MISSION

“CONSISTENTLY DELIVERING OPERATIONAL EXCELLENCE”

VISION

“OPERATIONAL EXCELLENCE TO MAXIMIZE VALUE THROUGH PEOPLE DEVELOPMENT AND TECHNOLOGY”
Incorporated in 2009, APD Limited (Arawak Port Development) is the owner and operator of the Nassau Container Port (NCP) and Gladstone Freight Terminal (GFT) with the mission to facilitate port growth and build a bridge to a new and more prosperous future for Bahamians.

Specifically, APD Limited was established to:

- Facilitate the redevelopment of Downtown Nassau, the capital of The Bahamas
- Fuel growth of the essential and lucrative commercial shipping sector in The Bahamas
- Bring exciting new employment and skill-building opportunities to Bahamians
- Introduce efficiencies and border controls to the trade sector
- Stimulate business growth in New Providence

APD Limited was responsible for the design, development and construction of the 56.6-acre Nassau Container Port and 15-acre Gladstone Freight Terminal. NCP celebrated its formal opening on May 3, 2012 and GFT was officially launched on August 13, 2012.

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

Under APD’s management and maintenance, NCP is fully ISPS compliant and has been recognized as one of the most efficient ports in the region, garnering accolades from the maritime regulatory bodies and shipping community. Dedicated to quality service and conscientious environmental stewardship, the port and its inland terminal have achieved a number of firsts, including ISO 14001:2015 and ISO 9001:2015 in June 2019.

Ownership of the Port and inland terminal is a partnership between the Government of The Bahamas (40 percent equity stake) and Arawak Cay Port Development Holdings Limited (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, resulting in over 11,000 shareholders.

Nassau Container Port (NCP) is a strategically located port facility for containerized 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.

**Other Facilities**

The port provides facilities for both domestic and international bulk, break bulk, containerized 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.
APD Limited's Maritime Centre at NCP is the company's headquarters and the administrative and nerve centre of the Port. The building is central to APD’s mission to create a one-stop shop in port operations. In support of this goal, The Maritime Centre brings together units of the Environmental Health, Customs, Immigration and Agriculture Departments and the shipping companies in a readily accessible, comfortable facility. Among the features contributing to the ease of customers doing business at the port are an ATM machine, Wi-Fi connectivity, working stations for brokers and proximity to the ships.

The building and its infrastructure place an emphasis on the protection of port data and enabling business to continue uninterrupted in times of inclement. Shipping accounts for 90% of the global trade ensuring steady supply of food, fuel and medicines to consumers across the world.

**MAJOR OCEAN CARRIERS, TERMINAL OPERATORS AND STEVEDORES OPERATING FROM NCP AT ARAWAK CAY**

- ABACO SHIPPING TWO (DUKE OF TOPSAIL)
- ARAWAK STEVEDORING LIMITED (ASL)
- ARAWAK BULK TERMINALS
- BETTY K AGENCIES LTD
- MAILBOAT COMPANY LTD
- MSC (MEDITERRANEAN SHIPPING COMPANY)
- RORO COMPANY
- TROPICAL SHIPPING
- BAHAMAS FERRIES
- MCKINNEY STEVEDORING SERVICES
- DOCKSIDE SERVICES

**BULK CAR CARRIERS**

- HOEGH AUTO LINERS
- K-LINE
- EUKOR
- GLOVIS HYUNDAI
- N.Y.K. (NIPPON YUSEN KAISHA) LINE
- MITSUI (MOL)

**GLADSTONE FREIGHT TERMINAL (GFT)**

The 15-acre Gladstone Freight Terminal is NCP's inland terminal, situated in the centre of New Providence. The facility offers 100,000 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 and 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.
### FINANCIAL HIGHLIGHTS

#### Income Statement

<table>
<thead>
<tr>
<th></th>
<th>2021 Budget</th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>30,157,684</td>
<td>31,159,891</td>
<td>30,912,558</td>
<td>31,531,519</td>
<td>32,551,428</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>17,777,120</td>
<td>15,702,805</td>
<td>17,786,636</td>
<td>17,615,839</td>
<td>15,925,129</td>
</tr>
<tr>
<td>Depreciation &amp; Financing Costs</td>
<td>5,178,514</td>
<td>8,227,178</td>
<td>5,095,574</td>
<td>5,310,406</td>
<td>5,455,095</td>
</tr>
<tr>
<td>Total income for the period attributable to the equity shareholders</td>
<td>7,202,050</td>
<td>7,229,908</td>
<td>8,030,347</td>
<td>8,605,274</td>
<td>11,171,204</td>
</tr>
<tr>
<td>Basic and diluted earnings per share</td>
<td>1.44</td>
<td>1.45</td>
<td>1.61</td>
<td>1.72</td>
<td>2.24</td>
</tr>
</tbody>
</table>

#### Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Current Assets</td>
<td>22,605,098</td>
<td>20,692,048</td>
<td>23,557,761</td>
<td>17,928,670</td>
</tr>
<tr>
<td>Net PP&amp;E</td>
<td>80,691,189</td>
<td>82,800,651</td>
<td>84,693,943</td>
<td>86,736,933</td>
</tr>
<tr>
<td>Right-of-Use Asset</td>
<td>46,148,822</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Assets</td>
<td>149,445,109</td>
<td>103,492,699</td>
<td>108,251,704</td>
<td>104,665,603</td>
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</tbody>
</table>

#### Liabilities and Shareholders' Equity

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Current liabilities</td>
<td>4,118,538</td>
<td>5,244,150</td>
<td>10,169,124</td>
<td>6,258,592</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>78,313,027</td>
<td>32,717,730</td>
<td>34,285,995</td>
<td>37,569,186</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>82,431,565</td>
<td>37,961,880</td>
<td>44,455,119</td>
<td>43,827,778</td>
</tr>
<tr>
<td>Total equity</td>
<td>67,013,544</td>
<td>65,530,819</td>
<td>63,796,585</td>
<td>60,837,825</td>
</tr>
</tbody>
</table>

#### Cash Flow

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Cash Provided by Operating Activities</td>
<td>15,327,837</td>
<td>12,459,994</td>
<td>13,914,388</td>
<td>16,916,881</td>
</tr>
<tr>
<td>Net Cash (Used) by Investing Activities</td>
<td>(1,662,309)</td>
<td>(1,199,588)</td>
<td>(1,103,411)</td>
<td>(1,199,070)</td>
</tr>
<tr>
<td>Net Cash Provided (Used) by Financing Activities</td>
<td>(12,138,999)</td>
<td>(14,224,811)</td>
<td>(6,876,906)</td>
<td>(7,576,595)</td>
</tr>
</tbody>
</table>
MICHAEL J MAURA, JR
Chairman, Appointed ACPDHL and confirmed by the Prime Minister

Michael J Maura Jr. was named chairman of the APD Limited Board on 1 November 2018. In July 2019, he was appointed regional director for the Caribbean and Americas of Global Ports Holding (GPH), the world’s largest independent cruise port operator. GPH, the Bahamian Investment Fund (“BIF”) and the Yes Foundation form Nassau Cruise Port Ltd a consortium, which was awarded the tender for a 25-year concession for the Prince George Wharf and related areas at Nassau cruise port.

A Bahamian, Mr Maura had previously led APD Limited for nine years as president and chief executive officer. He brings to the APD Board the knowledge and experience garnered from over 20 years in Shipping and Logistics, working both in the United States and The Bahamas. He played a foundational role in the development of APD Limited and the company’s Nassau Container Port and Gladstone Freight Terminal. Mr. Maura is credited with drafting the Nassau Container Port’s conceptual plan and played a key role in the development of the Public Private Partnership between APD and the Government of The Bahamas in 2010. He serves as a director of Arawak Cay Port Development Holdings Limited and APD Limited.

Passionate about the quality development of the maritime industry of The Bahamas and the country’s economy as a whole, Mr. Maura recently served as Chairman of the Bahamas Chamber of Commerce & Employers Confederation, and was a committee member of the “WTO working group” charged with understanding how WTO accession may impact the Bahamian economy. He is a director of AML Foods, one of the country’s largest food retailers. He is also a member of the National Ease of Doing Business Committee and was appointed to the Government’s National Reconstruction & Disaster Committee.

Mr. Maura is a former director of the Bahamas Trade Commission. At home and abroad, including such countries as Korea, Jamaica and the U.S., he has served as a panelist in various forums addressing “Efficient Port Infrastructure, and “Public Private Partnerships”. Mr. Maura has completed postgraduate courses in Public Private Partnerships, Single Window for Foreign Trade, Maritime and Supply Chain Security and, most recently, a Harvard Kennedy School Executive Program on Mastering Trade Policy. He is a graduate of Rollins College in Winter Park, Florida with a B.A. degree in Economics and a minor in Business Administration.

SAMUEL CAMPBELL
Deputy Chairman, Appointed by Government

Samuel Campbell is a Bahamian attorney-at-law, a barrister of the Inner Temple, London, and a Counsel and Attorney of the Supreme Court of The Bahamas. Mr. Campbell is a Partner of Samuel Campbell & Co., specializing in the field of Commercial, Criminal Litigation, Personal Injury Claims, Matrimonial, Real Estate, Probate and Company Law.

Mr Campbell pursued his bachelor of laws degree (LLB) at the University of London, England and legal studies at the Inner Temple, London, completing both programmes in 1974. He was called to the Bar of England and Wales and the Bahamas Bar in that same year. Upon his return to The Bahamas, he was appointed Assistant Crown Counsel, in the Office of the Attorney General (1975-1977). He joined the firm of Wallace Whitfield & Company in 1977. He became a founding partner of Wells, Campbell & Co. in 1979, and was engaged there until he launched his law firm Samuel Campbell & Co. in 1983.

His wider legal engagements and civil contributions have included the following: Member of the Board of Governors, Saint John’s College (1978-1980); Acting Magistrate (1980); Member of the Judicial and Legal Services Commission (1997-1999); Vice Chancellor, The Anglican Archdiocese of The Bahamas and The Turks & Caicos Islands (2007- 2012), and Member of the Commonwealth Lawyers Association.

CHRISTOPHER LIGHTBOURN
Secretary, Appointed by ACPDHL

Christopher Lightbourn has been involved in construction, development, and shipping for more than 25 years. Mr. Lightbourn was appointed a member of the public/private South West 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 Director of the Board of APD Limited since inception in 2009. He also serves as Director for several local companies.
R. CRAIG SYMONETTE
Appointed by ACPDHL
Mr. Symonette was educated at St. Andrew’s School in Nassau, The Leys School in England and The UWO in Canada where he obtained his HBA in business administration. Mr. Symonette was the founding partner of Bahamas Ferries, a passenger and cargo transportation company operating within the islands of The Bahamas. He is also active in local business and serves as a Director on the boards of Commonwealth Bank and RBC Trust.

FRANKLYN A BUTLER II
Appointed by ACPDHL
Franklyn Butler II serves as an independent Director. He is Chairman of the Milo Butler Groups and President and Managing Director of Milo B Butler & Sons Co. Ltd. Mr. Butler had managed the latter company’s Sales and Operations units for ten years previously.

Having served as Vice-Chairman since June 2017, Mr. Butler was appointed CEO of Cable Bahamas Ltd. in May 2018, the first Bahamian to lead the company since its inception in 1994. He also holds the following positions: Chairman of AML Foods Limited; Chairman of Aliv, as well as Chairman of the Board of NewCo 2015 Limited (NewCo), recipient of the nation’s second license for the provision of cellular and data services. He serves as a Director of several companies, including Tuscan Shores Developments Company. 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.

DAVID DAVIS
Appointed by Government
David Davis brings to the APD Board a wealth of knowledge and experience as a career public servant, having contributed to a number of government ministries in various capacities since 1980, most currently as Permanent Secretary (PS) in the Office of the Prime Minister (OPM). Before this his postings have included stints as PS with Ministry of Financial Services, Trade & Industry and Immigration and Ministry of Labour. Previously, he held the post of Director of Investments with Bahamas Investment Authority from 2007 to 2008 and, in the latter year, was first appointed Permanent Secretary (OPM).

Among Mr. Davis’ other professional experiences, he spent a year as Technical Assistant to the Executive Director Caribbean Constituency of the Inter-American Development and Inter-American Investment Cooperation, Washington, D.C., USA.

Mr. Davis is a graduate of Florida International University with a Master of Arts degree in Economics (1986). He holds a BSc (Hons.) in Economics from the University of the West Indies (1980) and is also a graduate of the International Monetary Fund Institute with a focus on Government Finance Statistics. He has also participated in the International Visitor Program of (ISIA) Industrial Security Integration & Application of the US Defense Counterintelligence and Security Agency.

HARVEY TYNES, Q.C.
Appointed by Government
Harvey Oscar Tynes, QC has been engaged in the practice of law in The Bahamas for 42 years, mainly as an advocate in civil litigation, and has appeared as lead Counsel in Courts of the first instance, The Bahamas Court of Appeal and her Majesty’s Privy Council in London. He was appointed Her Majesty’s Counsel (Queen’s Counsel) on 29 March 1996. Mr. Tynes received his secondary education at St John’s College in the Anglican Episcopalian Education system in Nassau. He graduated from the University of the West Indies, Mona, Jamaica with a Bachelor of Science degree in Analytical & Descriptive Economics in 1970. He earned a Bachelor of Laws (LLB) from Queen Mary College, University of London, England in 1975. He is a member of the Honourable Society of the Inner Temple, where he was admitted to the Bar of England and Wales on 26 November 1974, to The Bahamas Bar on 8 January 1975, and that of the Turks & Caicos Islands 16 May 1980. Mr. Tynes has enjoyed three appointments (temporary) to the Supreme Court of The Bahamas: May 1995, 3 August 1995 and again 19 January 1998.
CHAIRMAN’S STATEMENT

By any measure, in the year 2019, the maritime industry could not be considered bullish. According to the Port Report launched by the United Nations Economic Commission for Latin America and the Caribbean (ECLAC), the throughput of containerized cargo in Latin American and Caribbean ports remained static in 2019, registering an increase of only 0.04% compared to the previous year. The sample covered 36 countries and territories, with a total of 125 ports and port areas in the region.

Throughput for Nassau Container Port would be further defined by two inexorable forces in that year and the following spring. In September 2019, Hurricane Dorian, a Category 5 storm on the Saffir-Simpson Scale, impacted several islands in the Central Bahamas, including New Providence, site of the capital. Dorian devastated Grand Bahama and Abaco, two of the major economic and population centres of The Bahamas and their urban centres often referred to as the nation’s “First and Second Cities”, respectively. Then in March of 2020, the novel coronavirus reached our islands and revolutionized every aspect of life in this country as it had worldwide in several preceding months.

In retrospect, one might view the storm-forced events of the Fall 2019 as an omen of worse to come. The bout with Dorian brought an important benefit which proved to be a practice run for high-level disaster management. It caused Nassau Container Port to tone its already significant muscle to play a vital role in our country’s management of an even greater threat—the COVID-19 pandemic. As Chairman, I can say that the entire APD Board views with pride the company’s central role in keeping the supply chain—the lifeblood of our country—flowing, while maintaining the efficiency and, ultimately, the viability of the company through both disastrous impacts.
To appreciate how great an accomplishment this has been, it is necessary to understand that the maritime transport and distribution sector makes a substantial contribution to the import/export flow and internal trade, assuring adequate and timely availability of vital supplies and services and creating and sustaining jobs. It is equally important to appreciate the worldwide interconnectedness of the international maritime industry, which connects every nation and every port globally in a highly sensitive circuit that can be broken by an number of occurrences, especially adverse weather, political crises and disease, such as that occasioned by the current pandemic. Only with these understandings, can we properly assess and judge APD Limited’s financial performance and that of skill, commitment and productiveness of its Executive, Management and Staff over the course of the 2019/2020 fiscal year.

Commercial shipping, the operation of sending and receiving ports and adjunct services account for around 80 percent of global trade. These factors combined provide a major pillar supporting quality of life and business everywhere. In the 12 months under review, Nassau Container Port and its inland facility, Gladstone Freight Terminal played a significant role in the country’s emergency response to two major crises. During the prevailing pandemic, our port has succeeded in staying open, keeping the indispensable trade circuit unbroken and vital commodities and products flowing to the capital and the Family Islands.

Moreover, amid both challenges of national impact, APD contributed substantially to the optimal flow of the vital provisioning and restoration work of the National Emergency Management Agency (NEMA), the Ministry of Health and of local and international aid-giving agencies. Our company also supported the vitality, not only of port tenants and other businesses in adjustment or waiving of fees during critical periods, all while continuing to inject considerable corporate goodwill to other segments of community.

We can celebrate the fact that APD teams effected all the foregoing while safeguarding the health, safety and well-being of their members, as well as keeping the entire 100-person team employed during a time of historic unemployment. Above all, the company was kept viable and retained all the credibility and respect it had amassed over the 11 years of its existence. Establishing another extraordinary record, the APD community has remained COVID-19 free to the date of this writing.

I take pleasure in acknowledging that this achievement was largely supported by long-term planning, training and skill-building in combination with the timely injection of safety measures and preventive actions to limit negative impacts.

Further from ENCLAC, the impacts of the COVID-19 pandemic on port performance in 2020 mean that all forecasts of future stability and growth must be reviewed. Sharing this perspective, the Board must now turn the immense fund of expertise and business acumen it represents to join APD’s administration in recovery efforts and mapping the way to fresh progress, as we close out 2019/2020. Now, on behalf of the Board, I record with a sense of great loss and respect the passing of two long-serving, esteemed and highly valued members of our fraternity—immediate past chairman Jack Sands and former deputy chairman Michael Turner. May they rest in peace.

I take this opportunity to convey special thanks to Mrs. Nicole Campbell (director) for the wisdom and experience she brought to our deliberations and wish her much success in her future undertakings. At the same time, we welcome Mr David Davis (director) to our company and look forward to the contributions we expect he will bring. Above all, I cannot fail to thank each director of the Board for your time and liberality in sharing your great expertise during the past year.

With respect and gratitude, I acknowledge the astute and unflagging leadership of APD President and CFO Dion Bethell, the tireless and essential contribution of Richard McCombe, Asst. Vice President, Operations and Facilities, and the skilled inputs of each manager and staff member. I look forward to the their continued commitment to the further enhancement of APD Limited, the Port and its inland terminal, a corporate aggregate already locally and internationally recognized for its effectiveness and quality, creating value for shareholders, year after year.
“It was to the sadness of all who knew of their worth to APD Limited, to business, to community development, family, friends and colleagues that we marked the passing of Jack William Edward Sands, a past chairman of APD on 17 February 2020 and, just four months later, that of Michael Craig Edward Turner, a former Board member on 17 June 2020.

While there has been grief, we count no loss. The benefits those fine gentlemen brought so generously and for so long a time to APD and to each sphere in which they operated during their lifetimes will remain with our country and each of us who had the privilege of interacting with them. That we will continue to benefit from their contributions is owed to the fact that they built with materials that can withstand the tests of time and tide—integrity, goodwill and generosity. We bid them farewell.”

—Dion Bethell, President and CFO, APD Limited on behalf of the Executive, Management & Staff.
DION BETHELL, CPA, C.Dir
President & Chief Financial Officer (CFO)

Mr. Bethell is President and Chief Financial Officer of APD with over 15 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 with his last role being that 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.

Mr. Bethell 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
Asst. Vice President, Operations & Facilities

Richard McCombe has amassed many successful years in the maritime industry. His career experiences include a period of time working previously with Tropical Shipping as its Operations Manager. In 1987, he moved to the Bahamas where 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. Richard has always been involved in Community Service and has led many local initiatives to advance the quality of life and Bahamian Business. He has been a Rotarian since 1988, and is currently an honorary member of the Rotary Club of Southeast Nassau. He is a Past District Governor of Rotary International (2007-2008) where he represented the 14 countries and territories in the Northern Caribbean and led numerous other local community initiatives such as Founder and Chairman of the Bahamas 100-Day Challenge Committee, and Chairman of the Nassau Tourism & Development Board. He is currently chair of Rotary’s Disaster Recovery Committee for the Caribbean districts 7020 7030 and 7000.

Richard was instrumental in the relief and recovery efforts in Haiti while he served as Rotary Internationals District 7020 Haiti Liaison and Haiti Disaster Relief Coordinator for Hurricane Hanna in 2008 and again for the Haiti Earthquake of 12 January 2010. Richard was awarded the Rotary International Service Above Self Award in 2010 by the President of Rotary International for his efforts in Disaster relief in Haiti, and awarded the Bahamas Sir Durward Knowles Humanitarian Recognition Award in 2010.
FINANCIAL ADVISORS
KPMG CORPORATE FINANCE
5th Floor, Montague Sterling Centre
East Bay Street, P.O. Box N-123
Nassau, The Bahamas

ESCROW AGENTS
ROYAL FIDELITY LTD
51 Frederick Street
P.O. Box N 7502
Nassau, The Bahamas

REGISTRAR & TRANSFER AGENTS
BAHAMAS CENTRAL SECURITIES DEPOSITORY
2nd Floor, Fort Nassau Centre
Suite 202, British Colonial Hilton
P.O. Box N-9307
Nassau, The Bahamas

AUDITORS
PRICEWATERHOUSECOOPERS
Bayside Executive Park, Building No. 2
West Bay Street and Blake Road
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Nassau, The Bahamas

BANKERS
RBC ROYAL BANK (BAHAMAS) LIMITED
East Hill Street
P.O. Box N-7549
Nassau, The Bahamas

LEGAL COUNSEL
HIGGS & JOHNSON
Ocean Centre, Montagu Foreshore
P.O. Box N-3247
Nassau, The Bahamas

REGISTERED OFFICE
HIGGS & JOHNSON CORPORATE SERVICES
Ocean Centre, Montagu Foreshore
P.O. Box N-3247
Nassau, The Bahamas
Support Unit of the Royal Bahamas Police Force Reserves.
RALPH BURROWS
Health & Safety Manager

From 2009 to 2011, Ralph Burrows studied at Bahamas Technical & Vocational Institute, receiving the following certifications:

- Outstanding Performance in carpentry
- Construction Health & Safety Certified
- OSHA-Certified: Health & Safety Manager; Fall Protection; Confined Space.

Additionally, he completed 900 Hours of training and curriculum to complete the ASP in accordance with BSA. From 2011 to 2014, he studied with Bahamas Safety Alliance and in 2018 at University of South Florida, receiving OSHA #511 Occupational Safety and Health Standard for General Industry.

Mr. Burrows was employed at the Baha Mar project from July 2009 to December 2019. There, he rose from Construction & Industrial Safety Manager to Operational Corporate Safety.

His further experiences include engagement in Phases 1 & 2 of Albany, New Providence as a skilled carpenter. He was lead person for all insurance walks through with sensitive teams e.g. special events, site visits, reports on latest trends and minimizing liabilities in the various areas, encompassing Tourism, Environmental, Health, Fire & Code, Structural, Aviation & Weather communications to Beach, Pool, Golf, Water Park Life Safety, POC for third party Fire equipment and all Life Safety equipment inspections and new installations, including locations for new flood barrier doors.

Also within his charge were EH&S hazards and impacts, appropriate corrective and/or preventive measures, follow up to ensure measures have been implemented, as well as hot works permit logs and training for hot works process, hurricane preparedness responsibilities. He coordinated with all departments to ensure the safety and wellness of staff and guests and communicated regarding asset protection and awareness to departments for any upcoming or potential dangers.

ANTHONY COOKE
Financial Accounting Manager
– Operations

Mr. Cooke has over 19 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.

Anthony 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.

SHELDON DUCKIE
IT Manager

Sheldon Duckie has worked with Information Technology for over 27 years in various roles, including periods as a computer programmer and instructor and technician. Before joining APD, he served as IT Manager for a leading educational institution in The Bahamas.

Mr. Duckie's passion in IT lies in the area of Information Security and Risk Management. He currently holds the Certified Information Systems Security Professional (CISSP) certification and a Master of Science degree in Information Assurance from Norwich University, Vermont, USA.
BRANDO GLINTON  
Gate Interchange Manager

Before taking on the role of the Gate, Interchange & Berthing Manager at APD, Mr. Glinton previously worked for over 23 years in various roles within the Bahamas Customs Department, where his last posting was as a Customs/Revenue Officer. He has attended numerous customs, intelligence and detection training courses over his career and is most notably certified to operate both the MT1213LT Mobile Container Scanner and the Heimman-Smith X-Ray Portable Scanner.

Mr. Glinton earned his LLB Law 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.

CLEMENT LIGHTBOURNE  
Security & Surveillance Manager/Port Facility Security Officer

Clement Lightbourne serves as the Security and Surveillance Manager. He brings with him forty years of law enforcement experience. He is responsible to keep the port complaint with the International Ship and Port Security Code and the Merchant Act (Chapter 268) Ship and Port Facility (Security) Regulations, 2016. He has received international and local certifications to function in his capacity.

Mr. Lightbourne obtained a Master of Arts degree in Strategic Security from the National Defense University, Washington DC. He also holds a Bachelor of Arts degree in Public Administration from Sojourner Douglass College, Nassau Campus. He graduated from the Police Training College as the Best Recruit with the Baton of Honor. For his exemplary service, he was awarded Meritorious Service, and Long Service and Good Conduct Medals. Law enforcement is his passion, therefore he remains affiliated with local and international agencies to keep abreast of issues that can be mitigated to maintain a safe environment.

RITA RAMSAY, MBA, CHRM  
Human Resources Manager

Rita Ramsay is the Port’s Human Resources Manager, with 20-plus years’ experience in the field of Human Resources as a human resources generalist providing support to Management in the following areas: staffing, employee relations, performance management, human resource policies, compensation and benefits, and training and development.

Prior to joining APD Limited, Mrs. Ramsay served as Human Resources Manager in the insurance and airline industries. Her passion lies in managing and helping people as well as managing properties, having spent her entire career in those fields. She has a broad range of experience in managing properties, marketing, public relations, training, airline security and asset procurement.

Mrs. Ramsay holds an Associate of Arts Degree in Management from The College of the Bahamas, a Bachelor of Science Degree in Management, and a Master of Business Administration (MBA) both from The University of Nova Southeastern University. She is also a Certified International Project Manager (CIPM) and a Certified Human Resources Manager (CHRM). She is a current member of The Bahamas Society for Human Resource Management (BSHRM).
FELIX ROLLE  
Facilities Maintenance Manager

Felix Rolle brings to his position as the Port’s Facilities Maintenance Manager an extensive background as a contractor, building single and multifamily dwellings, commercial buildings and schools. For years, Mr. Rolle owned his own construction company, Felix Rolle & Sons, and was responsible for overseeing construction projects from concept to the finished product.

Holder of an electronics degree from the College of the Bahamas in Nassau, Mr. Rolle also received extensive training and systems certifications as a communications technician who worked closely with air traffic controllers in the civil aviation industry. He also holds the designation of Certified International Project Manager from the American Academy of Project Management. In addition, Mr. Rolle has also received certifications in Developing Managerial Skills and Result Driven Management.

CRISPIN SEYMOUR  
Operations Manager

Crispin Seymour has over 24 years’ experience in international shipping, previously working at the Freeport Container Port in the capacity of Gantry Crane Operator & Instructor, Safety & Training Manager, PFSO & Security Manager, and Tropical Shipping, as the Heavy Equipment Maintenance Manager.

Mr. Seymour has attained numerous industry certifications from various courses throughout the United Kingdom and the United States. He is also a Reserve Police Corporal attached to the Maritime Support Unit of the Royal Bahamas Police Force Reserves.

VIRGIL STUART  
Heavy Equipment Manager

Virgil Stuart has spent the past 16 years in shipping industry, beginning in 2004. Before coming to Nassau Container Port, he served (June 2015 to May 2020) as Logistics Manager for Grand Bahama Shipyard Limited, managing, supervising and coordinating production activities in the department, which included ensuring that logistics operators had the necessary and proper training / equipment to carry out job assignments in a safe and efficient manner. In interfacing with other teams, he was actively involved in allocating equipment to support vessel repairs and yard maintenance projects. Cooperating with the Projects Department, he supported vessel logistics requirements and logs for documentation.

Mr. Stuart’s introduction to the maritime industry began in April 2004 as Certified Stevedore, with Freeport Container Port. He moved next to Grand Bahama Shipyard, rising in the ranks from Dock Arm, Forklift, & Crane Operator Trainee to Multipurpose Crane Operator, operating various types of cranes (Tower, Dock, & Mobile Cranes) with lift capacities of up to 125 tons (December 2004 to September 2013). In this capacity he was recognized by management and colleagues for strong work ethic, reliability, and leadership to take on responsibilities as team leader in the absence of the foreman. As team leader, planned and organized the shift schedule and assigned operators to jobs based on skill and expertise.

His next moves upward with Grand Bahama Shipyard were as Logistics Charge Hand (September 2013 to June 2014) and next to Logistics Foreman (October 2014 to June 2015).

Mr. Stuart’s education and training comprise Associate of Arts, Lon Morris Junior College Jacksonville, TX, USA (1992); Internship Miami Dade Parks, Recreational Department Miami, FL (1993); Recreational Management Studies, Florida International University (1994); Certification in mobile and tower crane operating, Crane Tech (2012); Professional development training, Barry University (2015); Performance Management and Coaching Training, Strategic HR, Inc. (2017).
CLORAN WATCHORN
Financial Controller

Cloran Watchorn previously served as APD’s Financial Reporting Manager. Before joining the company, she had contributed more than 13 years to the financial services sector. Notably, she served the Assistant Financial Controller at Kerzner International (Bahamas) Limited and, before that, served as an accountant in both Public and Private accounting institutions. Further, Mrs. Watchorn has also worked in both Commercial and Private banking.

Cloran Watchorn holds a Bachelor of Science degree in Accounting from Nova Southeastern University in Fort Lauderdale, Florida. Currently, she is pursuing her master’s degree in finance with an expected completion date of June 2021.
The importance of seaports and the maritime industry cannot be overemphasized. Just as the oceans link countries across the globe, sea trade, owing to this connectivity, is a priority factor in fostering and maintaining the stability of economies, markets, industries, via the transport of goods and people. Carriers and ports are pillars of the supply chain, ensuring safe and continuous supplies to the health care network, supermarkets, other businesses and industry.

In an April 2012 article, one of the major local daily newspaper termed Nassau Container Port ‘New Providence’s $83 million front door’. The description was accurate in several ways beyond the fact that NCP overlooks the western entry to Nassau Harbour through which the major cargo and cruise ships gain access. APD Limited and its subsidiaries Nassau Container Port (NCP) and Gladstone Freight Terminal (GFT) are key components in the supply chain of The Bahamas and, as such, are officially recorded as an essential service.

We must also keep top of mind that while our country encompasses a chain of islands, we are not isolated from what happens globally. All that the Port does must be considered within the context of the influences arising from local and global events and environmental conditions, which can, in turn, enhance or disrupt our society and economy. This same mix of factors play a significant role in the functioning and productivity of Nassau Container Port and, ultimately, in the Port’s yields and our national survival. It is essential, for greatest clarity, to view the performance of the 2019/2020 fiscal year against that backdrop.
Stellar Performance in Two Major National Emergencies

Within a six-month period, The Bahamas experienced two catastrophic emergencies. Both the Category 5 Dorian and COVID-19 were born out of factors beyond our control, but impacted negatively across the social and economic spectrums in our islands. The mega storm sat in the Northern Bahamas for two days in the first week of September last year and devastated Abaco and Eastern Grand Bahama. Then on 16 March, the Ministry of Health confirmed its first case of COVID-19, the deadly disease caused by the novel coronavirus (later SARS-CoV-2), which had first been reported by officials in China in December 2019.

There can be little doubt that the unprecedented magnitude of these forces have defined the 2019/2020 fiscal year, expenditure and revenues. It must be said at the outset that the dramatic external impacts, consequent changes and necessary interventions for mitigation came at a substantial cost to APD’s bottom line.

Volumes fell off by 30% and remain below pre-COVID-19 volumes by more than 20%, which will have a significant impact on revenues.

At the same time, this report will show that adherence to sound internal policies and practices and the demands of international certifications with constant, committed observance of national protocols has permitted a high degree of performance excellence. During the past year, all possible was been done to capture such business and revenues as forward planning and recognition and seize of opportunity presented. Every effort was made to maintain budgetary control, minimize financial outflows and, as a major employer of Bahamians, preserve jobs. At the same time, it was essential to keep the company financially viable and running for the benefit of shareholders and all the Bahamians who depend upon the Port’s services.

APD: Contributions to Dorian/COVID-19 Impact Mitigation

Before the period under consideration, our company’s ability to pivot to protect the country’s all-important supply chain and our ongoing commitment to cooperating with public and private entities to safeguard the interests of the Bahamian community had already undergone major testing with a series of record-breaking powerful storms—Joaquin (2015), Matthew (2016) and Irma (2017). No one, however, could have predicted the one-two punch of Dorian and COVID-19. Therefore, effective response to their destruction had to be grounded in APD’s platform of long-term and continuous planning, which has embedded provisions for health, safety, operational redundancy, personnel skills development and teamwork as standards of the company’s operations. These factors, reflected in our internationally recognized and respected ISPS and ISO certifications, have been hallmarks of APD’s Nassau Container Port (NCP) and Gladstone Freight Terminal (GFT). Consequently, when the company was called to service in circumstances unparalleled in the 11 years of APD’s existence or, indeed, in the history of The Bahamas, we were able, as a 100-strong team, to respond with strength, precision and appropriate skills, facilities and a determination to assist in keeping the country and company running to an appreciable quality.

Response to Dorian

In the wake of Dorian, for 30 days APD waived all fees on cargoes consigned to the National Emergency Management Agency (NEMA), as well as port fees for vessels bringing in authenticated relief and building supplies, including medical, health & safety-related products/equipment. We provided logistics and manpower for the sorting and storage of these imports and the dispatch of materials to the impacted areas. Additionally, NEMA was allowed to erect service tents at GFT from September 2019 until well into 2020.

Response to COVID-19

With the outbreak of the coronavirus in The Bahamas, the major processes engaged from the beginning of the hurricane relief efforts were once again injected into mitigation contributions and services in the national fight against the pandemic. The Ministry of Health was permitted to make use of the warehouse space at GFT for receiving and distributing medical supplies, and again APD teams assisted wherever possible with logistics and handling.

Protecting the Supply Chain Integrity & Efficiency

Within the context of a global pandemic influencing production and movement of commodities and necessitating reduced/cancelled carrier sailings and other restrictions, we did our part to maintain continuous supply chain efficiency and continuous operation.

Encouraging the continued services of essential port partners, APD delivered a comprehensive 30-day package of emergency assistance relating to warehousing, manpower and fee concessions and encompassing security, landing, stevedoring, terminal handling/throughput, hazmat, dockage, line handling, gates and reefers.

Some specifics included the reduction of Port fees by 50% and waiving tenant rents/leases at the Gladstone Freight Terminal for 30 days from March 23 to April 22. The company also extended for a further 14-day period free storage time for loaded containers and vehicles, an initiative aimed at helping to reduce the strain from the coronavirus pandemic on the Bahamian purse. With the cooperation of other businesses and entities along the
supply chain, the monetary reductions were intended to work to bring much needed economic relief in this time of challenge. The programme came at a cost to the company’s revenues, as did the effort to maintain employment levels as described further in this report and the concessions to carriers detailed following. Few can honestly refute that APD stood in the gap to prevent a harmful chain reaction that could have seriously impinged on national survival.

FINANCIAL HIGHLIGHTS: COVID-19 IMPACT
(March 2020 to August 2020 v. March 2019 to August 2019)

- **Revenue**: APD Ltd. achieved an overall decline in March 2020 to August 2020 revenue of $12,444,591 (March 2019 to August 2019: $16,446,379) representing 24% ($4,001,787) decrease in actual revenues for the same period last year.

- **Operational Expenditures**: Total operating expenditure for the period in March 2020 to August 2020 was $8,135,966, as compared to prior year March 219 to August 2019 operating expenditures of $9,246,195. Total operating expenses were down by $1,110,229 or 12% less than the same period last year.

- **Net Income**: APD Ltd.’s March 2020 to August 2020 net income was $660,000, or $3,988,858 less as compared to $4,648,858 for the same period in 2019.

- **EBITDA**: The March 2020 to August 2020 earnings before interest, taxes, depreciation, and amortization (EBITDA) were $4,267,209 or 41% less, as compared to $7,200,184 EBITDA of the same period in 2019.

Volumes
In direct consequence of a number of COVID-19-induced impacts—reduced or cancelled carrier sailings and reduced container loads being just two of them—2020 volumes fell off as compared to the same periods of 2019.

- **TEU volumes**: for the period March 2020 to August 2020 were 21% less than the same period in 2019.

- **Tonnage volumes**: for the period March 2020 to August 2020 were 21% less than the same period in 2019.

- **Vehicle volumes**: for the period March 2020 to August 2020 were 28% less than the same period in 2019.

**APD Concessions Provided to Carriers for COVID-19 Relief as of April 22, 2020**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landing fees</td>
<td>$472,200</td>
</tr>
<tr>
<td>Sub-leases/rent</td>
<td>145,000</td>
</tr>
<tr>
<td>Security fees</td>
<td>89,000</td>
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<tr>
<td>Stevedoring</td>
<td>77,800</td>
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<tr>
<td>Terminal Handling/Throughput</td>
<td>76,600</td>
</tr>
<tr>
<td>Gate fees</td>
<td>71,500</td>
</tr>
<tr>
<td>Storage fees</td>
<td>44,000</td>
</tr>
<tr>
<td>Reefer fees</td>
<td>38,000</td>
</tr>
<tr>
<td>Hazmat fees</td>
<td>14,500</td>
</tr>
<tr>
<td>Dockage 10.500</td>
<td></td>
</tr>
<tr>
<td>Line Handling</td>
<td>3,600</td>
</tr>
</tbody>
</table>

**TOTAL** $1,042,700

Registering positively as contributors to volumes were the large construction projects, which have continued to forge ahead.

HUMAN RESOURCES
Team Support: Mitigating Pandemic Impact
In the past year, the International Labor Organization predicted that as many as 25 million jobs worldwide could be wiped out by a worldwide recession brought about by the pandemic. In 2019, before the September hurricane struck, unemployment in The Bahamas stood at its lowest level in ten years. By April 2020, it was projected that joblessness could reach an all-time high of 40 percent during the ongoing pandemic, owing to layoffs and redundancies.

APD’s foremost consideration and determination was to not raise the already unprecedented level of the COVID-19-fed unemployment rate. Effecting this intent offered a challenge to the Human Resources Department’s planning and processes. From the beginning of the crisis, staff support was been driven by the desire to retain all 100 staff members, thus contributing to the well-being of families and other dependents, as well as to the overall multiplier effect on the economy.

With the exception of security, health & safety, mechanics, HR, and accounts personnel, all staff have been on an hours-worked basis with a minimum of 20 hours guaranteed. Thanks to the
robust ICT system that our facilities enjoy, some departments, such as ICT, HR, Planning and Accounts were enabled to work remotely from home. We believe this has been a benefit for those with children and other family members needing care. In areas where working remotely was not possible, as with the departments of Security, Facilities, Gate Interchange, Ship Side Checkers, Heavy Equipment Mechanics, and Crane Operators teams were split into discrete pods to avoid cross-contamination. In this way, if any member on a team contracted COVID-19, our operations would not come to a halt.

With the escalation of the pandemic, the company continued with as-worked hours and, if staff did not make 20 hours, they were brought up to the 20 hours. All of this was done with ample consultation as to the legality of the process. APD’s Board and Administration have not operated outside of the law at any time. Efforts are continuing to maximize staff hours, while maintaining the team concept, health and safety.

Under the hours-worked arrangement, certain staff were placed ‘on call’ in the event a team member reported sick, or the need arose to deal with a late gate, or an off-schedule vessel arrival/departure. This process continued to the date of this report.

Opportunities to Boost Staff Income
At NCP and GFT, every effort has been made to close the gap on the average working hours from 20 to the standard 40 hours, including the following two strategies:
1. Staff were offered the opportunity to augment income with use of accrued vacation time or third-party security work, or a combination of both.
2. A training initiative was instituted whereby staff would be paid for attending the sessions. In addition to the monetary incentive, the programme is intended to boost skills/knowledge in this time of significant change.

Other Assistance
The company did much more in giving care packages and assisting staff experiencing roadblocks with their financial institutions.

HEALTH & SAFETY/FACILITIES
Preventive Measures re COVID-19
To date of this report, APD had not had any confirmed COVID-19 cases.
During the year, a foremost priority was containing the risk of the spread of the disease among APD teams, port workers, carrier crews and customers.

From COVID-19 was confirmed in The Bahamas in March 2020, APD has done and continues to do its part in the physical fight against the deadly virus by adhering to nationally imposed restrictions and well-established polices and protocols as described above, while enhancing processes as circumstances have demanded. Practical preventive measures against the spread of the virus have been multifaceted.

1. The installation of handwashing and sanitizing stations throughout company premises.
2. Pre-business start sanitization of all facilities by maintenance staff daily.
3. Limited ride-sharing on premises.
4. Strict ID/security processes
5. Signage indicating:
   • No mask, no entry policy enforced by security
   • Wearing your mask properly especially when in contact with others,
   • Washing and/or sanitizing hands regularly,
   • Keeping a safe distance through social distancing,
   • Staying home as much as possible,
   • Avoiding large gatherings.
   • Coughing or sneezing into a tissue or bent elbow and,
   • If you feel sick or are having COVID-19 like symptoms, stay at home, seek medical attention and follow our COVID-19 Symptoms, Exposure and Leave Policy.
   • Notify your manager in the event of health and safety difficulties.

The Facilities Department must be credited with doing an excellent job of sanitizing APD facilities. Here, vigilance has been the watchword. The Maritime Centre, company headquarters, undergoes a thorough cleansing before opening. From 6:00 to 8:00am all surfaces are washed down and checks and maintenance activities continue hourly throughout the day. Every gate booth, office and station in the facility is furnished with easy-access hand sanitizers.

Handwashing stations were installed throughout the grounds using rented units, while awaiting the arrival of the company’s own equipment. The speed of passage to Nassau has unavoidably been subject to the many international protocols and conditions of service that now attend such exports and sailings.

In respect of social distancing, the Maritime Centre was emptied, customer seating and brokers’ booths were removed and brokers were obliged to work remotely. People seeking the services of the Customs Department must queue outside in clearly demarcated lines with six-foot spacing. Only three persons at a time are allowed in the Centre, only one to each of the three Customs service windows. This process is monitored by the security team for strict adherence.

Dockside/on the apron, ISPS standards are rigorously applied for the safety of shipside checkers, stevedores and anyone else in contact with that area. Wearing a mask is a strictly enforced protocol for entry to the Port and port facilities. No Shore Leave - No crew members are allowed to come off any vessels. With the exception of Nassau Harbour Pilots, no one, including customs, is allowed to go onboard any vessels, unless established protocols are adhered to.
General Health, Safety & Environmental Management

This happy circumstance, zero cases of COVID-19 among APD personnel, as at this writing, is largely owed to a combination of coronavirus-specific new initiatives built upon a legacy of policies and procedures already in place. Over the years, APD has developed a series of company-wide standard operating procedures (SOPs), created via all-inclusive collaboration among executive, management and staff. This, in turn, served the company well when we engaged the lengthy and arduous process of seeking international certification for safety and environmental management.

NCP is fully compliant with the International Ship and Port Facility Security Code (ISPS Code), a comprehensive set of measures to enhance the security of ships and port facilities and has been recognized as one of the most efficient ports in the region, garnering accolades from the maritime regulatory bodies and shipping community.

As of 12 June 2019, as certified by ABS Quality Evaluation, Inc., APD met the requirements set forth by ISO 9001:2015 and ISO 14001:2015, the standards of quality management systems and environmental stewardship established and promoted by the world-renowned ISO (International Organization for Standardization). ISO is an independent, non-governmental international organization with a membership of 164 national standards bodies worldwide. With this achievement, following its first application and audit, APD set an international record. It is a matter of pride that all APD team members were fully engaged and vested in this initiative and the end result shows the level of commitment of our team.

Mass Emergency Training

Providing the processes, equipment and materials to promote the health and safety of APD teams, tenants and port partners and customers has always been a priority for the company. In place at Nassau Container Port and the inland terminal are members of the company’s emergency response team. Additionally, all APD personnel must undergo first aid and basic emergency training.

Administered by the professionals of First Response Medical & Training Services, emergency response training consists of the following: Introduction to team selection and set, effective communication and coordination with inter-agency and outside response. All team members are exposed to basic & advanced first aid, basic life support, including emergency oxygen administration and response in the case of a full cardiac arrest. Mass casualty incident management encompasses incident command setup, scene management, patient triage, team exercise.

People remain APD’s most valuable assets. Richard McCombe is an able partner on the Executive Team, contributing significantly to the smooth running and development of operations and facilities. His vast knowledge of and deep experience in many areas of the maritime industry is a distinct asset to APD and I am grateful for his collegiality and friendship.

I take pleasure in commending every member of the team for extraordinary service backed by years of experience, finely honed skills and commitment. It is important to note, with much appreciation, the cooperation of port partners and tenants to mutual benefit.—Dian Bethell, President & CFO.

OPERATIONS & FACILITIES

Safety/Security

To a port, with the responsibility for the safety of people and cargo, security is always of highest priority. Of necessity, the 21-member security team was boosted by about six contracted security personnel. The outbreak of COVID-19 and continuing infections has had a dramatic impact on the size of our security team, areas of coverage and intensity of surveillance of identification processes, access to and movement about the port premises and facilities. Responsibilities have included monitoring truckers entry documentation, compliance with mask-wearing, the management of queues with regard to social distancing and order. On ship days, with an increase in entries into the port, duties are extended commensurately.

Information Technology Facilitating ‘New Normal’ Workplace

With the decision taken to have Planning, IT, HR and Accounts to work from home, IT was called upon to energize the process. We believe this has been a benefit for those with children and other family members needing care. Those working remotely were provided with laptop computers and VPN. Of primary importance was enabling and keeping at optimum digital functioning the necessary connectivity between the planners and accounts people working remotely and the networks of which they are essential nodes.

Promoting Safe Workflow Continuance

In areas where working remotely was not possible, as with the departments of Security, Facilities, Gate Interchange, Shipside Checkers, Heavy Equipment Mechanics and Crane Operators, teams were split into discrete pods to avoid cross-contamination. In this way, if any member on a team contracted COVID-19, our operations would not come to a halt.

Gate Interchange & Berthing

The fight against the transmission of COVID-19 brought a number of changes to the operation of the gates. Despite the added redundancies made necessary by COVID-19 prevention measure, this department could report with pride that, during the crisis, gate-turn time remained well under goal, attesting to excellent management and collaborative efforts among teams involved.
Imperative: Focus on Internal & External Impacts to Company Viability

The Covid-19 crisis brought about many political, economic and social disruptions. A spotlight was shone on areas of vulnerability and inconsistency, as well as on new opportunities for revisioning and making substantial progress. All of which must be given serious consideration in forward planning, which will play out against a possibility of future uncertainty. Thus, APD Limited, as with companies and institutions worldwide, stands at a crossroads. The route we choose at this point can lead to gain or loss or, worse still, stasis. Across the planning and operational spectrum, decision-making has taken on an even more critical character.

Hospitality Industry Volumes

In September 2020 it was announced that hotels across the country were given the go-ahead to resume full operations in October 2020. At that time, the Minister of Tourism & Aviation unveiled the ministry’s ‘vacation in place’ (VIP) tourism initiative presenting the mandatory quarantine period as an opportunity for a luxury experience with the cooperation of the hospitality industry. At the same time, however, the minister warned of the need to ‘temper’ their expectations of yields from the country’s tourism product in the short to medium term. APD shared this view, not anticipating the level of hotel bookings that would significantly increase the 2020/2021 fiscal year cargo volumes in the short term.

Construction Industry

On the more positive side, a number of construction projects have continued to move forward. These include the new United States Embassy facility, The Pointe complex, Residences at Goldwyn, and the Sterling Group on Paradise Island. Demolition continues at Prince George Wharf. The old Customs shed and Festival Place have been taken down in preparation for the extensive construction called for in the remodeling of the cruise port.

Breakwater Repair—A National & APD Imperative.

The COVID-19 pandemic has also brought forcefully home the potential negative impacts from the interconnections among maritime networks, natural disasters and international politics and how they can impact port efficiency and profitability. Going forward, we must concentrate on building sustainability and resilience. In the case of the Bahamas maritime industry, this includes paying urgent attention to repairing of the eastern and western breakwaters at the entrance to Nassau Harbour and Arawak Cay. It must be emphasized at the outset that these severely damaged structures pose a significant threat to our tourism product and negatively impact the flow of commercial and cruise shipping coming into the country’s capital. Given what seems an inevitable progression of mega hurricanes impacting our islands, it is imperative to address the problem.

Breakwater History

Established to stabilize the entrance to Nassau Harbour, the breakwaters were constructed in the 1960s by the US Army Corps of Engineers Waterways Experiment Station with sponsorship from the Bahamian Ministry of Maritime Affairs. These structures were built using tribar concrete armour units with the west breakwater approximately 3,100 feet long, extending from Silver Cay to the harbour entrance channel. The east breakwater is located at the west end of Paradise Island and was approximately 800 feet long when first constructed.

Breakwater Conditions Warranting Urgent Action

A serious breach occurred in the eastern breakwater, likely created during the 1991 Halloween Storm (also called the ‘No-Name’ storm), which originated off the eastern coast of Canada, generating high waves that wreaked havoc along the North American eastern seaboard and affected Bermuda, the Bahamas, the Dominican Republic and Puerto Rico. Now approximately 350 feet long, the gap is located near the east breakwater’s shore terminus. The western breakwater has numerous breaches complicating navigability of cargo vessels and cruise ships.

Several times throughout the year the breakwaters do not provide adequate protection in the channel and turning basin; this interrupts operations at Nassau Container Port and our ability to service vessels. To a great extent, it impacts the Harbour Pilots’ ability to service incoming cruise ships. We note further that wave penetration into the inadequately protected harbour has resulted in erosion to Junkanoo Beach and adjacent beaches at Long Wharf, and is believed likely to have an impact on the quality of The Pointe property, marina and beach.

The photo below provides an aerial image of Nassau Harbour and the two breakwater structures.
Partnership of APD & the Nassau Harbour Pilots Association (NHPA)

Out of mutual concern for the foregoing conditions, APD and NHPA established a partnership for repair/reconstruction of the breakwater at the entrance to Nassau Harbour with a view to identifying the right contractor and financing option. Both partners recognize that the rehabilitation and maintenance of the breakwaters fall under the responsibility of the Port Department. We further recognize that there have been underlying constraints inhibiting the Department from ensuring these essential breakwaters are properly maintained.

APD engaged two firms widely recognized and respected in marine and industrial construction: Orion Marine Construction, Inc. (Orion) and Bermello Ajamil & Partners to provide proposals for the design of repairs to the breakwater structures located at the Nassau Harbour entrance and adjacent to Arawak Cay.

Orion (Tampa, Fl) is a highly reputed for marine and industrial construction solutions for clients throughout North America and the entire Caribbean Basin.

Headquartered in Miami, Bermello Ajamil & Partners operates on six continents from its offices in Florida, New York and Denmark and is highly recognized for its award-winning designs and extraordinary service.

Orion (in conjunction with Schneider Engineering & Consulting (SEC) and Bermello both performed as requested.

The APD/NHPA Partnership has now received proposals providing valuable information to support further action from both companies. The bona fides of Orion and Bermello Ajamil & Partners (BA) can be reviewed at their websites:

https://www.orionmarinegroup.com/
https://www.bermelloajamil.com/

As per the submissions of both companies, the three anticipated project phases necessary for the assessment and engineering repair design for the two breakwaters are as follows:

**Phase 1 Deliverables:**
- Meetings with APD, Nassau Harbour Pilots Association (NHPA) and key Governmental Agencies during the reconnaissance site visit
- Site visit and detailed breakwater condition assessment
- Hydrographic and topographic surveys of breakwater structures
- Breakwater repair alternatives development
- Breakwater assessment report
- Responses to APD, NHPA and key Governmental Agencies comments from breakwater assessment report

**Phase 2 Deliverables:**
- Modeling and development of wave climate for design
- Assessment of beach stability within Nassau Harbour and along Paradise Island
- Preliminary drawings and specifications
- ROM construction cost estimate

**Phase 3 Deliverables:**
- Final Drawings and Specifications suitable for construction
- Meeting with BEST commission
- Preparation, submittal and response to questions for permit applications
  - Preparation of Port Department permit application
  - Response to (1) Port Department Request for Additional Information
  - Preparation of Ministry of Works Permit Application
  - Response to (1) Ministry of Works Request for Additional Information

**Need for New Policies to Address New Human Resources Norms: Remote Work**

Across the social and economic spectrums, ‘new norms’ have emerged, forcing companies to examine traditional business and operational contexts in terms of decision-making, staff deployment, policies and procedures. Remote working—that is, working from locations other than the company’s premises—is fast becoming the norm (as with Google and Sales Force, each with 50,000, all working remotely), which will demand a revamp of human resources policy and facilities development.

The company instituted remote work as one of our COVID-19 mitigation strategies and plans to examine the pros and cons that must inform any decision regarding extending the programme. Should the decision be made to continue, it will be urgent for APD to 1) assess provision concerning enabling technology and
2) formulate a remote work policy outlining which employees can work from locations other than the office and when and how this should take place. We must now decide on best practices to follow and determine the legal rights of remote-working employees consistent with what obtains internationally.

Reactivating Projects Disrupted by the Pandemic

Owing to the spread of COVID-19 and attendant restrictions, the company was obliged to put a number of projects on hold. We still consider important and will pursue the following, as opportunity and funding support:

ISO Audit

Owing to the necessary local and international restrictions imposed on domestic and international travel and border closures, the ISO audit that was to be conducted by a team from abroad in June had to be put on hold. It is hoped that the examination will take place in December 2020.

Extending the Potential Yield of GFT Premises

Last year saw an early exploration of the notion of establishing GFT as an incubator of SMEs in support of government’s push to expand entrepreneurship and business development. APD has also begun exploring the possibility of creating space for the supplemental location of some of the air cargo carriers/agents there. The latter is highly feasible owing to the proximity of the inland terminal to LPIA. We believe that, if achieved, such developments could boost revenues.

Apprenticeship Programme to Boost Maritime Industry Careers for Bahamians

It continues to be APD’s goal to attract and train more Bahamians to pursue careers in the maritime industry. In 2019/2020, we began working with Grand Bahama’s Freeport Container Port to assess existing apprenticeship options and design an apprenticeship programme at Nassau Container Port. We look to further the development of such a plan.

LNG Bunkering at Nassau Container Port

Although currently on the backburner, we would like to keep the notion of LNG bunkering in view as a likely potential wave of the future for two main reasons:

1. The increasing trend in shipping to launch new cruise ships that run on LNG.
2. LNG, a cleaner fuel than oil, would help the Port to lower its environmental footprint.

Recognizing and Pursuing Opportunity

As history has shown, widespread and profound changes, especially negative impacts, tend to activate deep reflection and generate novel insights, which, in combination, create unique windows of opportunity not only to shape recovery and forestall similar events in the future, but also to make daring leaps forward in development socially and economically. Leaders in both spheres are already talking about the ‘Great Reset.’ The World Economic Forum noted, “Drawing from the vision and vast expertise of the leaders engaged across the Forum’s communities, the Great Reset initiative has a set of dimensions to build a new social contract that honours the dignity of every human being.” [https://www.weforum.org/great-reset]

On the part of APD Limited, in 2020/2021, we will boost our drive for:

• Targeted innovations for productivity and profitability
• Increasingly better integration of the various in-house processes and units and also with supply chain elements locally and in the international maritime industry, contributing to broader systemic resilience
• Leveraging technology to enhance supply chain efficiency that impacts positively the Bahamian economy as a whole
• Minimizing pollution, maximizing energy efficiency and ensuring resource conservation.
• Improving people development and opportunities, focusing on boosting skills and qualifications to deal beneficially with all the foregoing
• Integrating excellence in all aspects of operations throughout the company and its subsidiaries Nassau Container Port and Gladstone Freight Terminal.
Equipment Upgrade

The current crane fleet at NCP is ageing in a world where the maritime industry is requiring advanced technology to increase lift efficiency, accuracy and safety. Consequently, a new, state-of-the-art Liebherr LHM-420 model was purchased from the company in Germany. According to Liebherr specifications, the Liebherr mobile harbour crane series is faster, stronger and raises and lowers loads at up to 120 metres per minute. The LHM 420 has a maximum load capacity of 124 tonnes and handles up to 38 containers per hour with its hybrid drive. The crane incorporates precautionary measures for increased safety and is also suitable for the efficient handling of bulk cargoes, as well as the safe transportation of general cargoes. It promises the operating company benefits from reduced fuel consumption. Due to arrive in December 2020, the new equipment will allow the company to effect significant savings in terms of speed of operation and maintenance.

Completion of Infrastructure for BPL Cable Crossing

Involving Bahamas Power & Light (formerly BEC), APD Limited and the Bahamas Government and dating from 2012, an agreement was made to permit and facilitate the emplacement of a substation and associated cabling on Arawak Cay. The purpose was to ensure BPL’s ability to meet the added power demands that would arise from the operation of The Pointe development without disadvantaging other electricity users in the surrounding areas of Bay and West Bay Streets. The associated underground cable was run from the BPL Tucker Road complex north on Nassau Street and on to Arawak Cay.

By this agreement, APD Limited accepted the responsibility for carrying out the civil works, including building two concrete structures—one to house the cabling and the other representing the BPL substation—and surrounding wall/fences, as well as the installation of ducts, manholes and concrete plinths. Despite several delays outside the ambit of APD, these works were completed in this fiscal year.

Drive for a Paperless Environment

As part of its commitment to environmental protection, APD initiated a drive to reduce the use of paper in its operation. Executive Administrative Assistant, Bianca Aranha, was appointed to lead the project. The prevailing pandemic and the need to reduce contact material with the use of digital files has pushed the project rapidly forward.
This management discussion and analysis (MD&A) should be read in conjunction with the audited financial statements of APD Limited (the Company or APD) for the year ended June 30, 2020 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 October 24, 2020.

Overview

APD Limited 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 financial year ended June 30, 2020 represents the eighth full year of operations after officially opening in May 2012. Our GFT facility was opened in August 2012. Our BPL Substation and the related Channel Crossing Project were finally completed this year.

Financial Performance

For the year ended June 30, 2020 NCP had processed 129,694 (2019: 131,734) inbound/outbound Twenty-foot Equivalent Units (TEUs). This represents a 1.55% decline in container volumes under 2019 volumes of 131,734 TEUs.

In the 2020 financial year, APD exceeded budgeted net income projections. Budgeted net income was $7,121,499 while actual net income for 2020 was $7,229,908 which is $108,409 or 2% more than budget. The Company’s total revenues for 2020 were $31,159,891 (2019: $30,912,558), which is $247,333 or 0.8% higher than the prior year. Net income for 2020 totaled $7,229,908 (2019: $8,030,347) or 10% lower than the prior year. Net income and revenues would have been higher had it not been for the concessions that APD gave on all imports from March 23, 2020 to April 22, 2020 to provide relief for all imported cargo into New Providence at the onset of the COVID-19 pandemic.

Our Direct Operating Margin (DOM) for 2020 was 50% (2019: 42%). Our budgeted DOM for 2020 was 42%. For the period ended August 31, 2020 our DOM is 41% which is 2% more than our budgeted DOM for the same period.

During the year, APD declared and paid dividends to ordinary shareholders of $6,495,989 (2019: $6,296,113) representing $1.30 (2019: $1.26) per share. As at June 30, 2020 basic and diluted earnings per share were $1.45 (2018: $1.61).
For the 2021 fiscal year, we are budgeting gross revenue of $27,525,000 (2020 Actual: $31,159,889) or 12% less than the prior year’s actual gross revenue. Net income is projected to be approximately $5,796,400 or approximately $1,433,500 less than the 2020 actual net income of $7,229,908. The decline in revenues, net income and volumes are solely attributable to the negative impact of COVID-19 on our local economy, especially our tourism sector.

Our net income is currently 3% or $29,321 under budget as at August 31, 2020.

Ongoing projects at this time include: GoldWynn Condo-Hotel and Residences, The Pointe hotel construction, South Ocean Resort, Global Port Holdings & Downtown Redevelopment, and Baha Mar (Water Theme park). All of these projects are in progress. Management remains extremely conservative and does not foresee any significant project volumes during FY21. As a result of COVID-19 volumes have been down by as much as 25% since March/April 2020. We foresee that volumes will remain down until at least the first quarter of 2021.

Total market volumes have decreased as a result of COVID-19 and are estimated to be around 123,000 TEUs for 2021 or 10,000 under the 2020 budgeted volumes of 133,000 TEUs. Our total revenues as at August 31, 2020 are under budget by approximately $52,000 or 1%. Total expenses as at August 31, 2020 were under budget by $142,220.

Operating expenses including depreciation and amortization of $19,929,969 for the period ended June 30, 2020 were $1,116,365 or 5.3% lower than our 2020 budgeted operating expenses of $21,046,334.
Operating expenses including depreciation and amortization of $19,929,969 for the period ended June 30, 2020 were $1,116,365 or 5.3% lower than our 2020 budgeted operating expenses of $21,046,334.

Actual roundtrip TEU volumes for 2020 of 129,694 were under budget by 3,306 TEUs or 2.5% compared to our budgeted 2020 volumes of 133,000 TEUs. Additionally, bulk car volumes of 14,769 were 369 or 3% more than 2020 budgeted car volumes of 14,400. This resulted in revenues of approximately $2,662,723 from landing and security fees for vehicles.

Additionally, revenues from storage fees were approximately 130% over budget during FY20. Reefer revenue was over budget by $329,900 during FY20. Total current assets increased from $20,692,048 (2019) to $22,605,098 (2020) or an increase of 9.25%. Cash and cash equivalents increased by $1,526,529. During the year the spare parts inventory increased by $34,431.

Gross accounts receivable increased by $351,801 during FY20. Property plant & equipment and right of use assets totaled $126,840,011 (2019: $82,800,651) as at June 30, 2020 and the value of the Company’s right to use the leased land from the Government of The Bahamas was classified as right-of-use assets ($46,148,822) and added to the statement of financial position as a result of the adoption of IFRS 16 Leases. Current liabilities decreased by $1,125,612 from $5,244,150 (2019) to $4,118,538 (2020). This was largely driven by the current portion of the leased liability associated with the corresponding right-of-use asset as a result of the adoption of IFRS 16.

As a result of the adoption of IFRS 16, the Company did not comply with all the covenants of its borrowing facilities during the reporting period. The total liabilities to operating cash flows ratio should not be more than 3.0 and it was 3.31 as at June 30, 2020. APD obtained a waiver from the lender for this financial covenant for FY20. The Company complied with all other covenants. Further, the Company met all of its debt obligations during the reporting period.

Non-current liabilities increased from $32,717,730 (2019) to $78,313,027 (2020) which is mainly attributable the net impact of the repayment of principal and interest on the long-term debt, the reclassification of the current portion of the preference shares which became due at the end of FY20 and the lease liability associated with the right-of-use asset as a result of the adoption of IFRS16. Deposits held were flat year over year. Management monitors the performance of our operations against our strategic objectives on a regular basis. Performance is assessed against strategy utilizing budgets and forecasts, using both financial and non-financial measures.

NCP’s TEU volumes as at August 31, 2020 are tracking 2% over budget. Total revenues as at August 31, 2020 are tracking about 1% under budget.
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 at prime + 0.25%. Additionally, in June 2017, APD obtained a $3,000,000 USD loan facility from the Inter-American Investment Corporation (IIC). Proceeds are to be used to fund/finance port energy conservation projects including but not limited to installation of a solar PV system, high mass lighting, LED retrofit and other related investments in energy conservation/improvements. The proceeds may also be used for the development of LNG storage, handling and operations facilities and for procurement of energy efficient appliances, vehicles and equipment. The company received its first drawdown in December 2017 in the amount of $1,500,000. The principal outstanding as of June 30, 2020 is $750,000.

As of June 30, 2020, our financing needs are well supported by the $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 ordinary and preference shares, interest and principal 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 statement of financial position 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 with RBC. 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 expenditures, modifying our tariff rates, and securing additional sources of financing 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 with 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 from continuing operations, adjusted to remove the impact of interest payments, and deducting 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 and 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. The majority of the revenues of the Company are derived from the services to companies that have some ownership stake in ACPDHL.

APD sub-lets warehouse space to Betty K Agencies Ltd., Tropical Shipping, Bahamas Customs and Gladstone Warehouse Services Ltd., at competitive market rates. APD also sub-lets administrative office space to the Ministry of Finance – Department of Inland Revenue, Arawak Stevedoring Limited, MSC and Tycoon Management at the GFT inland facility and at the Maritime Center on Arawak Cay.

For the fiscal year 2021 the minimal annual rent of 50,000 TEUs at $43.68 (2020: $43.68) will be no less than $2,184,000 (2020: $2,184,000).

**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.

**LOANS AND LT DEBT**

**Facility 1:** $3,000,000 revolving demand operating line of credit payable on demand at a rate of Prime rate plus 0.25% on the outstanding balance.

The above facilities are secured by the following:
- Security/Collateral
- Loan agreement and associated documentation;
- Promissory note for the facility amount.

**Facility 2:** USD $3,000,000 non-revolving reducing term loan. The loan is for a five (5) year period from the date of the first disbursement with interest payable semi-annually at a rate of LIBOR plus 2.25% commencing six months from the date of the first disbursement of the loan. Principal repayments will be payable semi-annually in equal installments. The Company received its first drawdown in December 2017 in the amount of $1,500,000. The principal outstanding as of June 30, 2020 was $750,000 (2019: $1,050,000) and the current portion of long-term debt is $300,000 (2019: $300,000).

**Facility 3:** On July 5, 2013 the Company issued 72,000 series a 5.5% fixed rate, non-voting, cumulative redeemable preference shares. The net proceeds of the offer 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 current portion of the preference share debt is $1,286,000. Principal payments are payable annually commencing the last working day of June on the 5th anniversary of the offering, $1,286,000 is due between the 5th and 12th anniversary, and $3,428,000 between the 13th and the 19th anniversary, with the residual balance of $1,716,000 payable of the 20th anniversary.

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.

**CONTROLS AND PROCEDURES**

Our Management, with the participation of the Company’s Chief Financial Officer, has evaluated the effectiveness of its disclosure controls and procedures. Based on the evaluation performed, the Company’s 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 Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

**CHANGES IN INTERNAL CONTROLS 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.

Dion O. Bethell,
President and CFO
AUDITED FINANCIAL STATEMENTS

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Independent auditors’ report
To the Shareholders of APD Limited

Report on the audit of the financial statements

Our opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of APD Limited (the Company) as of June 30, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited
APD Limited’s financial statements comprise:
- the statement of financial position as of June 30, 2020;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors’ responsibilities for the audit of the financial statements section of our report.

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

Independence
We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.
Our audit approach

Overview

- Overall materiality: $414,700, which represents approximately 5% of profit from continuing operations
- In addition to determining materiality, we also assessed, amongst other factors, the following in designing our audit:
  - the risk of material misstatement in the financial statements
  - significant accounting estimates
  - the risk of management override of internal controls
- Valuation of property, plant and equipment
- Initial adoption of IFRS 16 ‘Leases’

Audit scope

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.
Overall materiality $414,700

How we determined it
- approximately 5% of profit from continuing operations

Rationale for the materiality benchmark applied
- We chose profit from continuing operations as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose approximately 5% which is within a range of acceptable benchmark thresholds.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $41,470, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
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<tr>
<th>Key audit matter</th>
<th>How our audit addressed the key audit matter</th>
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<tr>
<td>Valuation of property, plant and equipment</td>
<td>We evaluated and assessed the reasonableness of accounting policies related to property, plant and equipment and useful lives. For a sample of assets, we examined if the useful lives over which depreciation is calculated was in accordance with the Company's policy. We also reperformed calculations of depreciation expense for a sample of assets. Additionally, we tested management’s impairment assessment which included an analysis of all of the Company’s assets by asset class. We agreed information in the analysis to the fixed asset register which was reconciled to the general ledger and financial statements through our testing. We performed an analysis of the Company’s property, plant and equipment using the external and internal factors outlined in IAS 36. Additionally, we evaluated the reasonableness of management’s assumptions used in determining if an asset is impaired and</td>
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Refer to notes 2 (g), 2 (h) and 9 to the financial statements for disclosures of related accounting policies and balances.

As of June 30, 2020, property, plant and equipment represented $80,691,189 or 55% of total assets of the Company. There were no impairment losses on property, plant and equipment recognised during the year.

While the Government of The Bahamas imposed lockdowns and curfews across the islands of The Bahamas and ordered that the majority of businesses suspend operations to the general public in response to the COVID-19 pandemic, the Company was one of the organisations specifically exempted due to the nature of its operations and the critical role it plays in the supply chain for essential goods on the island of New Providence.

We focused on valuation of property, plant and equipment due to materiality of the balance and because the factors in determining whether impairment exists involves significant judgement by management. 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 may show a significant decline from previous budgets and forecasts.

We also considered the impact of COVID-19 as negative changes in the economic environment in which the Company operates is a relevant factor. We assessed management’s conclusion that COVID-19 is not an indicator of impairment for the Company as the financial impact has not been significant and there have been no changes in the extent to which, or manner in which, the Company’s assets are used or are expected to be used. We performed test of details over revenue and expenses, which supported the increase of revenue year on year and did not identify any information that would contradict management's conclusions over their impairment assessment.

No material misstatement in the carrying amount of property, plant and equipment was identified through our testing.

Initial adoption of IFRS 16 ‘Leases’

Refer to notes 2 (n), 13 (b) and 13 (c) to the financial statements for disclosures of related accounting policies and balances.

The initial adoption of the new leasing standard, IFRS 16, had a material impact on the Company’s financial statements. As of June 30, 2020, right-of-use assets in the amount of $46,148,822 and lease liabilities in the amount of $47,209,756 were recognised. Right-of-use assets and lease liabilities represent 31% and 57% of total assets and total liabilities respectively and thus have a material impact on the Company’s financial position.

We focused on the initial adoption of the standard due to its material impact on the financial statements and because determination of the lease term and the incremental borrowing rate involved a level of judgement by management. Management performed a review of its leasing arrangements to determine if contracts represent or contain a lease. The lease of 

As part of our audit procedures, we inquired about the implementation process and evaluated its impact on the financial statements, including reviewing the updated accounting policies implemented according to IFRS 16. Furthermore, we evaluated the adoption impact and the adequacy of disclosures relating to the standard and its impact on the Company’s financial statements.

We evaluated the assumptions used by management, in particular those used in determining the incremental borrowing rate, lease conditions and measurement.
56.55 acres of land on Arawak Cay, New Providence (the Port Land) with the Government of The Bahamas was the only lease agreement that met the recognition criteria for which a right-of-use asset and corresponding lease liability were recognised.

In determining the lease term, management considered all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension option on the land lease has been included in the lease liability, because the Company could not replace the leasehold improvements without significant cost or business disruption.

As the interest rate implicit in the lease could not be readily determined, management determined an incremental borrowing rate of 4.5% based on recent third-party financing rates received.

principles, and tested the actual inputs for the significant lease contract. We tested management’s assumptions as followed:
- Examined the lease agreement with a focus on the renewal and extension options to ensure the appropriateness of the lease term in light of our entity and industry knowledge and our testing performed on capital expenditures;
- Assessed the reasonableness of the incremental borrowing rate through examination of historical data (i.e. previous third-party financing received) and correspondence from the Company’s bankers confirming the available lending rate;
- Independently calculated the present value of the lease liability based on the terms of the lease agreement and related external inputs, being the Consumer Price Index published by the Central Bank of Bahamas and compared to management’s calculated value; and
- Tested the mathematical accuracy of the present value calculation.

No material misstatements in the carrying amounts of right-of-use assets or lease liabilities were identified through our testing.

Other information
Management is responsible for the other information. The other information comprises the 2020 APD Limited Annual Report (but does not include the financial statements and our auditors’ report thereon), which is expected to be made available to us after the date of this auditors’ report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the 2020 APD Limited Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.
Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditors’ responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors’ report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Carlton Cartwright Jr.

Chartered Accountants
Nassau, Bahamas

October 28, 2020
APD LIMITED  
(Incorporated under the laws of the Commonwealth of The Bahamas)

Statement of Financial Position  
As of June 30, 2020  
(Amounts expressed in Bahamian dollars)

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<th>Notes</th>
<th>2020</th>
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**ASSETS**

**Current assets**

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<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>18,327,087</td>
<td>16,800,558</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>1,891,098</td>
<td>1,539,297</td>
</tr>
<tr>
<td>Tax receivable</td>
<td>615,806</td>
<td>591,978</td>
</tr>
<tr>
<td>Deposits, prepayments and other assets</td>
<td>875,403</td>
<td>898,942</td>
</tr>
<tr>
<td>Spare parts inventory</td>
<td>868,925</td>
<td>834,494</td>
</tr>
<tr>
<td>Deferred borrowing costs</td>
<td>26,779</td>
<td>26,779</td>
</tr>
</tbody>
</table>

Total current assets                              | 22,605,098| 20,692,048|

**Non-current assets**

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property, plant and equipment</td>
<td>80,691,189</td>
<td>82,800,651</td>
</tr>
<tr>
<td>Right-of-use asset</td>
<td>46,148,822</td>
<td>-</td>
</tr>
</tbody>
</table>

Total non-current assets                           | 126,840,011| 82,800,651|

Total assets                                      | 149,445,109| 103,492,699|

**LIABILITIES AND EQUITY**

**Current liabilities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>447,152</td>
<td>309,833</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>992,365</td>
<td>2,300,874</td>
</tr>
<tr>
<td>Retention payable</td>
<td>16,794</td>
<td>-</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>1,016,666</td>
<td>1,047,443</td>
</tr>
<tr>
<td>Current portion of redeemable preference shares</td>
<td>1,286,000</td>
<td>1,286,000</td>
</tr>
<tr>
<td>Current portion of lease liability</td>
<td>59,561</td>
<td>-</td>
</tr>
<tr>
<td>Current portion of long term debt</td>
<td>300,000</td>
<td>300,000</td>
</tr>
</tbody>
</table>

Total current liabilities                          | 4,118,538 | 5,244,150 |

**Non-current liabilities**

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Redeemable preference shares</td>
<td>30,451,236</td>
<td>31,706,134</td>
</tr>
<tr>
<td>Long term debt</td>
<td>450,000</td>
<td>750,000</td>
</tr>
<tr>
<td>Lease liability</td>
<td>47,150,195</td>
<td>-</td>
</tr>
<tr>
<td>Deposits held</td>
<td>261,596</td>
<td>261,596</td>
</tr>
</tbody>
</table>

Total non-current liabilities                      | 78,313,027| 32,717,730|

Total liabilities                                 | 82,431,565| 37,961,880|

**Equity**

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>49,969</td>
<td>49,969</td>
</tr>
<tr>
<td>Share premium</td>
<td>49,192,308</td>
<td>49,192,308</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>17,771,267</td>
<td>16,288,542</td>
</tr>
</tbody>
</table>

Total equity                                      | 67,013,544| 65,530,819|

Total liabilities and equity                      | 149,445,109|103,492,699|

Approved by the Board of Directors on October 28, 2020 and signed on its behalf by:

[Signatures]

Director
### Statement of Comprehensive Income

**For the year ended June 30, 2020**

*(Amounts expressed in Bahamian dollars)*

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Landing fees</td>
<td>14</td>
<td>13,284,990</td>
</tr>
<tr>
<td>Terminal handling fees</td>
<td>14</td>
<td>4,271,995</td>
</tr>
<tr>
<td>Stevedoring fees</td>
<td>14</td>
<td>2,944,719</td>
</tr>
<tr>
<td>Security</td>
<td>14</td>
<td>2,559,562</td>
</tr>
<tr>
<td>Storage fees</td>
<td>14</td>
<td>2,406,077</td>
</tr>
<tr>
<td>Gate fees</td>
<td>14</td>
<td>2,279,740</td>
</tr>
<tr>
<td>Subleases</td>
<td>13</td>
<td>1,492,182</td>
</tr>
<tr>
<td>Reefer line</td>
<td>14</td>
<td>1,132,900</td>
</tr>
<tr>
<td>Hazmat fees</td>
<td>14</td>
<td>365,000</td>
</tr>
<tr>
<td>Dockage</td>
<td>14</td>
<td>291,990</td>
</tr>
<tr>
<td>Line handling fees</td>
<td>14</td>
<td>73,300</td>
</tr>
<tr>
<td>Other income</td>
<td>14</td>
<td>57,436</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td></td>
<td><strong>31,159,891</strong></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries, employee benefits, and training</td>
<td></td>
<td>5,104,726</td>
</tr>
<tr>
<td>Terminal handling costs</td>
<td></td>
<td>4,135,635</td>
</tr>
<tr>
<td>Government fees and taxes</td>
<td></td>
<td>1,491,877</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td></td>
<td>1,325,789</td>
</tr>
<tr>
<td>Utilities</td>
<td></td>
<td>1,116,408</td>
</tr>
<tr>
<td>Government lease</td>
<td>13</td>
<td>648,405</td>
</tr>
<tr>
<td>Security</td>
<td></td>
<td>388,976</td>
</tr>
<tr>
<td>Legal and other professional fees</td>
<td>15</td>
<td>380,225</td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td>339,970</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td></td>
<td>324,320</td>
</tr>
<tr>
<td>Office supplies, postage and delivery</td>
<td></td>
<td>181,947</td>
</tr>
<tr>
<td>Company meetings and events</td>
<td></td>
<td>126,026</td>
</tr>
<tr>
<td>Loss on disposal of asset</td>
<td></td>
<td>138,501</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td></td>
<td><strong>15,702,805</strong></td>
</tr>
<tr>
<td><strong>Earnings before interest, depreciation and amortisation</strong></td>
<td></td>
<td><strong>15,457,086</strong></td>
</tr>
</tbody>
</table>
APD LIMITED

Statement of Comprehensive Income (Continued)
For the year ended June 30, 2020
(Amounts expressed in Bahamian dollars)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Depreciation - property, plant and equipment</td>
<td>9</td>
<td>3,633,270</td>
</tr>
<tr>
<td>Depreciation - right-of-use-asset</td>
<td></td>
<td>562,791</td>
</tr>
<tr>
<td>Amortisation of preference share issue cost</td>
<td></td>
<td>31,103</td>
</tr>
<tr>
<td><strong>Total depreciation and amortisation</strong></td>
<td></td>
<td>4,227,164</td>
</tr>
<tr>
<td><strong>Earnings before interest</strong></td>
<td></td>
<td>11,229,922</td>
</tr>
<tr>
<td><strong>Finance costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Preference share dividends</td>
<td></td>
<td>1,838,547</td>
</tr>
<tr>
<td>Interest on lease liability</td>
<td></td>
<td>2,127,004</td>
</tr>
<tr>
<td>Interest expense</td>
<td></td>
<td>43,304</td>
</tr>
<tr>
<td>Interest income</td>
<td></td>
<td>(8,841)</td>
</tr>
<tr>
<td><strong>Total finance costs, net</strong></td>
<td></td>
<td>4,000,014</td>
</tr>
<tr>
<td><strong>Total earnings for the year attributable to the equity shareholders</strong></td>
<td></td>
<td>7,229,908</td>
</tr>
<tr>
<td><strong>Total comprehensive income for the year</strong></td>
<td></td>
<td>7,229,908</td>
</tr>
<tr>
<td><strong>Basic and diluted earnings per share</strong></td>
<td>12</td>
<td>1.45</td>
</tr>
</tbody>
</table>
APD LIMITED

Statement of Changes in Equity
For the year ended June 30, 2020
(Amounts expressed in Bahamian dollars)

<table>
<thead>
<tr>
<th></th>
<th>Share capital $</th>
<th>Share premium $</th>
<th>Retained earnings $</th>
<th>Total $</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at July 1, 2018</strong></td>
<td>49,969</td>
<td>49,192,308</td>
<td>14,554,308</td>
<td>63,796,585</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td>8,030,347</td>
<td>8,030,347</td>
</tr>
<tr>
<td>for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid (Note 11)</td>
<td></td>
<td></td>
<td>(6,296,113)</td>
<td>(6,296,113)</td>
</tr>
<tr>
<td><strong>Balance at June 30, 2019</strong></td>
<td>49,969</td>
<td>49,192,308</td>
<td>16,288,542</td>
<td>65,530,819</td>
</tr>
<tr>
<td>as originally presented</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in accounting policy</td>
<td></td>
<td></td>
<td>748,806</td>
<td>748,806</td>
</tr>
<tr>
<td>(Note 2 (b) i)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Balance at July 1, 2019</strong></td>
<td>49,969</td>
<td>49,192,308</td>
<td>17,037,348</td>
<td>66,279,625</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td></td>
<td>7,229,908</td>
<td>7,229,908</td>
</tr>
<tr>
<td>for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid (Note 11)</td>
<td></td>
<td></td>
<td>(6,495,989)</td>
<td>(6,495,989)</td>
</tr>
<tr>
<td><strong>Balance at June 30, 2020</strong></td>
<td>49,969</td>
<td>49,192,308</td>
<td>17,771,267</td>
<td>67,013,544</td>
</tr>
</tbody>
</table>
APD LIMITED

Statement of Cash Flows
For the year ended June 30, 2020
(Amounts expressed in Bahamian dollars)

<table>
<thead>
<tr>
<th>Notes</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>**Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive income for the year</td>
<td>7,229,908</td>
<td>8,030,347</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation - property, plant and</td>
<td>3,633,270</td>
<td>3,092,880</td>
</tr>
<tr>
<td>equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation - right-of-use-asset</td>
<td>562,791</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation of preference share issue</td>
<td>31,103</td>
<td>31,103</td>
</tr>
<tr>
<td>cost</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss on disposal of assets</td>
<td>138,501</td>
<td>-</td>
</tr>
<tr>
<td>Interest income</td>
<td>(8,841)</td>
<td>(8,154)</td>
</tr>
<tr>
<td>Preference share dividends</td>
<td>1,838,547</td>
<td>1,909,272</td>
</tr>
<tr>
<td>Interest on lease liability</td>
<td>2,127,004</td>
<td>-</td>
</tr>
<tr>
<td>Loan interest expense</td>
<td>43,304</td>
<td>70,474</td>
</tr>
<tr>
<td>**Operating profit before changes in</td>
<td>15,595,587</td>
<td>13,125,922</td>
</tr>
<tr>
<td>working capital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in spare parts inventory</td>
<td>(34,431)</td>
<td>(7,893)</td>
</tr>
<tr>
<td>Decrease / (Increase) in deposits,</td>
<td>23,539</td>
<td>(46,735)</td>
</tr>
<tr>
<td>prepayments &amp; other assets</td>
<td>(351,801)</td>
<td>76,657</td>
</tr>
<tr>
<td>(Increase) / Decrease in accounts</td>
<td>(23,828)</td>
<td>(120,721)</td>
</tr>
<tr>
<td>receivable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in deposits held</td>
<td>-</td>
<td>(13,368)</td>
</tr>
<tr>
<td>Increase / (Decrease) in accounts</td>
<td>137,319</td>
<td>(178,892)</td>
</tr>
<tr>
<td>payable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease in due to related parties</td>
<td>(4,565)</td>
<td>(304,934)</td>
</tr>
<tr>
<td>Decrease in accrued expense and other</td>
<td>(30,777)</td>
<td>(70,042)</td>
</tr>
<tr>
<td>liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in retention payable</td>
<td>16,794</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>15,327,837</td>
<td>12,459,994</td>
</tr>
<tr>
<td>**Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of property, plant and</td>
<td>(1,662,309)</td>
<td>(1,199,588)</td>
</tr>
<tr>
<td>equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>**Net cash used in investing activities</td>
<td>(1,662,309)</td>
<td>(1,199,588)</td>
</tr>
<tr>
<td>**Cash flows from financing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan repayment</td>
<td>-</td>
<td>(3,085,106)</td>
</tr>
<tr>
<td>Principal payment on lease liability</td>
<td>(56,996)</td>
<td>-</td>
</tr>
<tr>
<td>Principal payment on long term debt</td>
<td>(300,000)</td>
<td>(300,000)</td>
</tr>
<tr>
<td>Principal payment on preference shares</td>
<td>(1,286,000)</td>
<td>(2,572,000)</td>
</tr>
<tr>
<td>Interest expense paid</td>
<td>(43,304)</td>
<td>(70,474)</td>
</tr>
<tr>
<td>Interest income received</td>
<td>8,841</td>
<td>8,154</td>
</tr>
<tr>
<td>Interest on lease liability</td>
<td>(2,127,004)</td>
<td>-</td>
</tr>
<tr>
<td>Dividends paid to ordinary shareholders</td>
<td>(6,493,989)</td>
<td>(6,296,113)</td>
</tr>
<tr>
<td>Preference share dividends</td>
<td>(1,838,547)</td>
<td>(1,909,272)</td>
</tr>
<tr>
<td>**Net cash used in financing activities</td>
<td>(12,138,999)</td>
<td>(14,224,811)</td>
</tr>
<tr>
<td><strong>Increase / (Decrease) in cash and cash equivalents</strong></td>
<td>1,526,529</td>
<td>(2,964,405)</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, beginning of year</strong></td>
<td>16,800,558</td>
<td>19,764,963</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td>18,327,087</td>
<td>16,800,558</td>
</tr>
</tbody>
</table>
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 principal activity of the Company is to manage, operate and maintain a commercial port at Arawak Cay known as Nassau Container Port (the Port) and an inland terminal on Gladstone Road, known as Gladstone Freight Terminal (the Depot) (Note 13).

The Company is a public company listed on the Bahamas International Securities Exchange. The Company’s registered office is located at Ocean Centre, Montagu Foreshore, East Bay Street, New Providence, The Bahamas.

Operations of the Port include a break bulk, a bulk and a container terminal. The container terminal has the capability of handling at least 200,000 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 (hereinafter collectively referred to as IFRS).

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.
2. Summary of significant accounting policies (Continued)

   (a) Basis of preparation (continued)

   (i) Critical accounting estimates and assumptions (continued)

   **Impairment of non-financial assets**

   Items of property, plant and equipment 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.

   **Measurement of the Expected Credit Loss (ECL) allowance**

   The measurement of the ECL allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring the ECLs, such as:

   - Definition of default
   - Determining the criteria for significant increase in credit risk
   - Choosing appropriate models and assumptions for the measurement of ECLs
   - Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECLs

   The Company applies the IFRS 9 simplified approach to measuring expected credit losses. Explanation of the inputs, assumptions and estimation techniques used in measuring the ECLs are further detailed in Note 18.

   The Company regularly reviews and validates the models and inputs to the models to reduce any differences between ECL estimates and actual credit loss experience.

   A sensitivity analysis is not disclosed as the impact of reasonable changes in key assumptions would not be material to the ECL.
2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (continued)

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

**Capitalisation of directly attributable costs related to the acquisition of property, plant and 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.

(iii) Alternative performance measures

Management has determined that earnings before interest, depreciation and amortisation is the most useful performance measure to the users of the financial statements as it can be useful in comparing companies with different debt profiles and depreciation policies and is a widely accepted performance measure. Earnings before interest, depreciation and amortisation as presented on the statement of comprehensive income reconciles to operating profit as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before interest, depreciation and amortisation</td>
<td>$15,457,086</td>
<td>$13,125,922</td>
</tr>
<tr>
<td>Depreciation - property, plant and equipment</td>
<td>($3,633,270)</td>
<td>($3,092,880)</td>
</tr>
<tr>
<td>Depreciation - right-of-use-asset</td>
<td>($562,791)</td>
<td>-</td>
</tr>
<tr>
<td>Amortisation of preference share issue cost</td>
<td>($31,103)</td>
<td>($31,103)</td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td><strong>11,229,922</strong></td>
<td><strong>10,001,939</strong></td>
</tr>
</tbody>
</table>

(iv) Impact of COVID-19

Beginning of January 2020, global financial markets and local businesses have experienced and continue to experience significant volatility from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty.
2. Summary of significant accounting policies (Continued)

(a) Basis of preparation (continued)

(iv) Impact of COVID-19

While the Government of The Bahamas imposed lockdowns and curfews across the islands of The Bahamas and ordered that the majority of businesses suspend operations to the general public, the Company has been one of the organisations specifically exempted due to the nature of its operations and the critical role it plays in the supply chain for essential goods on the island of New Providence.

As a result of COVID-19, volumes for the months of March to June decreased by as much as 30% less than budgeted volumes. Despite the decline at the early onset of the pandemic, there was an increase in the importation of hardware and building supplies due to ongoing projects on the island. In response to COVID-19, management granted the following concessions to its customers:

- As of March 23, 2020, free time on storage fees was increased by 14 days (thereby increasing free storage time from 10 days to 24 days) for FCL containers and vehicles for a period of 30 days;
- Rent for tenants at the Nassau Container Port and Gladstone Freight Terminal was waived for the month of April 2020;
- All port tariff rates were reduced by 50% effective March 23, 2020 for a period of 30 days.

The above concessions, along with the volume reductions noted above, resulted in the decrease in revenues in the last quarter of the fiscal year. Total revenues for the year however were in line with the prior year, and net income was slightly above budget.

While the extent and duration of the impact of COVID-19 is uncertain at this point, management believes that these events would not have an impact on the carrying amount of assets and liabilities as at the reporting date, nor would it impact the Company’s ability to continue as a going concern.

(b) Changes in applicable accounting policy and disclosures

(i) New and amended standards adopted by the Company

The Company has applied IFRS 16, ‘Leases’ (IFRS 16) for the first time for its annual reporting period commencing July 1, 2019.

IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 ‘Leases’.
APD LIMITED

Notes to Financial Statements
June 30, 2020
(Continued)

3. Summary of significant accounting policies (Continued)

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

(i) New and amended standards adopted by the Company (continued)

IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts on the balance sheet, instead of the classification of leases as either operating leases or finance leases as required by IAS 17. Lessees will have to present interest expense on the lease liability and depreciation on the right-of-use asset in their statement of comprehensive income under IFRS 16. The new standard requires changes to the statement of cash flows because lease contracts that have previously been classified as operating leases are no longer presented as operating cash flows in full. Only the part of the lease payments that reflects interest on the lease liability can be presented as an operating cash flow. Cash payments for the principal portion of the lease liability are classified within financing activities. Lessor accounting remains substantially the same as in IAS 17. Lessor accounting remains substantially the same as in IAS 17. The standard is effective for annual periods beginning on or after January 1, 2019.

The Company has changed its accounting policy for leases where the Company is the lessee. The new policy is described in note 2(n) and the impact of the change in note 13(b). The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the June 30, 2019 reporting period, as permitted under the specific transition provisions of the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on July 1, 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of July 1, 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on July 1, 2019 was 4.5%.

Practical expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at July 1, 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at July 1, 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying IAS 17 and Interpretation 4 ‘Determining whether an Arrangement contains a Lease’.
(b) Changes in applicable accounting policy and disclosures (continued)

(i) New and amended standards adopted by the Company (continued)

Measurement of lease liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating lease commitments disclosed as at June 30, 2019</td>
<td>$74,000,074</td>
</tr>
<tr>
<td>Discounted using the lessee’s incremental borrowing rate of at the date of initial application</td>
<td>$(26,733,322)</td>
</tr>
<tr>
<td><strong>Lease liability recognized as at July 1, 2019</strong></td>
<td><strong>$47,266,752</strong></td>
</tr>
<tr>
<td>Of which are:</td>
<td></td>
</tr>
<tr>
<td>Current lease liabilities</td>
<td>$56,996</td>
</tr>
<tr>
<td>Non-current lease liabilities</td>
<td>$47,209,756</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$47,266,752</strong></td>
</tr>
</tbody>
</table>

Measurement of right-of-use assets

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at June 30, 2019.

Adjustments recognised in the statement of financial position on July 1, 2019

The change in accounting policy affected the following items in the statement of financial position on July 1, 2019:
- right-of-use assets – increase by $46,711,613
- due to related parties – decrease by $1,303,945
- lease liabilities – increase by $47,266,752

The net impact on retained earnings on July 1, 2019 was an increase of $748,806.

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

Certain new accounting standards and amendments to standards and interpretations have been published that are not mandatory for June 30, 2020 reporting periods and have not been early adopted by the Company. These standards are not expected to have a material impact on the financial statements of the Company in the current or future reporting periods and on foreseeable future transactions.

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

(c) Foreign currency translation (continued)

(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 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

For the purpose of presentation in the statement of cashflows, 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 that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Accounts receivable

Accounts receivable are amounts due from customers for services performed in the ordinary course of business. They are generally due for settlement within 15 days and are therefore all classified as current. Accounts receivable are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. The Company holds the accounts receivable with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method, less loss allowance. 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 used in operations.

(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 any component accounted for as a separate asset is derecognised when replaced. 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.
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: 1.5 to 10 years
- Buildings and improvements: 1.5 to 45 years
- Motor vehicles: 1.5 to 10 years
- Furniture and fixtures, communications and office equipment: 1.5 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 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 after the reporting period. 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.

(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 the statement of comprehensive income 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.
Notes to Financial Statements
June 30, 2020
(Continued)

2. Summary of significant accounting policies (Continued)

(j) Borrowings (continued)

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.

(l) Share capital and share premium

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.
2. Summary of significant accounting policies (Continued)

(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.

(n) Leases

Accounting as lessee

Until June 30, 2019, leases of property, plant and equipment in which a significant portion of the risks and rewards of ownership were not transferred to the Company were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

From July 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:
- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.
2. Summary of significant accounting policies (Continued)

(n) Leases (continued)

Accounting as lessee (continued)

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company:
- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, eg term, country, currency and security.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Variable lease payments

The Company does not have any leases that contain variable payment terms.

Extension and termination options

Extension and termination options are included in a number of property leases. These are used to maximise operational flexibility in terms of managing the assets used in the Company’s operations. The extension and termination options held are exercisable only by the Company and not by the lessor.
2. Summary of significant accounting policies (Continued)

(n) Leases (continued)

Accounting as lessee (continued)

Critical judgements in determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For the Company’s leases, the following factors are the most relevant:
- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The extension option on the land lease has been included in the lease liability, because the Company could not replace the leasehold improvements without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Accounting as lessor

Lease income on operating leases is recognised over the term of the lease on a straight-line basis. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Company did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

(o) Financial instruments

i) Financial assets

Initial recognition and measurement

IFRS 9 establishes three primary categories for financial assets: amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI). The Company classifies financial assets, at initial recognition as subsequently measured at amortised cost.
2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

i) Financial assets (continued)

*Initial recognition and measurement (continued)*

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Company’s business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are ‘solely payments of principal and interest’ (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Regular-way purchases and sales of financial assets are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

*Subsequent measurement*

For purposes of subsequent measurement, financial assets are classified as financial assets at amortised cost.

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. There were no financial assets which met the criteria to be classified as financial assets at FVTPL.

Financial assets and liabilities are classified at fair value through other comprehensive income (FVOCI) if the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

i) Financial assets (continued)

Subsequent measurement (continued)

There were no financial assets which met the criteria to be classified as financial assets at FVOCI.

Financial assets at amortised cost

This category is the most relevant to the Company. The Company’s financial assets at amortised cost include ‘cash and cash equivalents’ and ‘accounts receivable’ in the statement of financial position.

The Company measures financial assets at amortised cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

• The rights to receive cash flows from the asset have expired; or

• The Company has transferred its rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of the asset.
2. Summary of significant accounting policies (Continued)

(o) Financial instruments (continued)

i) Financial assets (continued)

**Impairment of financial assets**

The Company assesses, on a forward looking basis, the ECL for financial assets measured at amortised cost. The Company measures ECL and recognises a credit loss allowance, if material, at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

Financial instruments measured at amortised cost are presented in the statement of financial position, net of the allowance for ECL.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for accounts receivable. This did not result in any change in the loss allowance as of June 30, 2020.

ii) Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost.

**Derecognition**

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).
2. Summary of significant accounting policies (Continued)

(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.

(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. The Company is however subject to value added tax (VAT) and 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. On July 1, 2018, the Value Added Tax (Amendment) Act, 2018 came into effect, which increased the standard VAT rate from 7.5% to 12%.

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

(s) Earnings per share (continued)

(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.

(t) 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.

3. Cash and cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>693</td>
<td>2,258</td>
</tr>
<tr>
<td>Cash held with bank</td>
<td>18,326,394</td>
<td>16,798,300</td>
</tr>
<tr>
<td></td>
<td><strong>18,327,087</strong></td>
<td><strong>16,800,558</strong></td>
</tr>
</tbody>
</table>

4. Accounts receivable

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers’ account - gross:</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Third parties</td>
<td>210,011</td>
<td>220,691</td>
</tr>
<tr>
<td>Related parties (Note 5)</td>
<td>1,681,087</td>
<td>1,318,606</td>
</tr>
<tr>
<td></td>
<td>1,891,098</td>
<td>1,539,297</td>
</tr>
<tr>
<td>Less: Allowance for expected credit losses</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td><strong>1,891,098</strong></td>
<td><strong>1,539,297</strong></td>
</tr>
</tbody>
</table>
4. Accounts receivable (Continued)

There were no movements in the allowance for expected credit losses during the year. The loss allowance calculated after the application of the impairment requirements of IFRS 9 was immaterial to the financial statements and was therefore not recognised.

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

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

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Current</th>
<th>1-30 days</th>
<th>31-60 days</th>
<th>61-90 days</th>
<th>More than 90 days</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2020</strong></td>
<td>$1,891,098</td>
<td>$1,367,042</td>
<td>$475,222</td>
<td>$38,839</td>
<td>$3,723</td>
<td>$6,272</td>
</tr>
<tr>
<td><strong>2019</strong></td>
<td>$1,539,297</td>
<td>$1,342,779</td>
<td>$182,873</td>
<td>$12,328</td>
<td>$1,317</td>
<td>-</td>
</tr>
</tbody>
</table>

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 18(b).

5. Related party balances and transactions

A party is related to the Company if:

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

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

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

(iv) 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 (ii) or (iii) above.
5. Related party balances and transactions (Continued)

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

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due from Shareholder</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Due from other related parties - affiliates</td>
<td>1,681,086</td>
<td>1,318,605</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,681,087</strong></td>
<td><strong>1,318,606</strong></td>
</tr>
</tbody>
</table>

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.

(b) *Amounts due to related parties comprise:*

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due to Shareholder</td>
<td>1,409,997</td>
<td>3,011,868</td>
</tr>
<tr>
<td>Due to other related parties - affiliates</td>
<td>223,963</td>
<td>185,130</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,633,960</strong></td>
<td><strong>3,196,998</strong></td>
</tr>
</tbody>
</table>

The due to Shareholder includes real property taxes payable and 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 in the ordinary course of business and services obtained for terminal handling operations. These amounts are included in due to related parties and accrued expenses and other liabilities on the statement of financial position.

Settlement of the above payables is within the payment terms agreed in the agreements and invoices.

(c) *Sales and purchases of services:*

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales of services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other related parties - affiliates</td>
<td>27,400,094</td>
<td>27,091,419</td>
</tr>
</tbody>
</table>

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.
5. Related party balances and transactions (Continued)

(c) Sales and purchases of services: (continued)

Revenue from transactions with two customers amount to 10% or more of the Company’s total revenues. Transactions with these two customers included in sales of services account for 76% (2019: 75%) of total revenues during the year, amounting to $11,748,612 (2019: $11,424,527) and $11,801,599 (2019: $11,712,557) respectively.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of services</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other related parties - affiliates</td>
<td>4,635,886</td>
<td>4,263,634</td>
</tr>
</tbody>
</table>

The services purchased from other related parties - affiliates are related to services provided by the common terminal operator at the Port facilities.

(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:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>556,842</td>
<td>834,013</td>
</tr>
<tr>
<td>Short term employee benefits</td>
<td>435,080</td>
<td>517,981</td>
</tr>
<tr>
<td>Retirement benefits</td>
<td>22,402</td>
<td>41,701</td>
</tr>
<tr>
<td></td>
<td>1,014,324</td>
<td>1,393,695</td>
</tr>
</tbody>
</table>

6. Deposits, prepayments and other assets

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Security deposits</td>
<td>394,790</td>
<td>394,790</td>
</tr>
<tr>
<td>Prepayments</td>
<td>480,613</td>
<td>504,152</td>
</tr>
<tr>
<td></td>
<td>875,403</td>
<td>898,942</td>
</tr>
</tbody>
</table>

7. Long term debt

Facility 1: $3,000,000 revolving demand operating line of credit payable on demand at a rate of Bahamian dollar prime rate 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, 2020
(Continued)

7. Long term debt (Continued)

Facility 2: USD 3,000,000 non-revolving reducing term loan. The loan is for a five (5) year period from the date of the first disbursement with interest payable semi-annually at a rate of LIBOR plus 2.25% commencing six months from the date of the first disbursement of the loan. Principal repayments will be payable semi-annually in equal instalments. The Company received its first drawdown in December 2017 in the amount of $1,500,000. The principal outstanding as of June 30, 2020 is $750,000 (2019: $1,050,000) and the current portion of long-term debt is $300,000 (2019: $300,000).

The Company has complied with the financial covenants of its borrowing facilities during the years ended June 30, 2020 and 2019 except as outlined in Note 20.

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. Principal payments are payable annually commencing the last working day of June on the 5th anniversary of the offering as follows: $1,286,000 due between the 5th and 12th anniversary; $3,428,000 between the 13th and 19th anniversary, and the residual balance of $1,716,000 payable on the 20th anniversary. 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.
9. Property, plant and equipment

<table>
<thead>
<tr>
<th></th>
<th>Container terminal</th>
<th>Freight handling equipment</th>
<th>Buildings, improvements &amp; office trailers</th>
<th>Motor vehicles</th>
<th>Furniture &amp; fixtures, communications and office equipment</th>
<th>Capital work in progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year ended June 30, 2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>44,684</td>
<td>567,747</td>
<td>91,063</td>
<td>138,852</td>
<td>149,942</td>
<td>(992,289)</td>
<td>-</td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cost</td>
<td>(12,485)</td>
<td>(1,495)</td>
<td>(103,761)</td>
<td>(7,222)</td>
<td>(13,538)</td>
<td>-</td>
<td>(138,501)</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Depreciation charge for the year</td>
<td>(1,044,156)</td>
<td>(1,208,101)</td>
<td>(972,834)</td>
<td>(96,872)</td>
<td>(311,306)</td>
<td>-</td>
<td>(3,633,269)</td>
</tr>
<tr>
<td><strong>Closing net book value</strong></td>
<td><strong>36,428,293</strong></td>
<td><strong>5,565,528</strong></td>
<td><strong>34,175,445</strong></td>
<td><strong>271,649</strong></td>
<td><strong>1,134,802</strong></td>
<td><strong>3,115,472</strong></td>
<td><strong>80,691,189</strong></td>
</tr>
<tr>
<td><strong>At June 30, 2020</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>44,660,501</td>
<td>11,102,489</td>
<td>41,308,405</td>
<td>786,172</td>
<td>4,841,441</td>
<td>3,115,472</td>
<td>105,814,481</td>
</tr>
<tr>
<td>Accumulated impairment</td>
<td>(24,157)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(152)</td>
<td>(24,309)</td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(8,232,208)</td>
<td>(5,512,804)</td>
<td>(7,132,960)</td>
<td>(514,523)</td>
<td>(3,706,487)</td>
<td>-</td>
<td>(25,098,982)</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td><strong>36,428,293</strong></td>
<td><strong>5,565,528</strong></td>
<td><strong>34,175,445</strong></td>
<td><strong>271,649</strong></td>
<td><strong>1,134,802</strong></td>
<td><strong>3,115,472</strong></td>
<td><strong>80,691,189</strong></td>
</tr>
</tbody>
</table>

Capital work in progress includes costs incurred as of June 30, 2020 in connection with ongoing construction and special projects at the Port. These projects are expected to be completed during the 2021 fiscal year.
9. Property, plant and equipment (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Container terminal</th>
<th>Freight handling equipment</th>
<th>Buildings, improvements &amp; office trailers</th>
<th>Motor vehicles</th>
<th>Furniture &amp; fixtures, communications and office equipment</th>
<th>Capital work in progress</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year ended June 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening net book value</td>
<td>$37,891,074</td>
<td>$6,763,254</td>
<td>$36,064,593</td>
<td>$288,003</td>
<td>$1,474,717</td>
<td>$2,212,302</td>
<td>$84,693,943</td>
</tr>
<tr>
<td>Additions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transfers</td>
<td>$565,895</td>
<td>$105,010</td>
<td>$64,972</td>
<td>$35,349</td>
<td>$195,212</td>
<td>(966,438)</td>
<td></td>
</tr>
<tr>
<td>Reclassifications</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>$6,463</td>
<td></td>
<td></td>
<td></td>
<td>(6,463)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Impairment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(3,282)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(3,282)</td>
<td></td>
<td></td>
<td></td>
<td>(1,697)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation charge for the year</td>
<td>(1,023,182)</td>
<td>(660,887)</td>
<td>(968,588)</td>
<td>(86,461)</td>
<td>(353,762)</td>
<td>(4,979)</td>
<td>(3,092,880)</td>
</tr>
<tr>
<td>Closing net book value</td>
<td>$37,440,250</td>
<td>$6,207,377</td>
<td>$35,160,977</td>
<td>$236,891</td>
<td>$1,309,704</td>
<td>$2,445,452</td>
<td>$82,800,651</td>
</tr>
<tr>
<td><strong>At June 30, 2019</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost</td>
<td>$44,628,302</td>
<td>$10,536,237</td>
<td>$41,321,103</td>
<td>$654,542</td>
<td>$4,705,037</td>
<td>$2,445,452</td>
<td>$104,290,673</td>
</tr>
<tr>
<td>Accumulated impairment</td>
<td></td>
<td>(24,157)</td>
<td></td>
<td></td>
<td>(152)</td>
<td></td>
<td>(24,309)</td>
</tr>
<tr>
<td><strong>Net book value</strong></td>
<td>$37,440,250</td>
<td>$6,207,377</td>
<td>$35,160,977</td>
<td>$236,891</td>
<td>$1,309,704</td>
<td>$2,445,452</td>
<td>$82,800,651</td>
</tr>
</tbody>
</table>
10. Accrued expenses and other liabilities

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued real property tax</td>
<td>632,608</td>
<td>632,608</td>
</tr>
<tr>
<td>General accruals</td>
<td>384,058</td>
<td>414,835</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,016,666</strong></td>
<td><strong>1,047,443</strong></td>
</tr>
</tbody>
</table>

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 (2019: 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 $6,495,989 (2019: $6,296,113) representing $1.30 (2019: $1.26) 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.

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total earnings for the year attributable to the equity shareholders</td>
<td>$7,229,908</td>
<td>$8,030,347</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares in issue</td>
<td>4,996,915</td>
<td>4,996,915</td>
</tr>
<tr>
<td><strong>Basic and diluted earnings per share</strong></td>
<td><strong>$1.45</strong></td>
<td><strong>$1.61</strong></td>
</tr>
</tbody>
</table>

13. Significant agreements

(a) Memorandum of Understanding (MOU)

On May 10, 2010, the Company and the Government of The Bahamas (the Government) entered into a Memorandum of Understanding (MOU), whereby the Government initiated the relocation of the freight, cargo and port handling activities from downtown Bay Street on the island of New Providence to Arawak Cay, New Providence, and the Company agreed to design, develop, construct, manage, operate and maintain a new commercial port at Arawak Cay to be known as Nassau Container Port (the Port) and an inland terminal on Gladstone Road, to be known as Gladstone Freight Terminal (the Depot).

In accordance with the MOU, 20% of the Company’s ordinary shares were offered for sale to the general public through an Initial Public Offering (IPO) held in February 2012. At the conclusion of the IPO, the Government and ACPDHL each owned 40% and the general public owned 20% of the ordinary share capital of the Company.
13. Significant agreements (Continued)

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

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 Lands and Survey, acting on behalf of the Government leased the Port Land and Depot Land and licensed 27.88 acres of seabed for use of the Company for 45 years which became effective May 1, 2012 and August 13, 2012, respectively, when the Port and Depot facilities were substantially completed.

The 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.

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;
13. Significant agreements (Continued)

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

- 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;
- 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.
13. Significant agreements (Continued)

(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. Payments 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, 2020, the total rent expense recognised in the statement of comprehensive income amounted to $2,749,971 (2019: $2,775,494). As of reporting period, lease payable to the Government amounted to $43,390,721 (2019: $2,047,965) which is included in due to related parties in the statement of financial position (Note 5).

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.

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.
13. Significant agreements (Continued)

(b) Leases (continued)

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

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>No later than one year</td>
<td>-</td>
<td>2,000,002</td>
</tr>
<tr>
<td>Later than one year and no later than five years</td>
<td>-</td>
<td>8,000,008</td>
</tr>
<tr>
<td>Later than five years</td>
<td>-</td>
<td>64,000,064</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>74,000,074</td>
</tr>
</tbody>
</table>

From July 1, 2019, the Company has recognised right-of-use assets for these leases.

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>July 1, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Right-of-use assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>46,148,823</td>
<td>46,711,613</td>
</tr>
<tr>
<td>Lease liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td>59,561</td>
<td>56,996</td>
</tr>
<tr>
<td>Non-current</td>
<td>47,150,195</td>
<td>47,209,756</td>
</tr>
<tr>
<td></td>
<td>47,209,756</td>
<td>47,266,752</td>
</tr>
</tbody>
</table>

Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation charge of right-of-use assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>562,791</td>
<td>-</td>
</tr>
<tr>
<td>Interest expense (included in finance costs)</td>
<td>2,127,004</td>
<td>-</td>
</tr>
</tbody>
</table>

The total cash outflow for leases in 2020 was $2,861,529.
13. Significant agreements (Continued)

(c) Subleases

The lease terms for existing lease agreements began in September 2011 and range from less than one (1) year to ten (10) years with options to renew for monthly to ten (10) year periods. The lease agreements provide at varying terms for the annual lease to be adjusted based on The Bahamas Consumer Price Index but there are no other variable lease payments that depend on an index or rate.

Although the risks associated with rights the Company retains in the underlying assets are not considered to be significant, the Company employs strategies to further minimize these risks. The Company requires the lessee to submit a cash security deposit upon signing the lease for the majority of its lease contracts. Additionally, although the Company is exposed to changes in the residual value at the end of the current leases, the Company typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Deposits held as per the lease agreements totalled $261,596 as of June 30, 2020 (2019: $261,596). Additionally, during the year the Company executed certain short term leases, which are on a month to month basis.

Income amounting to $1,492,182 (2019: $1,756,378) 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:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>No later than one year</td>
<td>$1,179,665</td>
<td>$1,234,750</td>
</tr>
<tr>
<td>Later than one year and no later than five years</td>
<td>$1,512,685</td>
<td>$2,399,342</td>
</tr>
<tr>
<td>Later than five years</td>
<td>$62,706</td>
<td>$206,853</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,775,056</strong></td>
<td><strong>3,840,945</strong></td>
</tr>
</tbody>
</table>
14. Revenue from contracts with customers

a) Disaggregation of revenue from contracts with customers

The Company derives revenue from the delivery of services over time and at a point in time in the following major revenue streams:

<table>
<thead>
<tr>
<th></th>
<th>At a point in time</th>
<th>Over time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Landing fees</td>
<td>13,284,990</td>
<td>-</td>
<td>13,284,989</td>
</tr>
<tr>
<td>Terminal handling fees</td>
<td>4,271,995</td>
<td>-</td>
<td>4,271,995</td>
</tr>
<tr>
<td>Stevedoring fees</td>
<td>2,944,719</td>
<td>-</td>
<td>2,944,719</td>
</tr>
<tr>
<td>Security</td>
<td>2,559,562</td>
<td>-</td>
<td>2,559,562</td>
</tr>
<tr>
<td>Gate fees</td>
<td>2,279,740</td>
<td>-</td>
<td>2,279,740</td>
</tr>
<tr>
<td>Storage fees</td>
<td>-</td>
<td>2,406,077</td>
<td>2,406,077</td>
</tr>
<tr>
<td>Reefer line</td>
<td>-</td>
<td>1,132,900</td>
<td>1,132,900</td>
</tr>
<tr>
<td>Other income</td>
<td>787,771</td>
<td>-</td>
<td>787,771</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26,128,777</strong></td>
<td><strong>3,538,977</strong></td>
<td><strong>29,667,753</strong></td>
</tr>
</tbody>
</table>

Other income includes hazmat fees, dockage, line handling fees and other income as presented on the statement of comprehensive income.

b) Performance obligations

Landing fees are charges for the use of the Nassau Container Port (NCP) wharves and piers. The performance obligation is satisfied at a point in time, i.e. when the cargo lands at NCP. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed based on the size and type of cargo and there are no elements of variable consideration.
14. Revenue from contracts with customers (Continued)

b) Performance obligations (continued)

Terminal handling fees are charges for the use of freight handling equipment and operating costs associated with moving containers, trailers and non-containerised cargo in the common terminal area. The performance obligation is satisfied at a point in time, i.e. when the cargo is moved. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed based on the size and type of cargo and there are no elements of variable consideration.

Stevedoring fees are charges for all containers, vehicles or non-containerised cargo discharged or loaded by cranes at NCP. The performance obligation is satisfied at a point in time, i.e. when the cargo is discharged or loaded. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed based on the size and type of cargo and is charged per Twenty-foot Equivalent Unit (TEU). There are no elements of variable consideration.

Security fees are charges for providing security services at the Port and are assessed to all cargo entering NCP. The performance obligation is satisfied at a point in time, i.e. when the cargo enters the Port. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed based on the size and type of cargo and there are no elements of variable consideration.

Gate fees are charges for containers, chassis and trailers entering or leaving the Port’s gates. The performance obligation is satisfied at a point in time, i.e. when the cargo moves through the gate. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed and is charged per container.

Storage and reefer fees are charges for the time that cargo remains at NCP or GFT beyond an established free time period. The performance obligation is satisfied over time, i.e. during the period that the cargo remains on site. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed based on the type of cargo and there are no elements of variable consideration.

Hazmat fees are charges for handling hazardous cargo. The performance obligation is satisfied at a point in time, i.e. when the cargo arrives at the Port. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed based on the weight of the cargo and there are no elements of variable consideration.

Dockage fees are charges assessed on a vessel for berthing or making use of any of the dock space at NCP. The performance obligation is satisfied at a point in time, i.e. when the vessel berths. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed based on the Length Overall (LOA) of the vessel and there are no elements of variable consideration.
Line handling fees are charges for mooring the vessel to the berth and are assessed when a ship moves berth. The performance obligation is satisfied at a point in time, i.e. when the vessel berths, unberths, or moves berth. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed based on the size of the vessel and there are no elements of variable consideration.

Other income includes charges for equipment rental and weighing charges. The performance obligation is satisfied at a point in time, i.e. when the equipment is rented or when the cargo is weighed. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed based on the type of equipment or weight and there are no elements of variable consideration.

15. Legal and other professional fees

Legal and other professional fees comprise the following:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal and other professional fees</td>
<td>257,307</td>
<td>324,741</td>
</tr>
<tr>
<td>Regulatory fees</td>
<td>122,918</td>
<td>121,687</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>380,225</strong></td>
<td><strong>446,428</strong></td>
</tr>
</tbody>
</table>

16. Retirement benefits

Pension costs for the year which are included in salaries, employee benefits and training in the statement of comprehensive income totalled $125,721 (2019: $143,163). 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.

17. Commitments and contingencies

Outstanding capital commitments as of reporting date were as follows:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorised but not contracted</td>
<td>-</td>
<td>320,860</td>
</tr>
<tr>
<td>Contracted but not yet incurred</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>-</td>
<td><strong>320,860</strong></td>
</tr>
</tbody>
</table>

As of June 30, 2020, 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 $670,000 (2019: $680,000). There is an annual bank charge of 1.25% on the face value of each bond.
18. 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 instrument will fluctuate because of changes in the market interest rates.

As of June 30, 2020, 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.

(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.
18. Financial risk management (Continued)

(b) Credit risk (continued)

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.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, all cash balances are held with a reputable financial institution which is a branch of a bank which holds under Moody's an external credit rating of Aa2 and under Fitch an external credit rating of AA, and as such are in stage 1. Given the strong credit worthiness of the bank, management does not expect a material ECL on the cash balances.

To measure the expected credit losses, trade receivables and other receivables have been grouped based on shared credit risk characteristics and the days past due. The other receivables relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables. These two balances are grouped together as accounts receivable on the statement of financial position.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before June 30, 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified gross domestic product (GDP) of The Bahamas and the geographical location in which it operates which make it prone to potential hurricanes to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at June 30, 2020 was determined to be immaterial and no adjustments were booked.

Trade receivables and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 365 days past due.

Impairment losses on trade receivables and other receivables are presented as net impairment losses within EBITDA. Subsequent recoveries of amounts previously written off are credited against the same line item.
### 18. Financial risk management (Continued)

#### (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, 2020. The amounts disclosed in the table are the contractual undiscounted cash flows.

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Carrying amount</th>
<th>Contractual cash flows</th>
<th>0-12 months</th>
<th>1-5 years</th>
<th>More than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As of June 30, 2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>447,152</td>
<td>447,152</td>
<td>447,152</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>992,365</td>
<td>992,365</td>
<td>992,365</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>1,016,666</td>
<td>1,016,666</td>
<td>1,016,666</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long term debt</td>
<td>750,000</td>
<td>750,000</td>
<td>300,000</td>
<td>450,000</td>
<td>-</td>
</tr>
<tr>
<td>Lease Liabilities</td>
<td>47,209,756</td>
<td>178,724,000</td>
<td>2,184,000</td>
<td>10,920,000</td>
<td>165,620,000</td>
</tr>
<tr>
<td>Redeemable preference shares</td>
<td>31,737,236</td>
<td>48,879,910</td>
<td>4,339,810</td>
<td>11,507,940</td>
<td>33,032,160</td>
</tr>
<tr>
<td>Deposits held</td>
<td>261,596</td>
<td>261,596</td>
<td>-</td>
<td>111,654</td>
<td>149,942</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td><strong>82,414,771</strong></td>
<td><strong>231,071,689</strong></td>
<td><strong>9,279,993</strong></td>
<td><strong>22,989,594</strong></td>
<td><strong>198,802,102</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Carrying amount</th>
<th>Contractual cash flows</th>
<th>0-12 months</th>
<th>1-5 years</th>
<th>More than 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>As of June 30, 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liabilities</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>309,833</td>
<td>309,833</td>
<td>309,833</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>2,300,874</td>
<td>2,300,874</td>
<td>2,300,874</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>1,047,443</td>
<td>1,047,443</td>
<td>1,047,443</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Long term debt</td>
<td>1,050,000</td>
<td>1,050,000</td>
<td>300,000</td>
<td>750,000</td>
<td>-</td>
</tr>
<tr>
<td>Redeemable preference shares</td>
<td>32,992,134</td>
<td>52,017,365</td>
<td>4,410,540</td>
<td>11,790,860</td>
<td>35,815,965</td>
</tr>
<tr>
<td>Deposits held</td>
<td>261,596</td>
<td>261,596</td>
<td>-</td>
<td>111,654</td>
<td>149,942</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td><strong>37,961,880</strong></td>
<td><strong>56,987,111</strong></td>
<td><strong>8,368,690</strong></td>
<td><strong>12,652,514</strong></td>
<td><strong>35,965,907</strong></td>
</tr>
</tbody>
</table>
18. Financial risk management (Continued)

(c) Liquidity risk (continued)

The Company has sufficient cash flows from operations to meet its liquidity needs. In addition, the Company has undrawn lines of credit with the Royal Bank of Canada and the Inter-American Investment Corporation totalling $3,000,000 and $1,500,000 respectively, as described in Note 7.

As disclosed in Note 17, the Company has total capital commitments for provision of goods and services in the amount of $Nil (2019: $320,860) which mainly related to the completion of the Bahamas Power and Light (BPL) channel crossing.

19. Fair value of financial instruments

Financial instruments utilised by the Company include recorded financial assets and liabilities. Except for long term debt, redeemable preference shares and deposits held, the Company’s financial instruments are principally short term in nature. 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.

For long term debt, redeemable preference shares and deposits held, the respective market interest rates have not experienced significant changes since origination and therefore fair values approximate carrying values. The Bahamian dollar prime rate was reduced by 0.50% effective January 2017, and prior to this change had not experienced any changes since the year ended June 30, 2011.

Fair value hierarchy and measurements

The Company ranks its financial instruments based on the hierarchy of valuation techniques required by IFRS, which is determined based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company’s market assumptions. These two types of inputs lead to the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.
APD LIMITED

Notes to Financial Statements
June 30, 2020
(Continued)

19. Fair value of financial instruments (Continued)

Fair value hierarchy and measurements (continued)

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset.

The determination of what constitutes ‘observable’ requires significant judgment by the Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>FINANCIAL ASSETS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at amortised cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>18,327,087</td>
<td>-</td>
<td>-</td>
<td>18,327,087</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>-</td>
<td>1,891,098</td>
<td>-</td>
<td>1,891,098</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>18,327,087</td>
<td>1,891,098</td>
<td>-</td>
<td>20,218,185</td>
</tr>
<tr>
<td>FINANCIAL LIABILITIES</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial liabilities at amortised cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>-</td>
<td>447,152</td>
<td>-</td>
<td>447,152</td>
</tr>
<tr>
<td>Retention Payable</td>
<td>-</td>
<td>16,794</td>
<td>-</td>
<td>16,794</td>
</tr>
<tr>
<td>Due to related parties</td>
<td>-</td>
<td>992,365</td>
<td>-</td>
<td>992,365</td>
</tr>
<tr>
<td>Accrued expenses and other liabilities</td>
<td>-</td>
<td>1,016,666</td>
<td>-</td>
<td>1,016,666</td>
</tr>
<tr>
<td>Current portion of preference shares</td>
<td>-</td>
<td>1,286,000</td>
<td>-</td>
<td>1,286,000</td>
</tr>
<tr>
<td>Current portion of long term debt</td>
<td>-</td>
<td>300,000</td>
<td>-</td>
<td>300,000</td>
</tr>
<tr>
<td>Current portion of lease liability</td>
<td>-</td>
<td>59,561</td>
<td>-</td>
<td>59,561</td>
</tr>
<tr>
<td>Redeemable preference shares</td>
<td>-</td>
<td>30,451,236</td>
<td>-</td>
<td>30,451,236</td>
</tr>
<tr>
<td>Long term debt</td>
<td>-</td>
<td>450,000</td>
<td>-</td>
<td>450,000</td>
</tr>
<tr>
<td>Long term lease liability</td>
<td>-</td>
<td>47,150,195</td>
<td>-</td>
<td>47,150,195</td>
</tr>
<tr>
<td>Deposits held</td>
<td>-</td>
<td>261,596</td>
<td>-</td>
<td>261,596</td>
</tr>
<tr>
<td>Total financial liabilities</td>
<td>-</td>
<td>82,431,565</td>
<td>-</td>
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</tr>
</tbody>
</table>
APD LIMITED

Notes to Financial Statements
June 30, 2020
(Continued)

19. Fair value of financial instruments (Continued)

*Fair value hierarchy and measurements (continued)*

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th></th>
<th></th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FINANCIAL ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial assets at amortised cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>16,800,558</td>
<td>-</td>
<td>-</td>
<td>16,800,558</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>-</td>
<td>1,539,297</td>
<td>-</td>
<td>1,539,297</td>
</tr>
<tr>
<td>Total financial assets</td>
<td>16,800,558</td>
<td>1,539,297</td>
<td>-</td>
<td>18,339,855</td>
</tr>
</tbody>
</table>

| **FINANCIAL LIABILITIES** |         |       |       |
| Financial liabilities at amortised cost |         |       |       |
| Accounts payable        | -       | 309,833 | -   | 309,833 |
| Due to related parties  | -       | 2,300,874 | -   | 2,300,874 |
| Accrued expenses and other liabilities | -       | 1,047,443 | -   | 1,047,443 |
| Current portion of preference shares | -       | 1,286,000 | -   | 1,286,000 |
| Current portion of long term debt | -       | 300,000 | -   | 300,000 |
| Redeemable preference shares | -       | 31,706,134 | -   | 31,706,134 |
| Long term debt          | -       | 750,000 | -   | 750,000 |
| Deposits held           | -       | 261,596 | -   | 261,596 |
| **Total financial liabilities** | -       | 37,961,880 | -   | 37,961,880 |

The Company does not have a Level 3 classification at June 30, 2020 and 2019. There were no transfers between levels during the year.

20. 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.
20. Capital management (Continued)

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

*Long term debt covenants*

Under the terms of the borrowing facilities (Note 7), the Company is required to comply with the following financial covenants:

- to maintain a current ratio of at least 1.3
- to maintain a total liabilities to operating cash flow ratio of not more than 3.0 (excluding redeemable preference shares)
- to maintain a total liabilities to equity ratio of not more than 1.0 (excluding redeemable preference shares).

The Company has complied with these covenants throughout the reporting period except for the total liabilities to operating cash flow ratio. As at June 30, 2020, the current ratio was 5.49 (2019: 3.95), the total liabilities to operating cash flow ratio was 3.31 (2019: 0.40) and the total liabilities to equity ratio was 0.76 (2019: 0.08).

The total liabilities to operating cash flow ratio increased from 0.40 to 3.31 following the adoption of IFRS 16. Total liabilities increased following the recognition of lease liabilities on July 1, 2019. A waiver of this breach has been obtained for the fiscal year ended June 30, 2020.

21. 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*. 
NOTES
NASSAU CONTAINER PORT
HOURS OF OPERATION
Monday - Friday, 8:00 am - 4:00 pm

CONTACT INFORMATION
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Website: www.nassaucontainerport.com