). The Reserved Matters are summarised as follows:

- adopting or altering the Memorandum of Association, Articles of Association or other constitutive documents;
- changing the authorised or issued share capital, granting share options or issuing instruments carrying rights of conversion into ordinary shares;
- incurring financial indebtedness which would result in the secured debt exceeding 3 times the Earnings Before Interest, Taxation, Depreciation and Amortisation or Debt Service Coverage Ratio that is less than 1.5 times;
- making loans or advances to any person other than in the ordinary course of the business;
- selling, transferring, leasing, assigning or otherwise disposing of a material part of undertaking, property and/or assets except for sub-leases made in the ordinary course of business;
- creating encumbrances over all or a material part of undertaking, property and/or assets, or giving guarantees or indemnities for any purpose other than as security in respect of the financial indebtedness which is not otherwise prohibited under the terms of the MOU;
- entering into any contract, liability or commitment which (a) is unusual or onerous or outside the ordinary course of business, or (b) is other than at commercial arm's length terms, except where such contract, liability or commitment satisfies authorisation criteria agreed between the Company and the Government;
- awarding of contracts, transactions or arrangements, other than contracts for provision of goods and services being at arm's length whose value does not exceed B$5 million in a 12 month period, with (a) ACPDHL (b) a Director of ACPDHL and/or (c) an affiliate of ACPDHL, or any director or employee of such affiliate, except where such contracts, transactions or arrangements are awarded in compliance with procedures governing the awards of such that may be agreed between the Company and the Government;

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

13. Significant agreements (Continued)

(a) Memorandum of Understanding (MOU) (continued)

- imposing fees and charges, save for such charges and fees preapproved by the Government, which are required to maintain a minimum IRR of 10% per annum;
- taking of any corporate action, legal proceedings or other procedures or steps in relation to (a) suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, liquidation, administration or reorganisation of Group Members (b) a composition, compromise, assignment or arrangement with, or for the benefit of, any creditor of the Group Members or (c) appointment of liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Group Members or any of its assets.

The consent and approval of the Government to a Reserved Matter will only be deemed to have been given where a document confirming such consent or approval has been delivered to the Company's registered office. If a consent or refusal of a Reserved Matter is not delivered within twenty (20) business days after receipt of the matter by the Government, the Reserved Matter request shall be deemed to have been approved.

The Company's financial statements shall be subject to annual audits. The auditor of the Company shall also review and report on the Company's compliance with the provisions of the MOU relating to the Reserved Matters.

(b) Leases

Pursuant to the terms of the MOU, on June 21, 2011 the Company entered into forty-five (45) year lease agreements for 56.55 and 15 acres of the Port Land and the Depot Land, respectively, with the Minister responsible for Lands and Survey. The above lease payment terms commenced upon Substantial Completion of the Port and Depot which was deemed to have occurred at such time as all works necessary for the full operation of the Port and the Depot were duly completed and evidenced by (i) the issuance of performance certificates or taking over certificates pursuant to the construction contracts and (ii) certificates of occupancy. Substantial completion of the Port and Depot were achieved on May 1, 2012 and August 13, 2012, respectively.

Under the terms of the lease agreement for the Port land, the Company shall pay an annual rent of $40 per TEU until such time as the Substantial Completion is achieved. Once Substantial Completion is achieved, the Company will pay a minimum annual rent of $2,000,000 or $40 per TEU, whichever is greater. The fixed rent is payable quarterly in advance during the term and any adjustments based on the rent per TEU is payable within 14 days from the end of each quarter. The rent is subject to annual increases based on the increases in the cost of living. For the year ended June 30, 2015, the total rent expense recognised in the statement of comprehensive income amounted to $2,799,160 (2014: $2,694,665). As of reporting period, lease payable to the government amounted to $2,321,095 (2014: $2,260,341) which is included in due to related parties in the statement of financial position (Note 5).

financial statements

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

13. Significant agreements (Continued)

(b) Leases (continued)

The annual rent on the Depot Land is $1, payable annually in advance.

Under the provision of Item 2 of the Second Schedule of the Stamp Act (revised), the leases of the Port Land and Depot Land were exempt from imposition of stamp tax as the leases were issued on behalf of the Government of the Commonwealth of The Bahamas.

Upon expiration of the term of the above leases, the Company shall have an option to renew the same for another term of forty-five (45) years on the same terms and conditions but at an annual rent to be agreed between the parties. Management is not reasonably certain that it will exercise the option to renew the lease for another forty-five (45) years and the lease was therefore classified as an operating lease.

Contemporaneously with the signing of the lease agreements on June 21, 2011, the Company was granted a forty-five (45) year license by the Minister responsible for Lands and Survey to use the 27.88 acres of seabed for purposes ancillary to the adjacent Port facility, for an annual license fee of $1, payable annually in advance. Upon expiration of the term of the license, the Company can apply for renewal of the license for another term of forty-five (45) years but at an annual license fee to be agreed between the parties.

The future aggregate minimum lease payments under non-cancellable operating leases above are as follows:

	2015 $	2014 $
No later than one year	2,000,002	2,000,002
Later than one year and no later than 5 years	8,000,008	8,000,008
Later than 5 years	72,000,072	74,000,074
	82,000,082	**84,000,084**

(c) Subleases

The lease terms for existing lease agreements began in September 2011 and range from less than a year to five (5) years with options to renew for monthly to five (5) year periods. The lease agreements provide at varying terms for the annual lease to be adjusted based on the Bahamas Consumer Price Index. Deposits held as per the lease agreements totalled $236,992 as of June 30, 2015 (2014: $175,742). Additionally, during the year the Company executed certain short term leases, which are on a month to month basis.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

13. Significant agreements (Continued)

(c) Subleases (continued)

Income amounting to $1,337,907 (2014: $841,067) is shown as subleases income in the statement of comprehensive income. At year end, the analysis of the Company's aggregate future minimum lease payments receivable under the lease is as follows:

	2015 $	2014 $
No later than one year	980,712	884,502
Later than one year and no later than 5 years	1,141,402	984,394
	2,122,114	**1,868,896**

14. Legal and other professional fees

Legal and other professional fees comprise the following:

	2015 $	2014 $
Legal and other professional fees	257,921	387,540
Regulatory fees	205,785	192,758
	463,706	**580,298**

15. Retirement benefits

Pension costs for the year which are included in salaries, employee benefits and training in the statement of comprehensive income totalled $95,115 (2014: $Nil). The Company's contributions to the pension plan vest 50% with the employees upon completion of five (5) years of employment, incrementally vesting annually, with full vesting upon completion of ten (10) years of employment.

16. Commitments and contingencies

Outstanding capital commitments as of reporting date were as follows:

	2015 $	2014 $
Contracted but not yet incurred	1,119,442	208,856
	1,119,442	**208,856**

As of June 30, 2015, the Company is contingently liable to its banker in respect of customs bonds issued to the Bahamas Government and corporate credit cards in the total amount of $574,000 (2014: $574,000). There is an annual bank charge of 1.25% on the face value of each bond.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

17. Financial risk management

The Company's activities expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Company's overall risk management framework seeks to minimise potential adverse effects of these risks on the Company's financial performance by understanding and effectively managing these risks.

Risk management is carried out by senior management of the Company under policies approved by the Board of Directors.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's objective when managing market risk is to maintain risk exposure at a level that would optimise return on risk. The Company is exposed to the following types of market risks:

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from future transactions, recognised assets and liabilities.

In the normal course of the business, the Company is exposed to foreign exchange risk arising primarily with respect to the United States dollar.

The exchange rate between the Bahamian dollar and the United States dollar is fixed at 1:1 and therefore, the Company's exposure to currency risk is considered minimal.

(ii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of the financial interest will fluctuate because of changes in the market interest rates.

As of June 30, 2015, the Company held variable interest rate financial instruments which could possibly expose it to significant fair value or cash flow interest rate risk. The long term debt is subject to the prevailing market interest rate. In addition, the preference share dividend rate has a fixed yield to maturity. Management does not foresee cash flow and fair value rate risks on the financial liability to be significant.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

17. Financial risk management (Continued)

(b) Credit risk

Credit risk arises from the potential failure of a counterparty to perform according to the terms of the contract. The Company's exposure to credit risk is concentrated in its cash and deposits with bank and accounts receivable. The carrying amount of these financial assets represents the maximum credit exposure to the Company.

The Company seeks to mitigate such risk from its cash and cash equivalents by placing its cash with financial institutions in good standing with the Central Bank of The Bahamas. The credit risk from accounts receivable is mitigated by monitoring the payment history of the counterparties before continuing to extend credit to them. The Company does not have a significant concentration of credit risk as it transacts and deals with various customers and counterparties.

(c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are to be settled by delivering cash or another financial asset.

Management monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs at all times so that the Company does not default on its contractual obligations.

The table below analyses the Company's financial liabilities in relevant maturity groupings based on the remaining period at the contractual maturity date as of June 30, 2015. The amounts disclosed in the table are the contractual undiscounted cash flows.

As of June 30, 2015	Carrying amount $	Contractual cash flows $	0-12 months $	1-5 years $	More than 5 years $
Liabilities					
Accounts payable	524,298	524,298	524,298	-	-
Due to related parties	2,577,247	2,577,247	2,577,247	-	-
Retention payable	93,826	93,826	93,826	-	-
Accrued expenses and other liabilities	1,132,512	1,132,512	1,132,512	-	-
Long term debt	4,361,702	4,967,750	636,243	4,331,507	-
Redeemable preference shares	35,439,722	71,640,000	1,980,000	7,920,000	61,740,000
Deposits held	236,992	236,992	-	236,992	-
Total financial liabilities	**44,366,299**	**81,172,625**	**6,944,126**	**12,488,499**	**61,740,000**

financial statements

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

17. Financial risk management (Continued)

(c) Liquidity risk (continued)

As of June 30, 2014	Carrying amount $	Contractual cash flows $	0-12 months $	1-5 years $	More than 5 years $
Liabilities					
Accounts payable	696,040	696,040	696,040	-	-
Due to related parties	2,392,398	2,392,398	2,392,398	-	-
Retention payable	151,921	151,921	151,921	-	-
Accrued expenses and other liabilities	1,159,995	1,159,995	1,159,995	-	-
Long term debt	4,787,234	5,624,701	656,951	4,967,750	-
Redeemable preference shares	35,377,943	73,620,000	1,980,000	7,920,000	63,720,000
Deposits held	175,742	175,742	-	175,742	-
Total financial liabilities	**44,741,273**	**83,820,797**	**7,037,305**	**13,063,492**	**63,720,000**

The retention payable is to be paid using the available cash flows from operations.

The Company has sufficient cash flows from operations to meet its liquidity needs. In addition, the Company has an undrawn line of credit with the Royal Bank of Canada totalling $3,000,000 as described in Note 7.

As disclosed in Note 16, the Company has total capital commitments for provision of goods and services in the amount of $1,119,442 (2014: $208,856) which mainly relates to the completion of the Break Bulk Terminal administrative building. These commitments are expected to be incurred and paid within twelve (12) months of the reporting date.

18. Fair value of financial instruments

Financial instruments utilised by the Company include recorded financial assets and liabilities. Due to the short term nature of these instruments, management does not consider the estimated fair values of financial instruments to be materially different from the carrying values of each major category of the Company's financial assets and liabilities as of the reporting date.

APD LIMITED

Notes to Financial Statements
June 30, 2015
(Continued)

19. Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

In order to achieve the above objective, the Company may adjust the amount of dividends paid to shareholders, raise additional capital through equity and/or debt financing, return capital to shareholders and/or sell assets to reduce debt.

The frequency of dividends and the dividend payout ratio are at the sole discretion of the Board of Directors. The Company will seek to distribute free cash flows after maintenance of the minimum capital reserve, and meeting its capital and other financial commitments.

In addition to the above, the MOU has imposed other restrictions on the Company as it relates to capital management, which are detailed in Note 13.

Total capital represents equity shown in the statement of financial position plus net debt.

20. Segment reporting

Management determines the operating segments based on the information reported to the Company's operating decision maker. The executive management is identified as the chief operating decision maker of the Company. The Company is engaged in the operation of a commercial port facility in Arawak Cay and an inland depot terminal on Gladstone Road located in Nassau, Bahamas. Resources of the Company are allocated based on what is beneficial to the Company in enhancing the value of both the Port and Depot facilities rather than any specific unit. The executive management considers that the performance assessment of the Company should be based on the results of both facilities as a whole. Therefore, management considers the port operations to be only one operating segment under the requirements of IFRS 8, *Operating Segments*.

NASSAU CONTAINER PORT
Hours of operation: Monday – Friday, 8:00 am - 4:00 pm

CONTACT INFORMATION
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ARAWAK PORT DEVELOPMENT

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GFT GLADSTONE FREIGHT TERMINAL