

APD LIMITED
Unaudited Interim Financial Statements

**As at September 30, 2020 and
the three months ended September 30, 2020**

APD LIMITED**(Incorporated under the laws of the Commonwealth of The Bahamas)****Unaudited Interim Statement of Financial Position****As of September 30, 2020 and June 30, 2020****(Amounts expressed in Bahamian dollars)**

	September 30, 2020	June 30, 2020 (Audited)
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	18,885,782	18,327,087
Accounts receivable	2,052,116	1,891,098
Tax receivable	675,129	615,806
Deposits, prepayments and other assets	1,321,323	875,403
Spare parts inventory	990,833	868,925
Deferred borrowing costs	26,779	26,779
	<u>23,951,962</u>	<u>22,605,098</u>
Total current assets		
Non-current assets		
Property, plant and equipment	81,023,880	80,691,189
Right-of-use asset	46,008,125	46,148,822
	<u>127,032,005</u>	<u>126,840,011</u>
Total non-current assets		
	<u><u>150,983,967</u></u>	<u><u>149,445,109</u></u>
Total assets		
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	303,964	447,152
Due to related parties	342,767	992,365
Retention Payable	16,794	16,794
Accrued expenses and other liabilities	1,932,566	1,016,666
Current portion of redeemable preference shares	1,607,500	1,286,000
Current portion of lease liability	14,890	59,561
Current portion of long term debt	300,000	300,000
	<u>4,518,481</u>	<u>4,118,538</u>
Total current liabilities		
Non-current liabilities		
Long term debt	450,000	450,000
Lease liability	47,179,976	47,150,195
Deposits Held	282,596	261,596
	<u>78,050,084</u>	<u>78,313,027</u>
Total non-current liabilities		
	<u>82,568,565</u>	<u>82,431,565</u>
Total liabilities		
Equity		
Share capital	49,969	49,969
Share premium	49,192,308	49,192,308
Retained earnings	19,173,125	17,771,267
	<u>68,415,402</u>	<u>67,013,544</u>
Total equity		
	<u><u>150,983,967</u></u>	<u><u>149,445,109</u></u>
Total liabilities and equity		

APD LIMITED**Unaudited Interim Statement of Comprehensive Income
For the three months ended September 30, 2020 and 2019
(Amounts expressed in Bahamian dollars)**

	2020	2019
	\$	\$
Revenue		
Landing fees	2,950,331	3,674,244
Terminal handling fees	936,339	1,097,641
Stevedoring fees	601,225	818,975
Gate fees	511,404	601,374
Storage fees	306,282	338,430
Security	570,579	700,122
Subleases	367,260	405,807
Hazmat fees	78,800	97,000
Reefer line	129,300	165,100
Dockage	61,283	79,438
Line handling fees	14,841	20,400
Other income	10,300	12,850
	<u>6,537,944</u>	<u>8,011,381</u>
Total revenue	6,537,944	8,011,381
Expenses		
Salaries, employee benefits and training	1,096,682	1,354,365
Terminal handling costs	825,688	1,004,105
Government lease	99,722	729,391
Government fees & Taxes	377,687	370,610
Utilities	196,039	287,831
Insurance	85,386	83,985
Legal and other professional fees	75,340	101,231
Repairs and maintenance	275,305	369,965
Other operating expenses	51,401	110,314
Security	85,749	104,162
Company meetings and events	5,337	3,771
Disposal of Property and Equipment	(1,341)	
Office supplies, postage and delivery	24,893	56,213
	<u>3,197,888</u>	<u>4,575,943</u>
Total expenses	3,197,888	4,575,943
Earnings before interest, depreciation and amortisation	<u>3,340,056</u>	<u>3,435,438</u>

APD LIMITED**Unaudited Interim Statement of Comprehensive Income (Continued)
For the three months ended September 30, 2020 and 2019
(Amounts expressed in Bahamian dollars)**

	2020	2019
	\$	\$
Depreciation and amortisation		
Depreciation	810,112	773,922
Depreciation- Right-Of-Use-Asset	140,698	
Amortisation of preference share issue cost	7,776	7,776
	<u>958,586</u>	<u>781,698</u>
Total depreciation and amortisation		
	<u>958,586</u>	<u>781,698</u>
Earnings before interest	<u>2,381,470</u>	<u>2,653,740</u>
Interest (finance costs)		
Interest on preference shares	(441,953)	(495,000)
Interest on loan	(8,757)	(12,258)
Interest on lease	(531,110)	-
Interest income	2,208	2,242
	<u>(979,612)</u>	<u>(505,016)</u>
Total finance costs, net		
	<u>(979,612)</u>	<u>(505,016)</u>
Total earnings for the period attributable to the equity holders	<u>1,401,858</u>	<u>2,148,724</u>
Total comprehensive income for the period	<u>1,401,858</u>	<u>2,148,724</u>
Basic and diluted earnings per share	<u>0.28</u>	<u>0.43</u>

APD LIMITED**Unaudited Interim Statement of Changes in Equity
For the three months ended September 30, 2020 and 2019
(Amounts expressed in Bahamian dollars)**

	Share capital \$	Share premium \$	Retained earnings \$	Total \$
Balance at July 1, 2019	49,969	49,192,308	16,288,542	65,530,819
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>2,148,724</u>	<u>2,148,724</u>
Balance at September 30, 2019	<u>49,969</u>	<u>49,192,308</u>	<u>18,437,266</u>	<u>67,679,543</u>
Balance at July 1, 2020	49,969	49,192,308	17,771,267	67,013,544
Total comprehensive income for the period	<u>-</u>	<u>-</u>	<u>1,401,858</u>	<u>1,401,941</u>
Balance at September 30, 2020	<u>49,969</u>	<u>49,192,308</u>	<u>19,173,125</u>	<u>68,415,485</u>

APD LIMITED**Unaudited Interim Statement of Cash Flows
For the three months ended September 30, 2020 and 2019
(Amounts expressed in Bahamian dollars)**

	2020	2019
	\$	\$
Cash flows from operating activities		
Total comprehensive income for the period	1,401,858	2,148,724
Adjustments for:		
Depreciation	810,112	773,922
Depreciation-Right-of-Use-Asset	140,698	
Amortisation of preference share issue cost	7,776	7,776
Interest income	(2,208)	(2,242)
Interest on preference shares	441,953	495,000
Interest on lease liability	531,110	
Loan interest expense	8,756	12,258
Operating profit before changes in working capital	3,340,055	3,435,438
Increase in accounts receivable	(161,018)	(491,984)
(Increase)/Decrease in deposits, prepayments and other assets	(445,920)	152,296
Increase in spare parts inventory	(121,908)	(48,301)
Increase in tax receivable	(59,323)	(187,442)
Increase in deposits held	21,000	
Decrease in accounts payable	(143,188)	(4,466)
Decrease in due to related parties	(649,598)	(407,636)
Increase in accrued expenses and other liabilities	915,900	953,534
Net cash provided by operating activities	2,696,000	3,401,439
Cash flows from investing activities		
Acquisition of property and equipment	(1,142,804)	(442,199)
Net cash used in investing activities	(1,142,804)	(442,199)
Cash flows from financing activities		
Principal payments on long term debt		
Payment on redeemable preference Shares		
Interest on preference shares	(441,953)	(495,000)
Interest income received	2,208	2,242
Principal payment on lease liability	(14,890)	
Interest on lease liability	(531,110)	
Interest expense paid	(8,756)	(12,258)
Net cash used in financing activities	(994,501)	(505,016)
Increase/(Decrease) in cash and cash equivalents	558,695	2,454,224
Cash and cash equivalents, beginning of the period	18,327,087	16,800,558
Cash and cash equivalents, end of the period	18,885,782	19,254,782

APD LIMITED

Condensed Notes to the Unaudited Interim Financial Statements September 30, 2020

1) General information

APD Limited (the Company) was incorporated on February 24, 2009, under the Companies Act, 1992 of the Commonwealth of The Bahamas (The Bahamas). The Company is 40% owned by The Treasurer of The Bahamas, 40% owned by Arawak Cay Port Development Holdings Limited (ACPDHL) and 20% owned by the general public, hereinafter collectively referred to as the Shareholders. ACPDHL is owned by a consortium of private companies operating in The Bahamas.

The Company is a public company, which was listed on the Bahamas International Securities Exchange effective April 11, 2012. The Company's registered office is located at Ocean Centre, Montagu Foreshore, East Bay Street, New Providence, The Bahamas.

On May 10, 2010, the Company and the Government of The Bahamas (the Government) entered into a Memorandum of Understanding (MOU), whereby the Government initiated the relocation of the freight, cargo and port handling activities from downtown Bay Street on the island of New Providence to Arawak Cay, New Providence, and the Company agreed to design, develop, construct, manage, operate and maintain a new commercial port at Arawak Cay to be known as Nassau Container Port (the Port) and an inland terminal on Gladstone Road, to be known as Gladstone Freight Terminal (the Depot) (Note 13).

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

The Port and Depot facilities were developed on 56.55 acres of land on Arawak Cay, New Providence (the Port Land) and 15 acres of land at Gladstone Road, New Providence (the Depot Land). On June 21, 2011, the Minister responsible for the Lands and Survey, acting on behalf of the Government leased the Port Land and Depot Land and licensed 27.88 acres of seabed for use of the Company for 45 years which became effective May 1, 2012 and August 13, 2012, respectively, when the Port and Depot facilities were substantially completed.

The Company commenced operations on the date of substantial completion of the Port facility on May 1, 2012. Operations of the Port include a break bulk, a bulk and a container terminal that has 1,167 linear feet of berthing. The container terminal will have the capability of handling at least 75,000 Twenty-foot Equivalent Units (TEUs) annually. The Depot is comprised of 100,000 square feet and 10,000 square feet of warehouse and administrative office space respectively, and serves as a deconsolidation and distribution centre.

These condensed interim financial statements have not been audited.

2) Basis of preparation

These unaudited interim financial statements for the three months ended September 30, 2020 have been prepared in accordance with International Accounting Standard (IAS) 34, 'Interim financial reporting'. The condensed interim financial information should be read in conjunction with the annual financial statements for the year ended June 30, 2020, which have been prepared in accordance with the International Financial Reporting Standards (IFRSs).

APD LIMITED

Condensed Notes to the Unaudited Interim Financial Statements September 30, 2020

3) Accounting policies

The accounting policies applied, methods of computation and presentation are consistent with those of the annual financial statements for the year ended June 30, 2020.

(a) Basis of preparation

(i) *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.

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

Condensed Notes to the Unaudited Interim Financial Statements September 30, 2020

(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'.

APD LIMITED

Condensed Notes to the Unaudited Interim Financial Statements September 30, 2020

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

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

Measurement of lease liabilities

	2020
	\$
Operating lease commitments disclosed as at June 30, 2019	74,000,074
Discounted using the lessee's incremental borrowing rate of at the date of initial application	(26,733,322)
Lease liability recognized as at July 1, 2019	47,266,752
Of which are:	
Current lease liabilities	56,996
Non-current lease liabilities	47,209,756
	47,266,752

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.

APD LIMITED

Condensed Notes to the Unaudited Interim Financial Statements September 30, 2020

3) Estimates

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended June 30, 2020.

4) Financial risk management

5.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

These condensed financial statements do not include all the financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at June 30, 2020. There have been no changes in the Company's risk management policies since June 30, 2020.

5.2 Liquidity risk

Compared to year end there was no material change in the contractual undiscounted cash flows for the financial liabilities.

5) Seasonality of operations

Due to the nature of the Company's operations, seasonal trends are not applicable.