



2009-  
2018

A HISTORIC & PRODUCTIVE PARTNERSHIP FOR  
**CORPORATE GROWTH** AND  
**NATIONAL DEVELOPMENT**

ANNUAL REPORT 2018



*“APD Limited is an example of an efficient and environmentally committed maritime port operator and serves an example The Bahamas should be proud of...”*

*- Inter-American Investment Corporation (IIC)*



**MISSION:**

**“CONSISTENTLY DELIVERING OPERATIONAL EXCELLENCE”**

**VISION:**

**“OPERATIONAL EXCELLENCE TO MAXIMIZE VALUE THROUGH PEOPLE DEVELOPMENT AND TECHNOLOGY”**





# ANNUAL REPORT 2018

## CONTENTS

APD Limited (Arawak Port Development)	
APD Limited Board of Directors.....	4
Chairman's Statement.....	6
CEO's Report.....	7
Outlook for 2018/2019.....	8
Executive Team.....	10
Management Team.....	14
APD: A Historical Time Line.....	26
Management Discussion & Analysis.....	41

### AUDITED FINANCIAL STATEMENTS

Independent Auditors' Report.....	47
Statement of Financial Position.....	53
Statement of Comprehensive Income.....	54
Statement of Changes in Equity.....	56



## ARAWAK PORT DEVELOPMENT LIMITED (APD)

APD Limited 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. In 2009, APD Limited (Arawak Port Development) was incorporated for the purpose of developing and operating the new port in Nassau, Bahamas which is privately owned and now considered one of the most efficient in the Caribbean.

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

### APD LIMITED WAS PLANNED AND 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.

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

Ownership of the Port and inland terminal is a partnership between 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.

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



## PORT ADVANTAGES

- General cargo, container, bulk and break bulk operations
- Meets ISPS code requirements and supported by 24/7 security presence
- Dedicated deconsolidation and LCL facilities
- Onsite Customs Department to provide entry processing and freight inspection
- Three container vessel berths and Dry Bulk berth, with 28- foot draft
- Break Bulk Berth with 21-foot draft
- Two Roll On Roll Off berths
- NAVIS Terminal Operating System facilitating truck turn times of 19 minutes
- Greater Bahamas Customs control facilitates an efficient and controlled border trade process.
- Backup power and emergency fuel storage in the event of natural disaster
- Complimentary facilities provided to licensed Customs Brokers





## NASSAU CONTAINER PORT (NCP)

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

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

In compliance with the standards of the Merchant Shipping Act Ship and Port Facility Security Regulations, 2016, which incorporated into local law the International Ship and Port Facility Security (ISPS) Code, the port features around-the-clock security guards, perimeter fencing, and surveillance cameras to ensure the highest level of security.

### HOURS OF OPERATION

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

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

- ABACO SHIPPING TWO (DUKE OF TOPSAIL)
- ARAWAK STEVEDORING LIMITED (ASL)
- 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
- MITUISUI (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 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.

# DIRECTORS

## BOARD OF DIRECTORS

### JACK SANDS

Chairman Appointed ACPDHL and confirmed by the Prime Minister

A respected name in the shipping, building supply and mortgage businesses for over 50 years, Jack W.E. Sands began his distinguished career at Kelly's Lumber Yard Limited in 1959. Mr. Sands currently serves as President and Director of Betty K Agencies Limited, positions that he has held for 37 years. He has served as President and Director of Betty K Agencies (USA), LLC since its inception 14 years ago.

In addition, Mr Sands serves as Vice President, Secretary, and Managing Director of Kelly's Lumber Yard Limited; Secretary and Director of Kelly's Lumber Yard 2005 Limited; President of Import Export Brokers Limited; President and Director of Dorick Navigation SA; Secretary and Director of Rover Properties Limited, and Chairman of APD Limited.

Mr. Sands served formerly as Director on the Boards of Bahamas First Holdings Limited, Nassau Underwriters Agency Limited, and Bahamas Telecommunications Corporation. He graduated from Queen's College, Nassau, Bahamas in 1959. Mr. Sands became Chairman of the Board of APD Limited in 2014.

### 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 include 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 SW Port Task Force in 2006, which ultimately resulted in the relocation of container port activities from Downtown Nassau to Arawak Cay, a mile or so to the west. Mr. Lightbourn has a Bachelor of Science degree in Commerce from the University of Virginia, U.S.A. and is a licensed C.P.A. He has served as 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 Andrews 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, RBC Trust Bahamas Ltd, AML Foods and Gotland Shipping of Sweden. Mr. Symonette has been a member of the APD Board of Directors since the fiscal year 2013/2014.



## 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 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 Alix, as well as Chairman of the Board of NewCo 2015 Limited (NewCo), recipient of the nation's second licence 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.



## M. NICOLE CAMPBELL

Appointed by Government

In 2018, M. Nicole Campbell was welcomed as the newest director of the APD Board. Mrs Campbell is a career Civil Servant who has served the Government and people of The Bahamas continuously for 35 years. She is currently Permanent Secretary in the Office of The Prime Minister and previously served as Permanent Secretary in the Ministries of Youth, Sports and Culture; Education and Labour. She has also occupied leadership posts in other key government ministries and agencies, including Housing, Public Works, Health, Foreign Affairs, Public Service, and the Public Service Commission.

During the course of her career, Mrs Campbell has developed extensive skills and competencies in organizational leadership and management, business processes and process improvement, human resources management, and information and communication technologies. A seasoned professional, who is driven by the principles of systems thinking, thought leadership and strategic planning, she has contributed to improved management, and streamlined public service processes and procedures, to enhance the delivery of public services. As an advocate for continuous learning and professional development, Mrs. Campbell is actively engaged in mentoring and training young professionals across the Public Service.

Nicole Campbell holds a Bachelor of Science Degree, a Post-Graduate Diploma, and a Diploma and Advanced Certificate in Public Administration. She has also undertaken numerous other professional development training.



## HARVEY TYNES, Q.C.

Appointed by Government

Harvey Oscar Tynes 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. Born in Nassau, The Bahamas, Mr Tynes received his secondary education at St John's College in the Anglican Episcopalian Education system in the city. 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

APD Limited and its subsidiaries—Nassau Container Port (NCP) and the inland Gladstone Freight Terminal (GFT)—were born out of the confluence of an urgent national need and an unprecedented consensus of opinion at the highest levels.

By the beginning of the years 2000, it had become clear that the heart of Nassau, our country's capital had lost a significant amount of its charm and ability to attract residents, tourists and business, even government business downtown. There were a number of problems influencing the perceived and well-documented decline of the economic and social viability of the city. Prime among them were congestion and environmental pollution, emanating chiefly from the shipping-related activities. In addition, the movement of heavy equipment along Bay Street hampered pedestrian and motor traffic and posed a significant challenge to health and safety all road users.

There came a point when a consensus was achieved among government and the general public: commercial shipping had to be removed from downtown, signaling the need for construction of a new port. In a few months we will mark the 10th year since Arawak Port Development Limited was established to build, manage, operate and maintain NCP and GFT. There is much to celebrate; APD and its subsidiaries have emerged as models of business excellence and community partnership. Since APD paid its first dividend in December 2013, it has continued to yield returns for its investors and shareholders, among whom are The Bahamas Government and the people of The Bahamas, holding the majority, aggregate stake of 60 percent. I note with pleasure that APD has consistently produced competitive benefits for its employees, better facilities and ease of doing business for tenants, customers and other port users.

Here is a sterling example of the productiveness of cooperation among decision-makers at the highest level, spurred by common goals and productivity and profitability based on quality leadership, internal team-building and partnership building among stakeholders. It is the Board's pleasure to recognize, for yet another successful year, the superb leadership of Michael Maura, Jr, president and CEO, Dion Bethell, vice president and CEO and the excellent management team who support their efforts.

The Board thanks Mr Jack Thompson for his contribution to the governance of APD and wish him well in his latest assignment in a storied career and welcome in his place as a government appointee M. Nicole Campbell. Given her career experiences, we are fully assured that she will contribute significantly to the Board's synergy and the quality of our decision-making.

*Jack Sands*  
Chairman

JACK SANDS





MIKE MAURA, JR.

# CEO'S REPORT

The 2017/2018 fiscal year ended with revenues of \$31,531,519 or (\$1,019,910) under prior year. Revenues were fueled by 132,696 TEUs, 17,596 vehicles, 173,720 bulk aggregate tons and 17,174 break bulk tons. Our total expenses were \$17,640,839 or \$1,715,710 over prior year. The 2017/2018 year follows an extraordinary 2016/2017 prior year where the remobilization of the Baha Mar resort generated strong cargo volumes resulting in total port TEU volumes of 140,454 or 5.5% over current year and also reversed \$700,000 in bad debt expense relating to unpaid rents by Baha Mar.

While the Management Discussion and Analysis report will speak in detail to the company's financial performance, I wish to highlight the following: 2017/2018 saw utilities increase by \$293,186 stemming from a spike in refrigerated imports requiring use of the port's refrigerated power services, along with an increase in energy kWh costs. Salaries & Wages also increased by \$367,940 primarily due to a return to 2015 staffing levels following Baha Mar's opening and the need to expand the company's ICT, Facilities, Health & Safety and Operations manpower. Other influences were an increase in employees joining the pension and health programs and the annual cost of living increase. Total Comprehensive Income ended the year at \$8,605,274 or (\$2,565,930) under prior year, the cause for which is detailed above.

During the year APD Shareholders received \$5,646,514 in dividends or \$648,599 over prior year, while the weighted average number of shares remained unchanged at 4,996,915. The basic and diluted earnings per share ended the year at \$1.72 or (\$0.52) under prior, a consequence of the 5.5% increase in prior year cargo volumes from Baha Mar along with the bad debt reversal of \$700,000.

The 2017/2018 year continued to see strong leadership and community commitment on the part of APD. The company is immensely fortunate to benefit from seasoned executives and management, supported by a board of directors with a strong understanding of shipping, business and Government. I wish to express my sincere gratitude to Chairman Jack Sands and Deputy Chairman Sam Campbell, along with the remainder of the board. The company must also acknowledge the invaluable support of the company's VP and CFO Dion Bethell, AVP of Facilities & Operations Richard McCombe, and AVP of Health & Safety and our In-house Legal Counsel Yvette Rahming. These professionals have been instrumental in the success of APD.

Throughout the year APD continued its pursuit of operational excellence and employee development. While the work in this area is generally profound, we must touch on the following. Under the oversight of Richard McCombe, I am proud to report that our NCP truck turn times (deliver an empty container and pick up a loaded container) remain exceptional at only 19 minutes. As the executive with overall ICT responsibility Dion Bethell has overseen our ongoing investment in the NAVIS terminal operating system which continues to support operational efficiency, border controls and security. Led by Yvette Rahming, this year we embarked on ISO 9001 and 14001 certifications which are intended to strengthen APD's focus on operational excellence and environmental stewardship, while providing auditable processes. University of Bahamas students were invited to participate in APD's ISO journey in an effort to encourage young Bahamians to consider the environmental sciences and the maritime field.

Our Management team must also be acknowledged and I thank each of them for the significant contribution they have and continue to make to these initiatives.

As part of APD's commitment to the Maritime Industry, Government Agencies and our Nation, members of the executive team remain active in national initiatives and committees. Dion Bethell serves on the Airport Authority Board, providing strong finance and transport support as the nation contemplates the future of our airports. Richard McCombe is APD's representative on the NEMA committee and during times of national crisis positions APD and its NCP partners to provide meaningful support to relief efforts. Yvette Rahming through her leadership with the ISO certifications has established a strong partnership between the University of The Bahamas and APD. She is also an active member of the Bahamas Bar Association. During the past year I was re-elected Chairman of the Bahamas Chamber of Commerce and Employers Confederation, and I continue to serve on the National Ease of Doing Business Committee, and the National Disaster and Reconstruction Committee, and am a member of the WTO Working Committee.

# OUTLOOK FOR 2018/2019

As we look ahead the economic future offers both opportunities and challenges. The APD 2018/2019 budget which is described in the Management Discussion and Analysis considers container TEU volumes of 130,000 or (2,696) under prior year with bulk tons of 172,500 or (1,220) less than prior year and vehicles of 17,000 or (596) under. These forecasts are informed by the following economic and trade factors. In July 2018 the Valued Added Tax was increased from 7.5% to 12%. Notwithstanding the Government's fiscal objectives and the broad national budgetary benefit, this increase in tax will curb consumer spending for the foreseeable future.

The opening of Baha Mar is a welcome sight to our economy and to many that did not directly benefit during the development phase of the project. At the conclusion of the project construction, the Baha Mar volumes have however fallen off. Imports are now principally attributable to hotel operations, which are dependent on hotel occupancy. In time we can expect occupancy levels to increase and drive additional volumes but, in the near term, volumes will remain comparatively low. It should be noted at the time of the printing of this report it is believed that the 2018/2019 fiscal period will not see any additional Baha Mar resort construction.

We can, however, expect to benefit from ongoing project-related volumes relating to Albany, Atlantis resort and The Pointe, but these only serve to replace import volumes realized in the prior year. The new projects of the Wynn Group and Hurricane Hole are in their infancy and will not contribute material volumes during the 2018/2019 fiscal year. The Government has advised that it intends to engage a private operator to expand Prince George Wharf, but this project has not been awarded as of November 2018. Following an award, the design phase of the project will likely take six months, resulting in little, if any benefit, to APD during the fiscal year. The BPL power generation project, once started, will contribute significant volumes and have a meaningful impact to APD's financial performance during the construction phase. The details surrounding this project have not been released by BPL and, therefore, it is assumed that it will have no impact during this fiscal year.

The port's financial performance is also routinely influenced by global events and the trade policies of the United States, Canada, European Union and China. The increase in tariffs in the United States, Canada and China will likely have a material impact on the Bahamian economy, and likely manifest itself in an increase in the cost of imports, as goods in the United States become more expensive. According to trade and investment experts, over 50% of the imports to the United States are parts and components used in the assembly and manufacturing process. The new tariffs will likely result in many of these parts becoming more expensive, increasing the finished cost of goods exported to The Bahamas. The current trade war has also resulted in the international Monetary Fund adjusting its GDP forecasts down slightly for the United States, China, Canada and The Bahamas.

The trade war is not the only influence on our economy. The fuel and energy costs have been on the rise and the world has seen an increase in WTI crude oil from \$52 per barrel in October 2017 to \$72 in October 2018 or a 28% increase. Ocean Cargo operators have begun introducing fuel adjustment surcharges to address the increase in fuel costs while, at the same time, swapping smaller vessels in trade lanes with larger more efficient ships. These changes, while helping to mitigate the increase in fuel, will impact supply chains. The increase in fuel costs is also increasing business and residential energy costs, which has an impact on retail



sales.

The company's 2018/2019 budget also considers the continued landing of international origin cargo at Potters Cay. Discussions are ongoing with the Ministry of Finance in the hope of addressing the issue in the near future. This activity undermines national security, public treasury revenue collection objectives, health and safety standards and the cost of living.

Former President Barak Obama once said, "Change will not come if we wait for some other person or some other time. We are the ones we've been waiting for. We are the change that we seek."

Over the past three years, APD Limited has undertaken initiatives which would serve the national need while supporting the interests of the company's over 11,000 shareholders. In 2015 we began working with New Fortress Energy with a view to introducing LNG as a new revenue stream to the Nassau Container Port. The LNG could support the fuel needs of New Providence, establish the Nassau Container Port as a LNG bunker alternative for the many cruise ships sailing our waters, and facilitate the transshipment of LNG to microgrid power plants in our Family Islands. Furthermore, in late 2016 we committed our support to Bahamas Customs and the Ministry of Finance as part of the Bahamas Customs modernization effort.

Beginning in 2016 APD expressed its interest in expanding its maritime operations and facilities expertise to include cruise port operations. In October 2018 the Government issued a RFP regarding the Government's stated desire to redevelop Prince George Wharf, directly supporting the much-needed improvement to downtown Nassau and the associated small businesses as well as support Prime Minister the Hon. Dr Hubert Minnis' cruise port redevelopment initiative.

Should APD succeed in the pursuit of LNG bunker supply and Cruise Port operations the impact will be fourfold.

- First, the new income derived from these operations, once factored in APD's IRR maximum cap formula, would subsidize the Nassau Container Port general cargo tariff, supporting lower port costs for groceries, building materials, and other essential goods.
- Second, APD is currently focused on business expansion opportunities, which support an increase in the national economy and not a transfer of wealth from one Bahamian entity to another.
- Third, APD dividends to date have been exclusively dependent on income derived from general cargo throughput, handling, storage and rents. The diversification of APD's business to include LNG bunkering and Cruise Port operations is expected to mitigate possible future yield declines, arising from future recessionary shocks.
- And fourth, APD is committed to the development of its employees and believes that the expansion into LNG bunkering and Cruise Port operations will provide growth opportunities for APD's employees and the wider Bahamian workforce.

During this 2018/2019 fiscal year APD will continue to pursue the LNG bunker and Cruise Port operations opportunities, while maintaining our commitment to operational excellence at the Nassau Container Port.

# EXECUTIVE TEAM



MIKE MAURA JR.

## MIKE MAURA, JR.

President & Chief Executive Officer

Michael J Maura Jr. is a Bahamian, and President and Chief Executive Officer of APD Limited. He brings to the Nassau Container Port over 20 years' experience in Shipping and Logistics, working both in the United States and The Bahamas. 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 has served as a founding director of Arawak Cay Port Development Holdings Limited and APD Limited.

Mr. Maura presently serves as Chairman of the Bahamas Chamber of Commerce & Employers Confederation, and is 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 a member of the National Ease of Doing Business Committee and was appointed to the Government's National Reconstruction & Disaster Committee. Mr. Maura is also a former director of the Bahamas Trade Commission. He has served as a panelist in various forums addressing Efficient Port Infrastructure, and Public Private Partnerships in Korea, Jamaica, and the US. Mr. Maura has completed postgraduate courses in Public Private Partnerships, Single Window for Foreign Trade, Maritime and Supply Chain Security, and recently completed a Harvard Kennedy School Executive Program on Mastering Trade Policy. He graduated from Rollins College in Winter Park, Florida with a B.A. degree in Economics and a minor in Business Administration.



DION BETHELL

## DION BETHELL

Vice President & Chief Financial Officer

Mr. Bethell is Chief Financial Officer of APD with over 13 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 serves as Chairman of the Bahamasair Employees Provident Fund and he is also a director of The Airport Authority.

Mr. Bethell has a Bachelor of Business Administration degree in Accounting from Tiffin University in Ohio, U.S.A. He is a licensed Chartered Accountant with the Bahamas Institute of Chartered Accountants and possesses ICA International Diplomas in Anti-Money Laundering and in Compliance. Mr. Bethell has also completed Portfolio Concepts and Management programs at Aresty Institute Executive Education Program - Wharton, University of Pennsylvania.



YVETTE RAHMING

## YVETTE RAHMING

Assistant Vice President, In-House Legal Counsel & Head of Safety

Yvette C. Rahming is Assistant Vice President, In-House Legal Counsel and Head of Environmental Health and Safety at APD Limited. She made the transition from Corporate and Commercial law private practice in 2012 to enter the Maritime and Commercial Shipping industry as In-House Legal Counsel at APD.

She is a proud two-time alumna of the University of London, where she received her LLB with honours and her LLM, with a specialization in Corporate and Commercial Law. Mrs. Rahming studied for and completed her Legal Education Certificate at the Eugene Dupuch Law School in New Providence, and was subsequently admitted to The Bahamas Bar in 2010. She has written several papers and is published in The Docket, a global legal periodical published by the Association of Corporate Counsel (ACC).

She has also trained in a number of Health and Safety and legal compliance courses globally. She received her secondary education at St. John's and St. Anne's Anglican Schools in New Providence.

Before she joined APD, Mrs. Rahming owned and operated a business consulting and staff sourcing firm for several years, resulting in her strong business orientation. Her professional affiliations include membership of The Bahamas Bar Association, Association of Corporate Counsel, Society of Corporate Compliance and Ethics Professionals, American Society of Safety Engineers and Bahamas Human Resources Association. She is Secretary of The Bahamas Chapter of Women's International Shipping & Trading Association (WISTA) and a member of St. Barnabas Anglican Church Parish.





RICHARD M<sup>C</sup>COMBE

## RICHARD M<sup>C</sup>COMBE

Assistant Vice President,  
Operations & Facilities

Prior to his promotion to his current post, Richard McCombe served as the Senior Manager, Operations & Facilities. His career experiences in shipping 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 International's District 7020 Haiti Liaison and Haiti Disaster Relief Coordinator for Hurricane Hanna in 2008 and again for the Haiti Earthquake of January 12th 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

## 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

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

## AUDITORS

PRICEWATERHOUSECOOPERS  
Bayside Executive Park, Building No. 2  
West Bay Street and Blake Road  
P.O. Box N-3910  
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

# MANAGEMENT











ANTHONY COOKE



BRANDO GLINTON



FELIX ROLLE



CRISPIN SEYMOUR

## ALPHONSO BOWE

Manager Heavy Equipment  
Operations

Alphonso Bowe's pre-APD professional experiences in The Bahamas have included: Project Engineer, Rubis Bahamas Ltd., NP, Bahamas; Lead Field Service Engineer – GE Energy and Water Processing, Paradise Island; Project Manager for First Phase of Albany, Cavalier Construction; Project Manager of M & E Works, Bahamar Develop Co.; Associate Project Manager, Chris Symonette and Assoc. Engineering and Civil Engineer/Tank-farm Supervisor, ChevronTexaco Corp.

Mr Bowe earned a Bachelor of Science degree in Electrical Engineering Technology from Kent State University, graduating cum laude. He also holds a Master of Business Administration (MBA). Following college, he amassed field experience in Ohio, USA: Project Engineer, Sikorsky Aircraft Corp., Stratford, Connecticut; Plant Maintenance Engineer, Alcoa Forged Products Inc., Cleveland, Ohio; Management Information Systems Technician, OfficeMax Inc., Cleveland; Component Engineer, Delphi Corp., Warren; Computer Consultant/Database Administrator, Kent State University.

## ANTHONY COOKE

Financial Accounting Manager –  
Operations

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

## SHELDON DUCKIE

IT Manager

(IT) Manager, has worked with Information Technology for over 26 years in various roles, including periods as a computer programmer and instructor and technician. Before joining, he served as IT Manager for a leading educational institution in The Bahamas.

Sheldon 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) designation. He holds a Master of Science degree in

Information Assurance from Norwich University, Vermont, USA.

## BRANDO GLINTON

Gate Interchange Manager

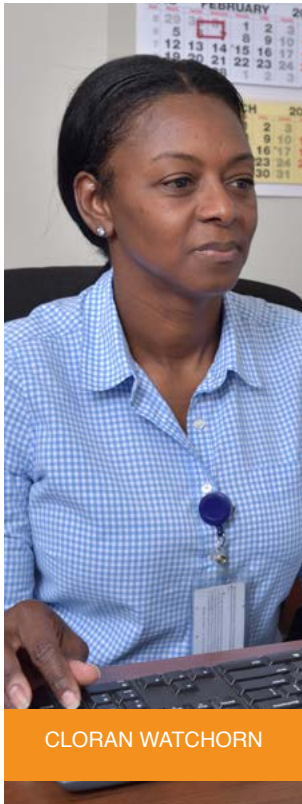
Before taking on the role of the Gate, Interchange & Berthing Manager at APD, Mr Glinton previously worked for over 24 years in various roles within the Bahamas Customs Department; most recently as a Customs/Revenue Officer. He has attended numerous customs, intelligence and detection training courses 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 has 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.

## RITA RAMSAY, MBA

Human Resources Manager

Rita Ramsay is the Port's Human Resources Manager, with almost 19 years' experience in the field of Human Resources as a human





CLORAN WATCHORN



RITA RAMSAY



SHELDON DUCKIE



ALPHONSO BOWE

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.

With 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. Mr Rolle also holds the designation of Certified International Project Manager from the American Academy of Project Management.

Mr Rolle has also received certifications in Developing Managerial Skills and Result Driven Management.

## CRISPIN SEYMOUR

### Operations Manager

Crispin Seymour is the Operations

Manager at APD and has over 22 years' experience in international shipping, previously working at the Freeport Container Port and Tropical Shipping, most recently 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.

## CLORAN WATCHORN

### Financial Controller

Before assuming her present post, Mrs. Watchorn served as Financial Reporting Manager. Prior to joining APD, Mrs. Watchorn was the Assistant Financial Controller at Kerzner International (Bahamas) Limited and previously worked for over 13 years in the financial services sector; serving mostly as a client accountant at various institutions. Mrs. Watchorn has a Bachelor of Science Degree in Accounting from Nova Southeastern University in Fort Lauderdale.

# IT'S ABOUT PEOPLE

## HIGHLIGHTING NEW MANAGERS AND THE 2017 EMPLOYEE OF THE YEAR

During the 2017/2018 fiscal year, the company welcomed a group of three new managers, bringing to the APD family impressive credentials and a wealth of experience:



### PATRICK GREENSLADE

#### Financial Accounting Manager – Reporting

Mr. Greenslade is the Financial Accounting Manager – Reporting at APD. Prior to joining APD, he was an auditor at Grant Thornton Chartered Accountants for 7 years. He previously interned at Bahamas Supermarkets and J.P. Morgan Trust Company.

He holds an Honours Bachelor of Commerce degree in Accounting from McMaster University in Canada. Mr. Greenslade is a member of the Association of Certified Fraud Examiners and the McMaster University Alumni Association.

### CLEMENT LIGHTBOURNE

#### Security & Surveillance Manager/Port Facility Security Officer

Clement Lightbourne is a retired Chief Superintendent of the Royal Bahamas Police Force to which national agency he contributed forty years, thirty-five of which were spent in the Security & Intelligence Branch. During his tenure he served as an intelligence supervisor, protection officer and leader of the counter terrorism efforts in The Bahamas for eleven years, eventually becoming the Director of the Security and Intelligence Branch in June 2011. Mr Lightbourne remains connected to the Force as a member of the Reserve.

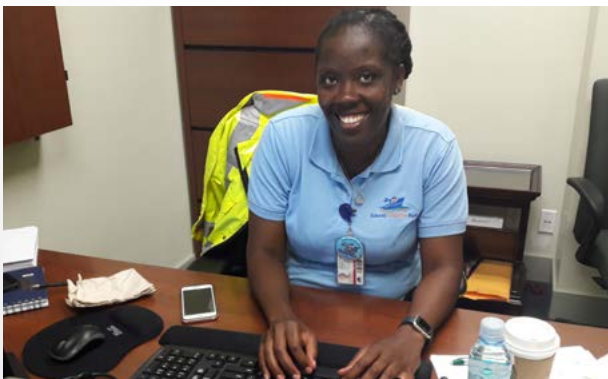
In 2018 he received a Certificate of Proficiency in Vessel Security Officer, Company & Port/ Facility Security Officer from Maritime Professional Training – Masters, Mates and Engineers, Inc., Fort Lauderdale, Florida.

In 2011 he 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 (1999). 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.

### YESHANTAI THOMPSON

#### Health, Safety & Training Manager

Ms. Thompson is the Health, Safety and Training Manager at APD. She brings to the company six years of experience in the Bahamas oil and gas sector, serving most recently as Maintenance and Modification Supervisor and Technical Safety Engineer. At NCP, the offshore firewater upgrade and the new administration building projects allowed for the best opportunities for getting her feet wet in the PMIS process. Thompson has recently completed the MSc Health, Safety and Risk Management programme with Robert Gordon University on submission of her final dissertation in May 2018.





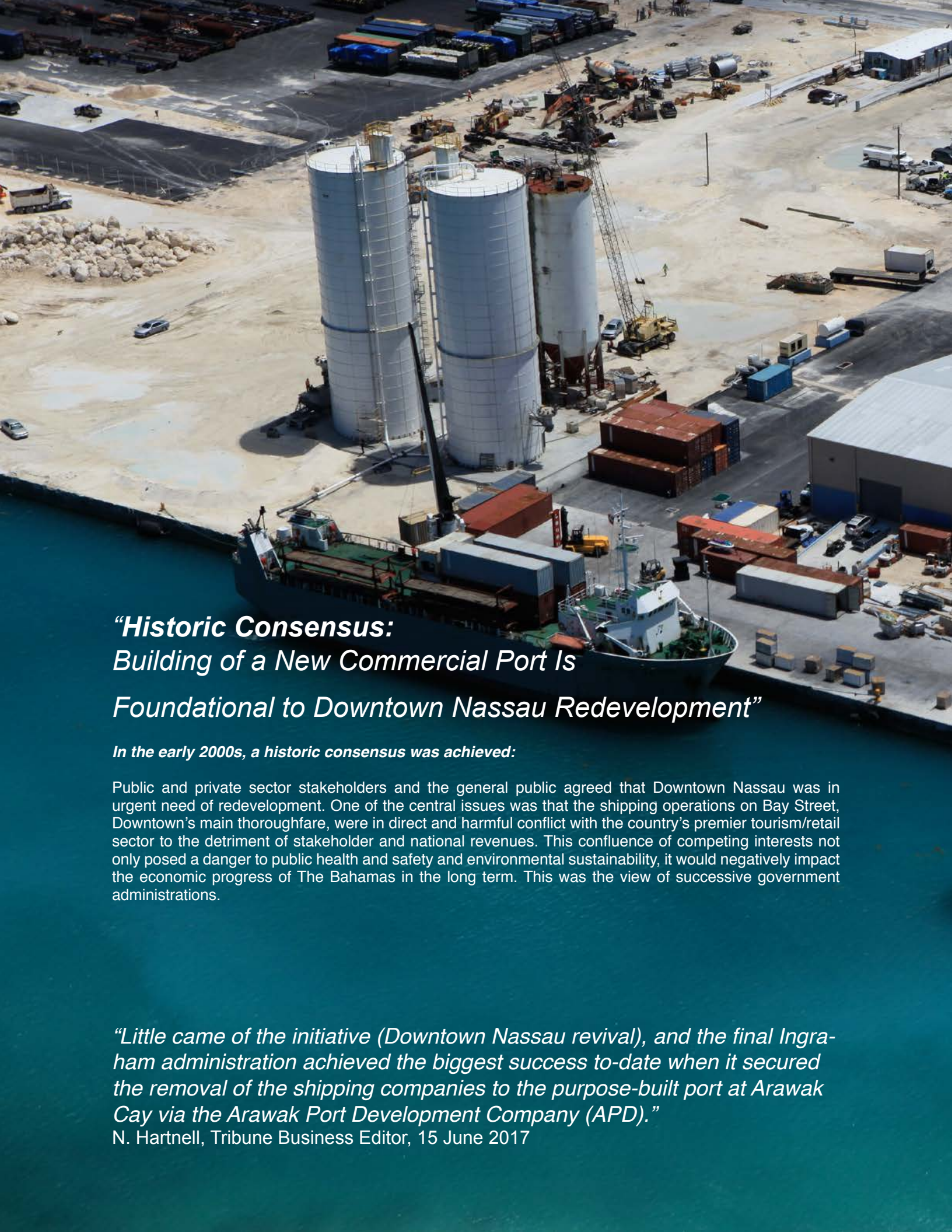


## **EMPLOYEE OF THE YEAR 2017 KRYSTAL ROLLE PLANNING DEPARTMENT**

Krystal Rolle, a 30-year-old with four kids, has had a remarkable life journey, leading to an impressive progress as an employee of APD. She grew up in a single parent home, the last child of 9 siblings. She notes that, when she was 13, the passing of her mother motivated to excel in life at everything she does and also helps her to strive to be a great mother to her children. Calling Nassau Container Port “The Greatest Little Port in the World”, she believes the sky is the limit for its teams. Company leaders have complimented her as a hard-working individual, who will stop at nothing to achieve what is possible to achieve. As a result, she was named “Employee of the Year 2017”.

I'm so pleased to have been selected by my peers to be 'Employee of the Year'. It is an honour. The award tells me that I'm moving forward in my pursuit of excellence in my performance and as a valued member of a great team.





***“Historic Consensus:  
Building of a New Commercial Port Is  
Foundational to Downtown Nassau Redevelopment”***

***In the early 2000s, a historic consensus was achieved:***

Public and private sector stakeholders and the general public agreed that Downtown Nassau was in urgent need of redevelopment. One of the central issues was that the shipping operations on Bay Street, Downtown’s main thoroughfare, were in direct and harmful conflict with the country’s premier tourism/retail sector to the detriment of stakeholder and national revenues. This confluence of competing interests not only posed a danger to public health and safety and environmental sustainability, it would negatively impact the economic progress of The Bahamas in the long term. This was the view of successive government administrations.

***“Little came of the initiative (Downtown Nassau revival), and the final Ingraham administration achieved the biggest success to-date when it secured the removal of the shipping companies to the purpose-built port at Arawak Cay via the Arawak Port Development Company (APD).”***

N. Hartnell, Tribune Business Editor, 15 June 2017





*"In both cases, the mandate was to minimise impact to the cost of living and make way for the redevelopment of downtown Nassau."*  
Christopher Lightbourn, Arawak Stevedoring (2009)

(Break Bulk Terminal 2012)





## ARAWAK CAY BEFORE

In the 1980's, Commercial shipping operations begin at Arawak Cay. For 30 years prior to the existence of Nassau Container Port, Arawak Cay was utilized by Cavalier Shipping and Bahmar Agents. By 2008 approximately one-third of the island of New Providence's container volumes were handled on Arawak Cay. In 2011, shipping was still ongoing on a small scale on Arawak Cay and preparations were being made to relocate all shipping activity from Downtown Nassau to Arawak Cay.

The Cay was also utilized in part by The Water & Sewerage Corporation, with the presence of three fresh water reservoirs used to supply the island of New Providence. The first fresh water barging operation began in November 1976. At the time, New Providence was experiencing declining water production at the Blue Hills Desalination Plant, rising salinities in the wells supplying water, and a lack of additional lands to expand well production. The solution was to haul fresh water aboard a barge running from North Andros and store supplies in reservoirs on Arawak Cay. The barge – called the Titus – served The Bahamas well for over three decades, transporting approximately 35 billion imperial gallons of fresh water to Nassau.

For some time before The Government designated acreage on Arawak Cay for Nassau's commercial cargo port, water transshipment had been declining, impacted by summer hurricanes and winter cold fronts, which threatened the capital's water supply. Moreover, the reservoirs used for storage of Andros water had become a serious health and safety hazard, harbouring dead animals and other detritus. It was clear, too, that as the development of the new port move apace, the reservoirs would stand in the way of its construction and operations. Their removal, along with the then decrepit and all but abandoned Customs building, was an imperative.

Arawak Cay, The Bahamas

(Arawak Cay Pre-2010)









(Photo taken 2012)





## **ARAWAK CAY WITH APD'S INVESTMENT AND LEADERSHIP FROM 2011 ONWARD**

From the advent of APD Limited (Arawak Port Development) in 2011, the landscape of Arawak Cay began to change in several ways. The necessary removal of the three dilapidated water reservoirs was almost complete by December of that year. To make way for the Port and a more sustainable fresh water solution, APD Limited constructed a new tank at the Blue Hills Desalination Plant at a cost of over \$4 Million to replace the reservoirs and provide sufficient fresh water capacity for New Providence residents well into the future. APD Limited, at the request of the Bahamas Government, also managed the demolition of the Old Customs Building on Arawak Cay. More than 103 coconut trees and 250 other plants were put down, as part of a beautification project to improve the aesthetics of the east end of Arawak Cay. Port facility construction was ongoing and APD Limited was making preparations to launch what would become a historic IPO allowing Bahamians from all walks of life the opportunity to own a stake in this essential national infrastructure and asset in The Bahamas.



# A PORT CO WORKING 450 ST





# COMMUNITY FOR YOU STRONG



# A MODERN PORT FACILITY BUILT BY CONSENSUS TO FULFILL A NATIONAL NEED

The following is offered as a high-level summary of significant events relating to the plan to redevelop Bay Street, to which are connected the relocation of commercial shipping from Bay Street and the establishment of APD Limited, owner and operator of the resultant Nassau Container Port and Gladstone Freight Terminal.

## 2005

**Nov**

In 2005 Government and private sector focus was on Downtown Nassau. The Government under the leadership of Rt Hon. Perry Christie commissioned the EDAW master plan for the Downtown Nassau redevelopment. The relocation of commercial shipping operations is described as a paramount prerequisite for achieving this goal.

## 2006

**April 20**

A history-making moment in the progress of the redevelopment of Downtown came when Senator Dr Marcus Bethel, Minister of the Environment convenes a meeting to introduce the Nassau shipping community to the Gov't's plans to relocate shipping from Bay Street and Arawak Cay to SW New Providence. Dr Bethel, on behalf of the Government, invites Shipping stakeholders to partner with Gov't in port relocation efforts. It was the first time the Government enunciated the need for public/private partnership with the shipping industry.

**May**

Cabinet approves Master Plan for redevelopment of downtown Nassau and establishes SW Port Taskforce (Public/Private Sector Representation)

Private Sector Reps – M. Maura Co-Chair, A. Robinson, C. Lightbourn, K. Lingier, N. Bosfield, R. Coulson, R. Levarity, E. Taylor;

Public Sector Reps – P. Major Co Chair, M. Martini, D. Bhatnagar, M. Major, A. Allens, M. Roach, S. Wilson.

## 2007

**Jan**

Upon the receipt of the SW Task Force's recommendation, Government executes consultancy agreement with the Dutch firm Ecorys, Inc. to conduct the 2006 Southwest Point engineering study to determine the feasibility of establishing a commercial port in Southwest New Providence.

**April 25**

Ecorys provides SW Task Force with a progress report, which includes a summary reports of the extensive port tours throughout the United States and the Caribbean, the New Providence cargo port design, finance and costing alternatives.



**May**

Following the general election the government headed by the Rt Hon. Hubert Ingraham announces to the nation that the new cargo port plan will not be developed in Southwest New Providence and would be constructed on Arawak Cay.

**July 24**

Government invites Downtown and commercial shipping representatives to discuss port relocation to Arawak Cay and the need for the public/private sector partnership to continue.

## 2008

**Feb 6**

At the invitation of the Ingraham administration, the private sector shipping representatives submit a port development proposal.

Subsequently, PM calls a meeting with shipping stakeholders and operators on Arawak Cay. Advises all that all leases and licenses on Government land are now month-to-month, all past arrangements with Government are cancelled and that each operator will be relocated to new port facilities within a new commercial port on Arawak Cay.

**May 21**

Upon review of the commercial port proposal, Government gives the go ahead to develop a Port business plan. The 20 shipping stakeholders meet and fund \$1.1 million of seed capital to pay for legal and finance costs, each contributing \$55K.

**June 18**

Arawak Cay Port Development Holdings Limited (ACPDHL) is formed, comprising the following companies:

Bahamas Marine Construction

Vakis Limited

Paradise Island Ready Mix Limited

The Mail Boat Association

The MailBoat Company

Arawak Cay Stevedoring Limited

C.C. Enterprise Bahamas Limited

Blue Flag Limited

Inter Island Feeder

Island Terminal Service

Container Terminals Limited/ Tropical

Bahamas Hot Mix Company Limited

Sea Truck

Betty K Agencies Limited

Bahamas Ferries Limited

Bethell Estates Limited



Tycoon Management Limited  
Crowley Caribbean Services LLC  
Seaboard Marine  
MSC

**June** ACPDHL retains Higgs & Johnson and KPMG to provide legal and financial consultancies, respectively.

**Sept** Following an RFP process, Halcrow is awarded the port engineering design and operating model contract. From December 2008 through August 2009, Halcrow undertakes stakeholder meetings to obtain input on the port design and operating model.

## 2009

**Feb. 24** APD Limited is incorporated. The shareholder of the company were the Treasurer of the Commonwealth of The Bahamas with 2 million ordinary shares and Arawak Cay Port Development Holdings Limited with 2 million ordinary shares.

**Nov** Environmental firm Islands by Design is engaged to provide Environmental Impact Assessment. Caribbean Civil Group is retained to conduct the Traffic Study.

## 2010

**Feb** Caribbean Civil Group presents Traffic Study to MOW.

**Mar** Environmental Impact Assessment is presented to BEST Commission.

**April 30** KPMG presents Economic Impact Study completed (EIS) to APD Board and OPM.

**May 10** The MOU is signed, with a ground-breaking at Arawak Cay by the Prime Minister Rt. Hon Hubert A. Ingraham.

## 2011

**June** Shareholders of ACPDH Government contribute \$20 million each representing their respective equity in the company.



## 2012

**June**

Government provides remaining funding to bring their total investment to \$20MM. One year after Private Sector provided its \$20MM.

**Aug**

PWC appointed APD auditors.

**Jan.**

APD undertakes an IPO road show – 996,915 additional ordinary shares issued to the investing public bringing the total issued ordinary shares to 4,996,915 with the Government and the Founding Private Sector group each holding 2,000,000 ordinary shares. All shares are priced at \$10 per share and carrying the same rights and privileges. The Company has not issued any preferred shares.

**March 19**

Government revokes sufferance wharf operations on Bay Street docks, effective April 15, 2012.

**Apr. 1**

All Bay Street Carriers relocate to Arawak Cay. Stakeholders are required to walk away from 60 years of development and 20 acres of waterfront Bay Street representing tens of millions in assets.

**April 12**

APD is listed on the Bahamas International Stock Exchange

**July**

Government revokes all transit sheds in New Providence and establishes two new transit sheds, one at the Nassau Container Port and one at Gladstone Freight Terminal. Result: Transit sheds on John Alfred Dock, Union Dock, Kelly Dock, Symonette Dock, ASL warehouse on Arawak Cay all comply with notice.

**July 9**

GFT – All Foreign Bay Street carriers move their less-than-container load (LCL) cargo to GFT (Tropical, Crowley, MSC and ACL).



## **APD LIMITED:** **A HISTORIC & PRODUCTIVE PARTNERSHIP FOR CORPORATE GROWTH & NATIONAL DEVELOPMENT**



*“The single largest component to the revitalization of Downtown was the relocation of commercial shipping from the centre of downtown Nassau. It allowed for the realignment of the vacated real estate to promote residential density that could ultimately result in the rebirth Nassau as a living city that would fuel the desired level of economic growth that is the objective for downtown Nassau. The driving force behind the growing revitalization is unprecedented, multisectoral public/private partnership across the economic spectrum.*

*Since the relocation of the commercial shipping activity, the Downtown Nassau Partnership (DNP) has been engaged in a number of initiatives that will lend to the cities revitalization.”*  
Ed Fields, managing director, DNP

APD is the product of:

1. National need to address the downtown Nassau crisis. For the past twenty years the millions of visitors to Nassau along with Bahamian merchants and consumers have criticized our waterfront city as dirty, unimaginative, and unprofitable.
2. Trading community required an efficient platform for cross-border trade, while Govt. required border efficiency in order to leverage investments in national security, public finance controls, etc.

3. The benefit to shareholders was third to the points above. The shareholding served four principal objectives:

- a. address the mandatory relocation of commercial shipping operations from private property and the multi-million dollar losses stemming from the mandatory relocation;
- b. maintain the efficiency and productivity of private sector management and control;
- c. effect intentional diversification of ownership in the commercial shipping industry from those directly in the business to over 11,000; and
- d. contribute to fulfilling Government's desire to materially increase its proceeds from this industry.

Last year Acting Comptroller Geannine Moss provided the following quote speaking to the benefits derived directly from the controls, which exist at NCP and realized during the 2016/2017 year, which we use again to underline the value and benefit to Govt. derives from APD.

*The investments in ICT and port facilities, which APD has made, have directly assisted Bahamas Customs in increasing its revenue collection by approx. \$100 million.*

From the Public Treasury proceeds from operation and investment, the Government today receives over 22% of every \$1 revenue generated by the port company.

## **CORPORATE DEVELOPMENT**

### **People Development:**

#### **An Innovative Human Resources Programme**

The HR programme focuses on health, safety, training and employee advancement through new skill development and national and international certification.

#### **SOP Creation— Company-wide Input**

Creating avenues for company-wide participation in decision-making is supported by the involvement of all teams in the development of customized standard operating procedures or SOPs, which serve as links in the operations chain, providing clear rules and guidelines for both the successful completion of a task and the safe transfer of task responsibility between functional operating areas. The process enhances port productivity and safety by focusing on how the task should be performed to minimize delays and avoid injuries.



# CELEBRATING & FOSTERING DIVERSITY





Ingrained in APD's corporate philosophy is the belief that each human being is endowed with a reservoir of talent and should be given the opportunity to explore and advance their strengths. Approximately thirty-five (35) percent of the APD staff complement are women. The company has given them opportunities to excel in areas of port operations within the industry that were formerly the exclusive purview of men—planning, gate inspection, shipside checking and security. The confidence of company leaders is rewarded day after day by the APD women's dedication and excellence in performing within their assigned departments and capacities—Among them are :

Assistant Vice President & In-House Legal Counsel

Yvette Rahming

Financial Controller

Cloran Watchorn

Human Resources Manager

Rita Ramsay

Health & Safety Manager

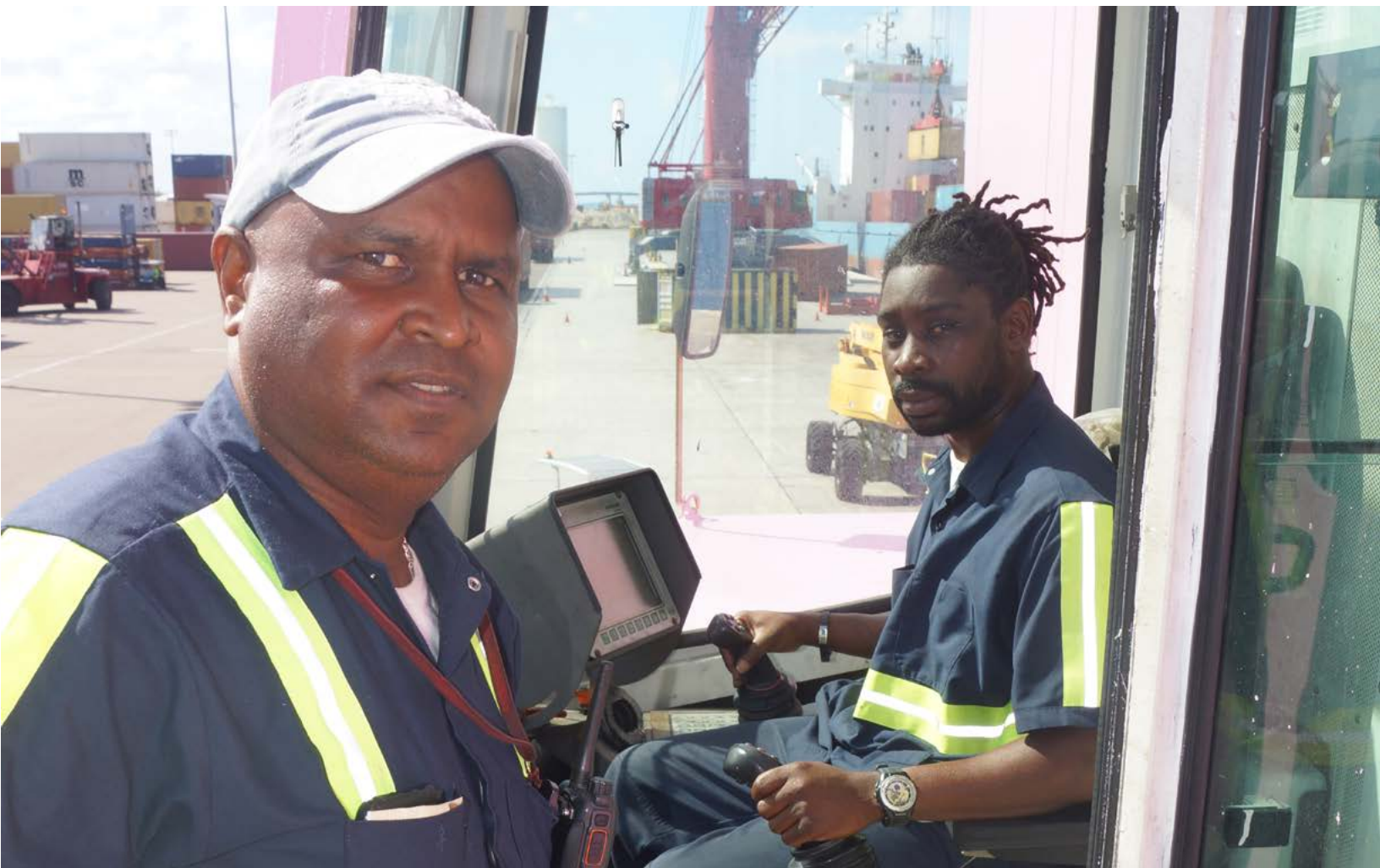
Yeshantai Thompson

## PROMOTING EMPLOYEE MOBILITY

APD is dedicated to enhancing employee knowledge and skills, learning of their professional aspirations for mobility within the company and doing all possible to secure their mobility and advancement. As noted in the CEO's Report, APD is pursuing LNG bunkering and cruise port operations to increase and diversify opportunities for all current employees and those seeking well-paid employ in the maritime industry.

**Dave Nagee:** Dave began employment with NCP as a crane operator. He seized the opportunity for crane operations training with intelligence and zeal to become a senior crane operator and certified crane trainer. APD is proud that he is now an internationally recognized trainer for Liebherr and authorized to give certification in that sector. It is noteworthy that Dave's skills have allowed the Human Resources Department to build a crane apprenticeship programme.

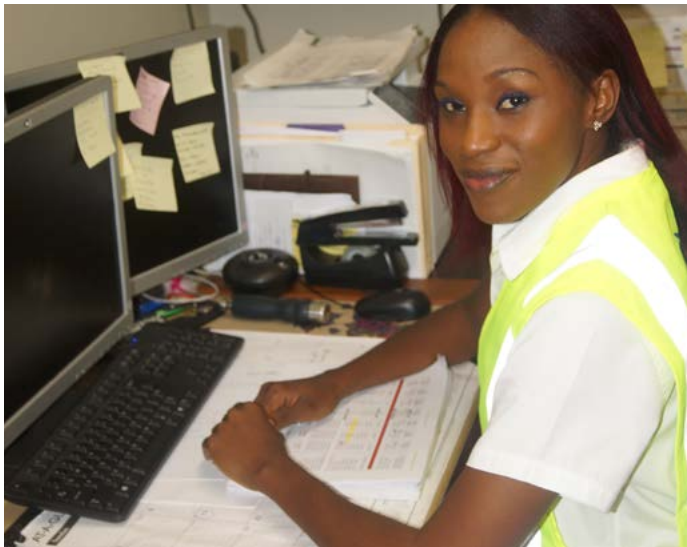
**Crispin Roker** is a beneficiary of the APD crane operations apprenticeship programme, which allowed him to move from Shipside Checker to Crane Operator Apprentice.







**Bianca Aranha** started out as a Gate Inspector, then a Planner and now is an Executive Administrative Assistant.



**Christle Bain** started as a Security Officer and is now a Security Supervisor.



**Ethel Thurston** began as a Security Officer and is now the GFT Facilities Representative.

# PRIORITIZING TRAINING, HEALTH AND SAFETY

To APD, our teams in every sector are part of a living body and every member is considered family and valued. Owing to this viewpoint, the company, from its inception, has committed to ensuring that all members receive the appropriate training to safely and proficiently perform their job. APD considers it equally important that they gain the skills that are valuable to them on a personal level.

Consequently, employees benefit from a dedicated Health & Safety Programme, which includes, among other initiatives:

- A thorough orientation to the work of the port and its appurtenances
- International Ship & Port Facility Security Code (ISPS)
- Spill Remediation Training
- Safe Forklift Operations
- Financial Wellness

# ENHANCING MARITIME SECURITY AND SAFETY

Safety and security are primary concerns for APD. In its operations, the company engages a multifaceted thrust to achieve and maintain these elements to the best of international maritime industry standards. By design and planning the safety and security network embraces all APD personnel, NCP partners and users. The following steps been taken:

**The International Ship and Port Facility Security (ISPS) Code Compliance:** APD is 100%

- ISPS compliant supported by a seasoned Port Facility Security Officer (PFSO) and over 40 security professionals. The company has invested continuously in boosting its security systems, boosting access control to achieve overall adherence to international standards and regulation. The system incorporates mobile patrols, electronic surveillance and a control tower for monitoring the electronic feeds and providing oversight of the entire facility 24/7. Camera feeds from GFT can also be accessed at NCP.

**Creation of a Multifaceted Safety Programme:**

- APD has created a safety culture, which embraces all sectors of the Port and all aspect of its operations. In this regard, APD created management-level posts filled by professionals, appropriately trained, credentialed and committed to undergoing relevant upgrades in training and credentials, as Port needs indicate or desirable courses present.
- Port and terminal operations encompass many complex safety challenges, especially from the interaction between workers and a range of heavy machinery. Mitigating these risk demands the clear procedures that evolve with changing operational needs. The use of so-called Standard Operating Procedures (SOP) will maximize labour efficiency and reduce the chance of mistakes. An SOP ensures that each procedure is carried out by each team member according to set rules. At APD, teams are intimately involved in developing SOPs, not only in their section but across the property. For this reason, cross-training is an important strategy.
- All company executive, management, staff and Port community partners are involved in/subject to safety training and members form part of a port safety committee. APD has also extended training to such partners as truckers and other heavy equipment operators and government agencies, e.g. the Police and the Road Traffic Department.
- Emergency Response Programme: APD has created emergency aid provisions, which include the following key equipment to effect rapid first-aid response pending the arrival of EMTs: Defibrillators, traction splints, tourniquets, C-collars, spine boards, burn blankets, etc.



# GENERATING CUSTOMER/PORT USER BENEFITS

In the interest of providing benefits for customers and users of NCP and elevating the Bahamas market generally, APD has targeted:

Increasing shipping and supply chain efficiency to contribute to lower consumer prices, e.g. the network provided by use of NAVIS and port design.

Providing a one-stop shop for import/export customers: APD has brought together at the Nassau Container Port and promoting partnership and ongoing dialogue with the key inputs at a high-functioning port: Carriers, Terminal Operators, Licensed Customs Brokers and Importers, Bahamas Customs, the Department of Environmental Health, the Department of Agriculture, the Royal Bahamas Police Force and Truckers.

Assessing and addressing quality issues; pursuing globally recognized certification attesting to international standards of performance, e.g. ISO 9001

Increasing health and safety for port users through dedicated information distribution, fire and other safety drills, Port Evacuation Plan, signage and dialogue; e.g. Trucker Programme, including gate inspection for roadworthiness of vehicles, ensuring knowledge and adherence to in-port safety regulations.

Benefiting multiple groups through increased port efficiency:

- Carriers: 28 feet of draft alongside the berth and the introduction of three (3) 320-ton Liebherr Mobile Harbour Cranes have permitted the Carriers to utilize vessels which are twice the size of the ships that historically called on Nassau resulting in better utilization of vessel fleet.
- Stevedores: Vessel stevedoring productivity has increased by more than 40%, which translates into dollar savings for carriers.
- Importers: Greater percentage of shipments delivered to importers on the same day they arrive in Nassau, which means greater revenue potential for importers.
- Truckers: Increased port efficiency has reduced trucker turnaround time from the historical average of 50 minutes to 19 minutes. With more deliveries in a day, truckers have the potential to earn more.
- Incentivizing interisland shipping and thereby encouraging progress in Family Island agriculture and manufacturing through improved opportunities transport products to market.
- Formulating plans to assist in the development of safer more secure and accountable ports nationwide.
- Launching a real-time weather forecasting service offered free of charge to subscribers.

## SPECIFIC CONTRIBUTIONS TO NATIONAL DEVELOPMENT

### Environmental Stewardship

From the very beginning, the Nassau Container Port was designed with a concern for the environment. The terminal asphalt surface areas all slope away from the sea, purposefully mitigating the possibility of oils and other chemicals draining into Nassau Harbour.

### Controlling Hazards

The operation and maintenance of large freight handling equipment is a necessity at NCP and the customized equipment maintenance facilities include a large freight washdown area constructed with an oil/water separator. This design is intended to permit the removal of petroleum products from industrial wastewater and storm water systems.

Furthermore, should a cargo vessel, berthed at NCP, discharge oil or fuel into the harbour, APD will deploy NCP-1, the port's marine patrol vessel, and immediately begin to deploy containment booms around the spill and support efforts to remove the contaminants from the water. The company has also invested in hazmat equipment and supplies, which will serve to combat chemical spills within the terra boundaries of NCP.

## Energy Conservation

*“APD Limited is committed to preserving the environment through clean technology and the projects anticipated are a part of its scheme to meet this commitment.”*

The Inter-American Investment Corporation (IIC) - <https://www.iadb.org/en/news/>

As a major element of APD's drive to reduce its carbon footprint by decreasing its grid-related energy draw down, Arawak Port Development Limited secured a loan of \$3 million to finance the installation of a rooftop solar photovoltaic systems on the company's facilities, as well as financing the retrofit of the port's terminal lights to LED, along with other energy efficiency activities at the port. The LED conversion was completed in September 2018 and is expected to reduce fossil fuel generation of 220,000kWh.

## Modelling Corporate Excellence

APD continues to create a model of port management and business excellence. The company has embraced:

**Leadership Quality:** APD is distinguished by elite management and operations teams, possessing decades of relevant experience in international shipping, port security, customs operations, information technology, financial services and human resource and facilities management. Each has brought a wealth of talents, and insider knowledge of interests and concerns of the stakeholders with whom they interact and serve.

**Constant pursuit of new business opportunities that expand diversity, contributing to national economic and social development.** While APD has the ability to expand into existing business sectors, the company's preference is to pursue new ventures which would serve to expand our national economy, and increase employment. Beginning in 2015 APD started working with New Fortress Energy to explore the development of the LNG industry. Of particular interest is the transition of the Cruise Industry to LNG fuel and the fact that in the next three years Nassau will welcome Cruise Ships that operate on LNG. APD also hopes to provide operations and facility support to Global Ports Holding should their Nassau Cruise Port proposal be accepted by the Government.

**APD's internal rate of return “IRR” range is between 10% and 12% over the 20-year concession term. While this requirement supports the return to the over 11,000 shareholders to include the Government of The Bahamas and the Shipping equity holders, the IRR criteria also offers the Government the opportunity to leverage APD's expertise and capital in new industry and other national investments.** The IRR formula requires that the Nassau Container Port tariff be reduced, should KPMG (APD's independent financial consultant) determine, following a customary APD financial review, that the company exceeded the IRR range in a given year. Should the Government support APD's investment and operation in LNG and or Cruise Port operations, the income earned by APD from these new ventures will be included in the KPMG IRR review. Income generated by LNG or Cruise Port operations will serve to offset APD's costs to handle grocery, building materials and other essential cargos processed through the Nassau Container Port, providing economic relief to both commercial and individual users of the port. While APD continues to pursue new business opportunities, the APD business costs will continue to be exclusively addressed by traditional cargo throughputs and the port tariff be adjusted accordingly.

**Bahamas Electronic Single Window (BESW) Collaboration/Bahamas World Trade Organization (WTO) Accession:** APD's internal processes, including state-of-art smart technology in facilities, equipment and all phases of operations, are creating efficiencies, contributing to increased border protection and to raising The Bahamas' world standing in ease of doing business in a key area.

Illustrative is the company's contribution of funds, technology and manpower to the development of BESW. The Bahamas, based on an international ease of doing business survey conducted in 2017, ranked at 119 out of 190 countries, which has implications for the quality of this country's benefits upon accession to the WTO. APD has engaged with Bahamas Customs and The Bahamas Chamber of Commerce in working through the various ease of doing business issues and, specifically, trading across borders for the past two years now.

APD has injected more than \$100,000 to link the systems of APD and Bahamas Customs to ensure a more efficient system. Michael Maura, Jr, president and CEO of APD, explained: “We, at the Port believe that we



have a corporate responsibility...We listened, we understood the value of this journey that Customs was on from an ease of doing business perspective; we see the opportunity and value.”

**International Recognition:** In 2013 Nassau Container Port was ranked number one in productivity out of 24 ports in the Caribbean by the powerful Florida Shipowners Group, which ships approximately 80% of the freight to The Bahamas and Caribbean. . In 2015, Caribbean Shipping Association (CSA) presented APD the CSA award for port dependability and reliability. In 2016, the Caribbean Development Bank ranked the Nassau Container Port Number 1 in its regional port infrastructure study.

**Achieving and Maintaining a high degree of Port Productivity:** APD yields an essential adjunct to improving the country’s trade.

## DIRECT GOVERNMENT/NATIONAL BENEFITS

**Substantial Government Ownership in the Shipping Industry:** From the inception of APD, the Bahamas Government has been a substantial beneficiary of the company’s growth and profitability. A 40 percent share in APD Limited makes government the largest, single shareholder.

**Greater Inclusion in Shipping Industry Ownership:** Once the preserve of a few families, ownership in the shipping industry now includes 11,000 Bahamians who hold 20 percent of shares, separate from those held by government.

**Increased Government Income:** To date, the Bahamas Government shares in APD have yielded **\$8,020,000** in dividends.

This is broken down as follows:

Year	Dividend/Share
2014	0.26
2015	0.62
2016	1.00
2017	1.00
2018	1.13
Total to date per share	4.01

Total dividends \$8,2020,000 (2,000,000 x 4.01)

- The Government has also benefited substantially from the operations of APD Limited and its subsidiaries NCP and GFT in terms of new income derived from rents, proceeds and other taxes. Additionally, the Government receives payment in kind in the form of administrative facilities and public infrastructure.

**Enhanced Collection of Government Revenues:** APD’s operations at both NCP and GFT have enhanced collection of Government revenues via

- Improved facilities and mobility for Customs Department and overall
- Internationally certified border/port security—manned patrols on land and sea, electronics network, including 24/7 manned CCTV reducing opportunity for fraud and theft.

**Enhanced National Security:** APD’S implementation of international operating standards and investment in world-class port and maritime security technology have thereby enhanced law enforcement, border controls, protection of government revenues derived from import taxes, especially in Nassau. Increased border security is evidenced by ISPS certification.

**Contribution to expanding the Bahamas maritime industry:** The company is dedicated to contributing to national workforce specialization, particularly in strengthening The Bahamas’ position and performance in the international maritime industry and the country’s attractiveness to potential investors in the sector. APD is increasing Bahamian access to portable, internationally sought-after port equipment and management skills, participation at the professional level.

Additionally, APD shares training opportunities with port partners. On one occasion the company engaged Crane Tech experts to provide Occupied Safety Training on Qualified Rigger Level 1 for members of NCP's crane and safety team. The opportunity was extended to stevedoring and terminal operator partners, Arawak Stevedoring Limited and Tropical Shipping, respectively.

• **Productive Private/Public Partnerships:** APD has contributed to

- Modernizing Customs facilities and access to imports and exports to guard against smuggling. The consolidation of all international shipping operations to one location has been very beneficial to Bahamas Customs and, in turn, to the Public Treasury. Customs is now able to surgically examine imports, focused on fraud detection and preventing the import of contraband.

- National hurricane damage mitigation and relief efforts through the company's partnership with NEMA and such entities as the Red Cross, Rotary, Head Knowles and other community organizations.

In 2015 Hurricane Joaquin left a swathe of devastation in the Southern Bahamas. Hurricane Matthew did the same in Andros, Grand Bahama and New Providence in 2016. In both cases, the APD community rallied to the aid of NEMA and other relief agencies, logging well over 1000 hours of support and provision of facilities in support of relief efforts. APD also presented a cheque for \$25,000 to The Bahamas Disaster Relief Fund in aid of Matthew victims and repeated the donation towards the relief of the victims of Hurricane Irma.

- Increasing beneficial road use and greater safety in port with the collaboration with Road Traffic Department and Ministry of Works. Application has been made to expand the programme to include the public roadways.

**Creating Opportunities for Bahamian Shipping and Family Island Connectivity:** Qualified small Bahamian shipping companies may receive as much as a 50% discount on landing fees at the Nassau Container Port.

**Increasing safety at the Arawak Cay Fish Fry** by installing proper and extensive signage.

**Making contributions to Downtown Redevelopment**

**Contributing to Family Island Development,** using BCCEC's Family Island development initiatives and the Government's BAMSI project in North Andros.

## PHILANTHROPY

APD's sense of corporate responsibility has led to the annual support for a number of institutions and causes that focus on health, safety, national security, environmental conservation, community and youth. Each year we join generous funding, donations of employee time, company facilities, and via strategic purchasing of goods and services to maximize the social impact of our giving.



# MAJOR BENEFICIARIES

## 2017/2018

Bahamas Agricultural & Industrial Corporation  
Bahamas Beautillion Committee Ltd-The Gentlemen's Club  
Bahamas Central Securities Depository  
Bahamas Chamber of Commerce & Employers Confederation  
Bahamas Customs International Day Committee  
Bahamas Disaster Relief Fund  
Bahamas Feeding Network  
Bahamas Police Staff Association  
Bahamas Red Nose Day  
Born Again Deliverance Ministries  
Caribbean Institute of Certified Management Consultants  
Carlton E. Francis School  
Elijah Hill Top Ministries  
Great Commission Ministries  
Hands for Hunger  
Kevin Johnson Basketball Camp  
LJM Maritime Academy  
Maritime Conference Bahamas  
National Crime Prevention Office  
NFIR Regatta Committee  
Rotary Club of East Nassau  
Rotary Club of The Bahamas  
Seahorse Institute  
Special Olympics Bahamas  
St Andrew's School  
Supa Kutz 3rd Annual Senior Citizen Day  
Susan Koman Race for the Cure  
T. G. Glover Primary School  
The Bahamas Children's Emergency Hostel  
The Bahamas Institute of Chartered Accountants  
The One Bahamas Foundation

**The company makes numerous small donations each year with the same intent—building community.**

# MANAGEMENT DISCUSSION AND ANALYSIS

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, 2018 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, 2018.

## 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, 2018 represents the sixth full year of operations after officially opening in May 2012. Our GFT facility was opened in August 2012. All project works are complete with the exception of our BEC substation.

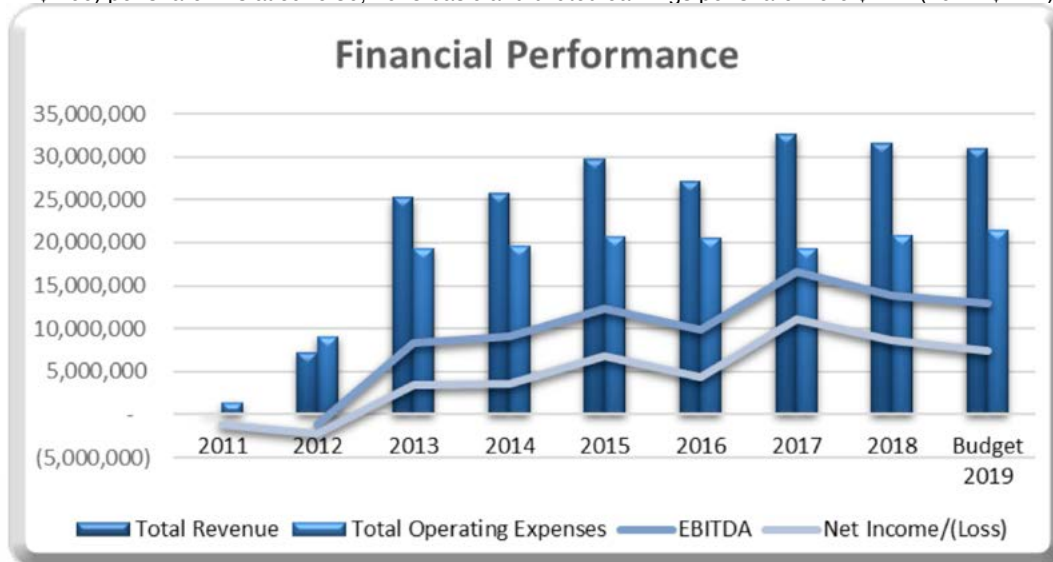
## FINANCIAL PERFORMANCE

For the year ended June 30, 2018 NCP had processed 132,692 (2017: 140,452) inbound/outbound Twenty-foot Equivalent Units (TEUs). This represents a 6% decline in container volumes under 2017 volumes of 140,452 TEUs .

In the 2018 financial year, APD exceeded budgeted net income projections. Budgeted net income was \$8,222,367 while actual net income for 2018 was \$8,605,274 which is \$382,907 or 5% more than budget. The Company’s total revenues for 2018 were \$31,531,519 (2017: \$32,551,428), which is \$1,019,909 or 3% lower than the prior year. Net income for 2018 totaled \$8,605,274 (2017: \$11,171,204) or 23% lower than the prior year. This was largely attributable to the non-recurring bad debt recovery of \$700,168 in FY17, the decline of project related volumes for the Baha Mar Project and the decline in storage fees.

Our Direct Operating Margin (DOM) for 2018 was 44% (2017: 51%). Our budgeted DOM for 2018 was 44%. For the period ended September 30, 2018 our DOM is 44% which is 2% more than our budgeted DOM for the same period.

During the year, APD declared and paid dividends to ordinary shareholders of \$5,646,514 (2017: \$4,996,915) representing \$1.13 (2017: \$1.00) per share. As at June 30, 2018 basic and diluted earnings per share were \$1.72 (2017: \$2.24).





For the 2019 fiscal year, we are budgeting gross revenue of \$30,995,567 (2018 Actual: \$31,531,519) or 2% less than the prior year's actual gross revenue. Net income is projected to be \$7,410,492 or \$1,194,782 less than the 2018 actual net income of \$8,605,274.

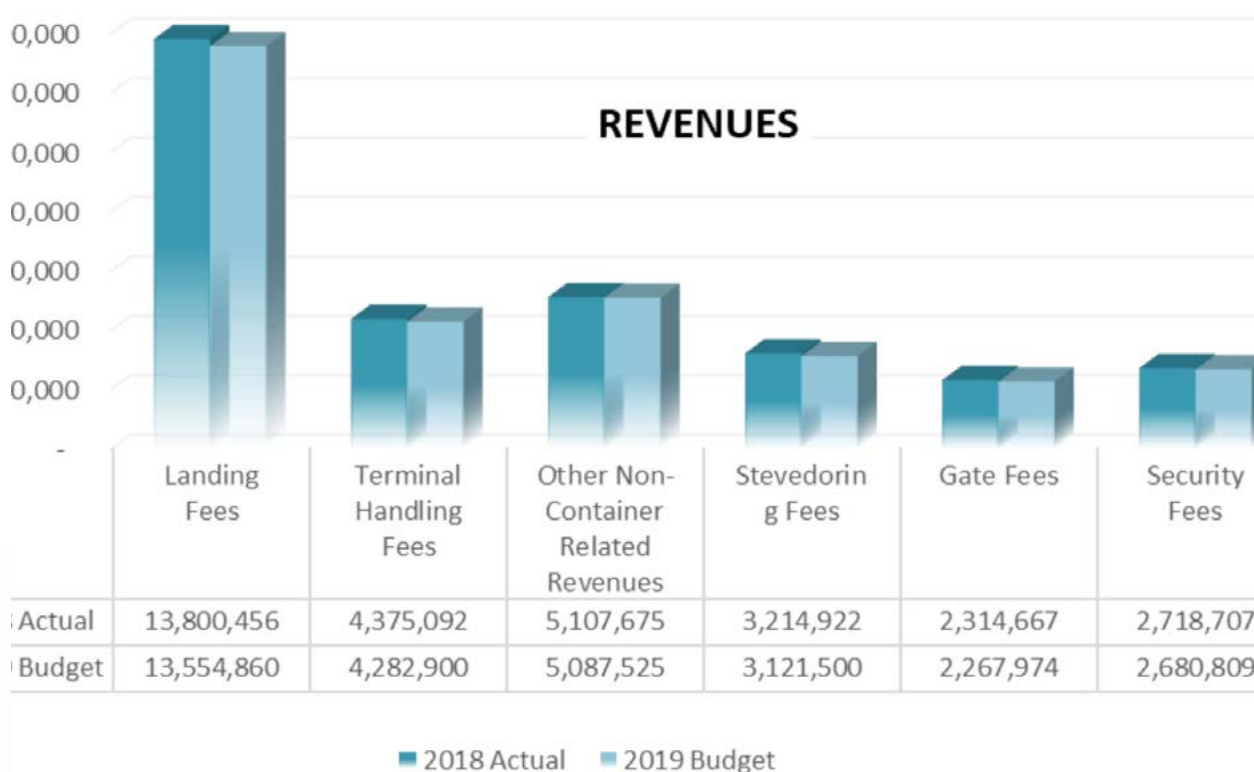
Our net income is currently 9% or \$178,800 over budget as at September 30, 2018.

Projects at this time include; GoldWynn Condo-Hotel and Residences, "The Pointe" hotel construction, Atlantis upgrade, Albany expansion, the Hurricane Hole Marina project and the BPL Power Generation project. Some of these projects are in progress. Consequently, management remains conservative and optimistic and does not foresee any significant project volumes during FY19.

Total market volumes are expected to decline and estimated around 130,000 inbound/outbound TEUs for 2019 or 7,000 under the 2018 budgeted volumes of 137,000 TEUs. Our total revenues as at September 30, 2018 are under budget by approximately \$153,000 or -2.0%. Total expenses as at September 30, 2018 were slightly under budget by \$271,000.

Operating expenses including depreciation and amortization of \$20,771,385 for the period ended June 30, 2018 were \$661,850 or 8% lower than our 2018 budgeted operating expenses of \$21,433,235. Total comprehensive income of \$8,605,274 was \$382,907 or 5% higher than our 2018 budgeted comprehensive income of \$8,222,367. Actual TEU volumes for 2018 of 132,692 were under budget by 4,308 TEUs or 3% compared to our budgeted 2018 volumes of 137,000 TEUs. Additionally bulk car volumes of 17,596 were 2,596 or 17% more than 2018 budgeted car volumes of 15,000. This resulted in revenues of approximately \$3,003,407 from landing and security fees for vehicles.

## APD 2019 BUDGET VS. 2018 ACTUAL



Actual TEU volumes for 2018 of 132,692 were under budget by 4,308 TEUs or 3% compared to our budgeted 2018 volumes of 137,000 TEUs. Additionally bulk car volumes of 17,596 were 2,596 or 17% more than 2018 budgeted car volumes of 15,000. This resulted in revenues of approximately \$3,003,407 from landing and security fees for vehicles.

Additionally, revenues from storage fees were approximately \$116,521 over budget during FY18. Reefer revenue was over budget by \$224,450 during FY18. Total current assets increased from \$17,928,670 (2017) to \$23,557,761 (2018) or an increase of 31%. Cash and cash equivalents increased by \$5,934,071. During the year the spare parts inventory decreased by \$26,240.

Gross accounts receivable decreased by \$342,294 during FY18. Property plant & equipment of \$84,693,943 (2017: \$86,736,933) as at June 30, 2018 represents port development costs, inclusive of works in progress related to the BEC

substation and other capital projects. Current liabilities increased by \$3,910,532 from \$6,258,592 (2017) to \$10,169,124 (2018). This was largely driven by the current portion of the long term debt principal which became due at the end of FY18.

The Company has complied with all of the covenants of its borrowing facilities during the reporting period. Further, the Company met all of its debt obligations during the reporting period.

Non-current liabilities decreased from \$37,569,186 (2017) to \$34,285,995 (2018) which is mainly attributable to the repayment of principal and interest on the long term debt and the reclassification of the current portion of the preference shares which became due at the end of FY18. Deposits held increased by approximately \$6,812 related to deposits placed on rental units. Management monitors the performance of our operations against our strategic objectives on a regular basis. Performance is assessed against strategy utilizing budgets and forecasts, using both financial and non-financial measures.

NCP's TEU volumes as at September 30, 2018 are tracking 1% under budget. Total revenue as at September 30, 2018 are tracking about 2% under budget.

Financial Performance				
	2018	2017	2016	2015
<b>Income Statement</b>				
	\$	\$	\$	\$
Total Revenue	31,531,519	32,551,429	27,079,902	29,668,994
Total Operating Expenses	20,771,385	19,226,076	20,523,353	20,704,910
Total income for the period attributable to equity shareholders	8,605,274	11,171,204	4,338,437	6,753,078
Basic and diluted earnings (loss) per share	1.72	2.24	0.87	1.35
<b>Balance Sheet</b>				
<b>Assets</b>				
Total Current Assets	23,557,761	17,928,670	9,309,774	9,698,929
Net PP&E	84,693,943	86,736,933	88,819,789	89,989,383
<b>Total Assets</b>	<b>108,251,704</b>	<b>104,665,603</b>	<b>98,129,563</b>	<b>99,688,312</b>
<b>Liabilities and Shareholder's Equity</b>				
Total Current liabilities	10,169,124	6,258,592	4,225,370	4,753,415
Non-current liabilities	34,285,995	37,569,186	39,240,657	39,612,884
<b>Total Liabilities</b>	<b>44,455,119</b>	<b>43,827,778</b>	<b>43,466,027</b>	<b>44,366,299</b>
<b>Total Equity</b>	<b>63,796,585</b>	<b>60,837,825</b>	<b>54,663,536</b>	<b>55,322,013</b>

## 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 a potential expansion of port facilities, the potential introduction of air cargo operations and 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, 2018 is \$1,350,000.

As of June 30, 2018, our financing needs are well supported by this \$4,650,000 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 finance or investment.

We believe an important measure of APD's liquidity is unleveraged free cash flow. This measure is a useful indicator of our ability to generate cash to meet our liquidity demands. We believe unleveraged free cash flow provides investors 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 while capital expenditures are primarily related to the development and operation of the port.

## TRANSACTIONS WITH RELATED PARTIES

APD is 40% owned by Arawak Cay Port Development Holdings Limited (ACPDHL), a consortium of private companies operating in The Bahamas that are involved in shipping or maritime services. 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 at the GFT inland facility.

For the fiscal year 2019 the minimal annual rent of 50,000 TEUs at \$42.70 (2018: \$42.07) will be no less than \$2,135,000 (2018: \$2,103,500).

## 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 A:** Long term debt being a \$5,000,000 non-revolving reducing term loan. The loan of \$3,085,106 (2017: \$3,510,638) is for a five (5) year period, amortized over twelve (12) years with interest payable quarterly in arrears at a rate of Prime rate plus 0.25% commencing December 31, 2013. Principal payments are payable quarterly commencing March 31, 2014 in instalments of \$106,283 with balloon payment of \$2,978,723 at maturity. The current portion of long term debt is \$3,085,106 (2017: \$425,532). Subsequent to the balance sheet date the full amount of this facility has been repaid.

**Facility B:** \$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.

The current portion of long term debt is \$300,000 (2017: nil).

**Facility C:** 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 totalled \$35,377,943. The shares have an issue price of \$500 per share, with par value of \$0.10 per share and have a maturity date of June 30, 2033. The current portion of the preference share debt is \$2,572,000. 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.

**Facility D:** 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 roughly equal installments. The company received its first drawdown in December 2017 in the amount of \$1,500,000. The principal outstanding as of June 30th, 2018 was \$1,350,000 (2017: \$Nil) and the current portion of long term debt is \$300,000 (2017: \$Nil).

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.

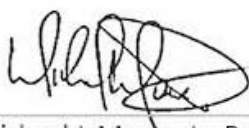
## CONTROLS AND PROCEDURES

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

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

## CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

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



Michael J. Maura, Jr., President and CEO



Dion O. Bethell, Vice President and CFO



# AUDITED FINANCIAL STATEMENTS

<b>AUDITED FINANCIAL STATEMENTS</b> .....	46
Independent Auditors' Report .....	47
Statement of Financial Position .....	53
Statement of Comprehensive Income .....	54
Statement of Changes in Equity .....	56
Statement of Cash Flows .....	57
Notes of Financial Statements.....	58



## *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, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

#### **What we have audited**

APD Limited's financial statements comprise:

- the statement of financial position as of June 30, 2018;
- 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 a summary of significant accounting policies.

---

#### *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 Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

---

*PricewaterhouseCoopers, 2 Bayside Executive Park, West Bay Street & Blake Road, P.O. Box N-3910, Nassau, Bahamas T: + 1 242 302 5300, F: + 1 242 302 5350, [www.pwc.com/bs](http://www.pwc.com/bs), E-mail: [pwcbs@bs.pwc.com](mailto:pwcbs@bs.pwc.com)*



## Our audit approach

### Overview



- Overall materiality: \$417,800, 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.

### 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.

### 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.

<b>Overall materiality</b>	\$417,800
<b>How we determined it</b>	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 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 \$41,780 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.

**Key audit matter**

**How our audit addressed the key audit matter**

*Valuation of property, plant and equipment*

*See notes 2 (g), 2 (h) and 9 of the financial statements for disclosures of related accounting policies, judgements and estimates.*

As of June 30, 2018, property, plant and equipment represented \$84,693,943 or 78% of total assets of the Company. There were no impairment losses on property, plant and equipment recognised during the year.

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;

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 life 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 challenged management's process by examining a sample of assets which had not been identified by





- 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.

management as potentially impaired, forming our own independent conclusion as to whether there were indications of impairment. This included the inspection over a sample of physical assets to determine whether they were in working condition or if there was evidence of damage or obsolescence.

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

---

### *Other information*

Management is responsible for the other information. The other information comprises the 2018 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 2018 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, related safeguards.





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 Myra Lundy-Mortimer.

*PricewaterhouseCoopers*  
Chartered Accountants  
Nassau, Bahamas


*October 18, 2018*

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

**Statement of Financial Position**  
**As of June 30, 2018**  
**(Amounts expressed in Bahamian dollars)**

	Notes	2018 \$	2017 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	19,764,963	13,830,892
Accounts receivable	4	1,615,954	1,958,248
Tax receivable		471,257	553,204
Deposits, prepayments and other assets	6	852,207	733,485
Spare parts inventory		826,601	852,841
Deferred borrowing costs		26,779	-
<b>Total current assets</b>		<u>23,557,761</u>	<u>17,928,670</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	84,693,943	86,736,933
<b>Total assets</b>		<u>108,251,704</u>	<u>104,665,603</u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable		488,725	369,626
Due to related parties	5	2,605,808	2,997,653
Accrued expenses and other liabilities	10	1,117,485	1,179,781
Current portion of preference shares	8	2,572,000	1,286,000
Current portion of long term debt	7	3,385,106	425,532
<b>Total current liabilities</b>		<u>10,169,124</u>	<u>6,258,592</u>
<b>Non-current liabilities</b>			
Redeemable preference shares	8	32,961,031	34,215,928
Long term debt		1,050,000	3,085,106
Deposits held	13	274,964	268,152
<b>Total non-current liabilities</b>		<u>34,285,995</u>	<u>37,569,186</u>
<b>Total liabilities</b>		<u>44,455,119</u>	<u>43,827,778</u>
<b>Equity</b>			
Share capital	11	49,969	49,969
Share premium		49,192,308	49,192,308
Retained earnings		14,554,308	11,595,548
<b>Total equity</b>		<u>63,796,585</u>	<u>60,837,825</u>
<b>Total liabilities and equity</b>		<u>108,251,704</u>	<u>104,665,603</u>

Approved by the Board of Directors on October 18, 2018 and signed on its behalf by:

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

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



## APD LIMITED

### Statement of Comprehensive Income For the year ended June 30, 2018 (Amounts expressed in Bahamian dollars)

	Notes	2018 \$	2017 \$
<b>Revenue</b>			
Landing fees	5	13,800,456	14,281,422
Terminal handling fees	5	4,375,092	4,389,282
Stevedoring fees	5	3,214,922	3,305,587
Security	5	2,718,707	2,568,446
Gate fees	5	2,314,667	2,328,860
Subleases	5	1,767,119	1,699,550
Storage fees	5,13	1,680,299	2,206,719
Reefer line	5	889,450	691,550
Hazmat fees	5	379,150	665,150
Dockage	5	261,431	286,833
Line handling fees	5	71,550	75,100
Other income	5	58,676	52,929
<b>Total revenue</b>		<b>31,531,519</b>	<b>32,551,428</b>
<b>Expenses</b>			
Salaries, employee benefits, and training	5,15	5,461,574	5,093,634
Terminal handling costs	5	3,987,927	3,795,215
Government lease	13	2,567,262	2,964,964
Government fees and taxes		1,486,099	1,449,069
Repairs and maintenance		1,328,578	1,024,585
Utilities		1,153,336	860,150
Legal and other professional fees	14	442,942	365,775
Security		395,796	367,725
Insurance		287,449	302,622
Other operating expenses		265,612	173,262
Office supplies, postage and delivery		137,536	117,384
Company meetings and events		79,769	98,830
Loss/(Gain) on disposal of assets		21,959	12,082
Bad debt reversal	4	-	(700,168)
<b>Total expenses</b>		<b>17,615,839</b>	<b>15,925,129</b>
<b>Earnings before interest, depreciation and amortisation</b>		<b>13,915,680</b>	<b>16,626,299</b>

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

## APD LIMITED

### Statement of Comprehensive Income (Continued) For the year ended June 30, 2018 (Amounts expressed in Bahamian dollars)

	Notes	2018 \$	2017 \$
Depreciation	9	3,124,443	3,245,535
Impairment of property, plant and equipment		-	24,309
Amortisation of preference share issue cost		31,103	31,103
<b>Total depreciation and amortisation</b>		<b>3,155,546</b>	<b>3,300,947</b>
<b>Earnings before interest</b>		<b>10,760,134</b>	<b>13,325,352</b>
<b>Finance costs</b>			
Preference share dividends		1,980,000	1,980,000
Interest expense		183,291	178,331
Interest income		(8,431)	(4,183)
<b>Total finance costs, net</b>		<b>2,154,860</b>	<b>2,154,148</b>
<b>Total earnings for the year attributable to the equity shareholders</b>		<b>8,605,274</b>	<b>11,171,204</b>
<b>Total comprehensive income for the year</b>		<b>8,605,274</b>	<b>11,171,204</b>
<b>Basic and diluted earnings per share</b>	12	<b>1.72</b>	<b>2.24</b>

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



## APD LIMITED

### Statement of Changes in Equity For the year ended June 30, 2018 (Amounts expressed in Bahamian dollars)

	Share capital \$	Share premium \$	Retained earnings \$	Total \$
<b>Balance at July 1, 2016</b>	<b>49,969</b>	<b>49,192,308</b>	<b>5,421,259</b>	<b>54,663,536</b>
Total comprehensive income for the year	-	-	11,171,204	11,171,204
Dividends paid (Note 11)	-	-	(4,996,915)	(4,996,915)
<b>Balance at June 30, 2017</b>	<b>49,969</b>	<b>49,192,308</b>	<b>11,595,548</b>	<b>60,837,825</b>
<b>Balance at July 1, 2017</b>	<b>49,969</b>	<b>49,192,308</b>	<b>11,595,548</b>	<b>60,837,825</b>
Total comprehensive income for the year	-	-	8,605,274	8,605,274
Dividends paid (Note 11)	-	-	(5,646,514)	(5,646,514)
<b>Balance at June 30, 2018</b>	<b>49,969</b>	<b>49,192,308</b>	<b>14,554,308</b>	<b>63,796,585</b>

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

## APD LIMITED

### Statement of Cash Flows For the year ended June 30, 2018 (Amounts expressed in Bahamian dollars)

	Notes	2018 \$	2017 \$
<b>Cash flows from operating activities</b>			
Total comprehensive income for the year		8,605,274	11,171,204
Adjustments for:			
Depreciation	9	3,124,443	3,245,535
Impairment of property, plant and equipment		-	24,309
Amortisation of preference share issue cost		31,103	31,103
Bad debt expense	4	-	(700,168)
Loss on disposal of assets	9	21,959	12,082
Interest income		(8,431)	(4,183)
Preference share dividends		1,980,000	1,980,000
Loan interest expense		183,291	178,331
<b>Operating profit before changes in working capital</b>		<b>13,937,639</b>	<b>15,938,213</b>
Decrease / (Increase) in spare parts inventory		26,240	(159,343)
(Increase) in deferred borrowing costs		(26,779)	-
(Increase) / Decrease in deposits, prepayments and other assets		(118,722)	83,167
Decrease in accounts receivable		342,294	691,986
Decrease / (Increase) in tax receivable		81,947	(393,322)
Increase in deposits held		6,811	8,958
Increase / (Decrease) in accounts payable		119,099	(38,510)
(Decrease) / Increase in due to related parties		(391,845)	667,307
(Decrease) in retention payable		-	(2,911)
(Decrease) / Increase in accrued expenses and other liabilities		(62,296)	121,336
<b>Net cash provided by operating activities</b>		<b>13,939,388</b>	<b>16,916,881</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	9	(1,103,411)	(1,204,770)
Proceeds from sale of property, plant and equipment		-	5,700
<b>Net cash used in investing activities</b>		<b>(1,103,411)</b>	<b>(1,199,070)</b>
<b>Cash flows from financing activities</b>			
Principal payments on long term debt	7	(575,532)	(425,532)
Loan proceeds	7	1,500,000	-
Dividends paid to ordinary shareholders	11	(5,646,514)	(4,996,915)
Preference share dividends	8	(1,980,000)	(1,980,000)
Interest income received		8,431	4,183
Interest expense paid		(183,291)	(178,331)
<b>Net cash used in financing activities</b>		<b>(6,876,906)</b>	<b>(7,576,595)</b>
<b>Increase in cash and cash equivalents</b>		<b>5,934,071</b>	<b>8,141,216</b>
<b>Cash and cash equivalents, beginning of year</b>		<b>13,830,892</b>	<b>5,689,676</b>
<b>Cash and cash equivalents, end of year</b>		<b>19,764,963</b>	<b>13,830,892</b>

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



## APD LIMITED

### Notes to Financial Statements June 30, 2018

#### 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, 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.

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.

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 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.

###### (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.

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

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

##### (a) Basis of preparation (continued)

###### (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:

	2018	2017
	\$	\$
Earnings before interest, depreciation and amortisation	13,915,680	16,626,299
Depreciation	(3,124,443)	(3,245,535)
Impairment of property, plant and equipment	-	(24,309)
Amortisation of preference share issue cost	(31,103)	(31,103)
<b>Operating profit</b>	<b><u>10,760,134</u></b>	<b><u>13,325,352</u></b>

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

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

There are no IFRS that are effective for the first time for the financial year beginning on or after July 1, 2017 that would be expected to have a material impact to the Company.

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

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after July 1, 2017, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income. The determination is made at initial recognition, and the classification depends on the Company's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. In addition, IFRS 9 will require the impairment of financial assets to be calculated using an expected credit loss model that replaces the incurred loss impairment model required by IAS 39.



## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

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

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

###### *(iii) New standards and interpretations not yet adopted by the Company (continued)*

For financial liabilities, there were no changes to classification and measurement, except for the recognition of changes in own credit risk in other comprehensive income for financial liabilities designated at fair value through profit or loss. The Company is currently assessing the full impact of adopting IFRS 9, which is effective for financial periods beginning on or after January 1, 2018.

IFRS 15, '*Revenue from contracts with customers*', deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with its customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard is effective for annual periods beginning on or after January 1, 2018, and replaces IAS 18, '*Revenue*' and IAS 11, '*Construction contracts*' and related interpretations. The Company is currently assessing the full impact of adopting IFRS 15.

IFRS 16, '*Leases*' 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*'. Lessees will recognise a 'right of use' asset and a corresponding financial liability on the statement of financial position. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. 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 is currently assessing the full impact of adopting IFRS 16.

##### (c) Foreign currency translation

###### *(i) Functional and presentation currency*

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

###### *(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

##### (d) Cash and cash equivalents

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

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

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

##### (e) Accounts receivable

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

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

##### (f) Inventory

Inventory primarily includes spare crane parts that are valued at the lower of cost or net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Inventory is derecognised when the parts are 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 replaced asset is derecognised. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

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

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	45 years
Motor vehicles	1.5 to 10 years
Furniture and fixtures, communications and office equipment	1.5 to 10 years

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

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

##### (g) Property, plant and equipment (continued)

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 or less. If not, they are presented as non-current liabilities.

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

##### (j) Borrowings

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

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the statement of comprehensive income as finance costs.



## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

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

##### (j) Borrowings (continued)

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.

##### (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.

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

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

##### (m) Revenue and expense recognition (continued)

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*

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

###### *Accounting as lessor*

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

##### (o) Financial instruments

###### *(a) Classification*

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

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

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

##### (o) Financial instruments (continued)

###### (a) Classification (continued)

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

Financial liabilities at amortised cost comprise accounts payable, due to related parties (Note 5), long term debt (Note 7), redeemable preference shares (Note 8), and deposits held. They are included in current liabilities, except for maturities greater than twelve (12) months after the reporting date in which case, these are classified as non-current liabilities.

###### (b) Recognition

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

###### (c) Measurement

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

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

###### (d) Derecognition

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

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



## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

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

##### (o) Financial instruments (continued)

###### *(e) Impairment*

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

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

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

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

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

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

###### *(f) Offsetting financial instruments*

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

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 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.

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

##### (s) 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.

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 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

	2018	2017
	\$	\$
Cash on hand	1,928	3,030
Cash held with bank	19,763,035	13,827,862
	<u>19,764,963</u>	<u>13,830,892</u>

#### 4. Accounts receivable

	2018	2017
	\$	\$
Customers' account - gross:		
Third parties	242,820	126,576
Related parties (Note 5)	1,373,134	1,831,672
	<u>1,615,954</u>	<u>1,958,248</u>
Less: Provision for bad debts (third party)	-	-
	<u>1,615,954</u>	<u>1,958,248</u>



## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 4. Accounts receivable (Continued)

Movements in the provision for doubtful accounts are as follows:

	2018	2017
	\$	\$
Balance at beginning of year	-	(700,168)
Provision for bad debts	-	-
Reversal of previous provisions	-	700,168
<b>Balance at end of year</b>	<u>-</u>	<u>-</u>

As of June 30, 2018, accounts receivable of \$Nil (2017: \$Nil) was impaired with a provision amounting to \$Nil (2017: \$Nil) being made against this amount. The remaining balance of the receivables is considered by management to be collectible.

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

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

	Total	Current	1-30	31-60	61-90	More than
	\$	\$	days	days	days	90 days
	\$	\$	\$	\$	\$	\$
<b>2018</b>	1,615,954	1,428,211	56,116	15,068	14,736	101,823
<b>2017</b>	1,958,248	1,567,261	352,561	38,110	316	-

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

#### 5. Related party balances and transactions

A party is related to the Company if:

- (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.

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 5. Related party balances and transactions (Continued)

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

	2018	2017
	\$	\$
Due from Shareholder	1	1
Due from other related parties - affiliates	1,373,133	1,831,672
	<u>1,373,134</u>	<u>1,831,673</u>

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:

	2018	2017
	\$	\$
Due to Shareholder	3,202,552	3,346,160
Due to other related parties - affiliates	270,759	289,374
	<u>3,473,311</u>	<u>3,635,534</u>

The due to Shareholder includes real property taxes payable, business license fees 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 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.

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

(c) Sales and purchases of services:

	2018	2017
	\$	\$
<i>Sales of services</i>		
Other related parties - affiliates	<u>27,889,786</u>	<u>28,901,865</u>

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.

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 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 77% (2017: 77%) of total revenues during the year, amounting to \$11,988,123 (2017: \$11,823,744) and \$12,163,364 (2017: \$13,246,441) respectively.

	2018	2017
	\$	\$
<i>Purchases of services</i>		
Other related parties - affiliates	<u>4,347,958</u>	<u>4,109,248</u>

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:

	2018	2017
	\$	\$
Salaries	811,943	795,934
Short term employee benefits	514,458	461,005
Retirement benefits	40,597	39,797
	<u>1,366,998</u>	<u>1,296,736</u>

#### 6. Deposits, prepayments and other assets

	2018	2017
	\$	\$
Security deposits	394,790	414,000
Prepayments	457,417	319,485
	<u>852,207</u>	<u>733,485</u>

#### 7. Long term debt

Facility 1: Long term debt being a \$5,000,000 non-revolving reducing term loan. As of June 30, 2018, the loan of \$3,085,106 (2017: \$3,510,638) is for a five (5) year period, amortised over twelve (12) years with interest payable quarterly in arrears at a rate of Bahamian dollar prime rate plus 0.25% commencing December 31, 2013. Principal payments are payable quarterly in instalments of \$106,383 with a balloon payment of \$2,978,723 at maturity. The current portion of long term debt is \$3,085,106 (2017: \$425,532).



## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 7. Long term debt (Continued)

Facility 2: \$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.

Facility 3: 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, 2018 is \$1,350,000 (2017: \$Nil) and the current portion of long term debt is \$300,000 (2017: \$Nil).

The Company has complied with the financial covenants of its borrowing facilities during the years ended June 30, 2018 and 2017.

#### 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 5<sup>th</sup> anniversary of the offering as follows: \$1,286,000 due between the 5<sup>th</sup> and 12<sup>th</sup> anniversary; \$3,428,000 between the 13<sup>th</sup> and 19<sup>th</sup> anniversary, and the residual balance of \$1,716,000 payable on the 20<sup>th</sup> 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.

**APD LIMITED**

**Notes to Financial Statements  
June 30, 2018  
(Continued)**

**9. Property, plant and equipment**

	Container terminal	Freight handling equipment	Buildings, improvements & office trailers	Motor vehicles	Furniture & fixtures, communications and office equipment	Capital work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Year ended June 30, 2018</b>							
Opening net book value	38,871,995	7,218,793	37,037,769	331,769	1,257,084	2,019,523	86,736,933
Additions	-	-	-	-	-	1,103,411	1,103,411
Transfers	30,000	240,788	14,539	38,391	586,914	(910,632)	-
Reclassifications	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Disposals	-	-	(25,480)	-	-	-	(156,666)
Cost	-	-	3,521	(129,693)	(1,493)	-	134,707
Accumulated depreciation	-	-	(965,756)	(82,157)	(369,281)	-	(3,124,442)
Depreciation charge for the year	(1,010,921)	(696,327)	-	-	-	-	-
<b>Closing net book value</b>	<b>37,891,074</b>	<b>6,763,254</b>	<b>36,064,593</b>	<b>288,003</b>	<b>1,474,717</b>	<b>2,212,302</b>	<b>84,693,943</b>
<b>At June 30, 2018</b>							
Cost	44,055,944	10,434,509	41,256,131	619,193	4,517,985	2,212,302	103,096,064
Impairment	-	(24,157)	-	-	(152)	-	(24,309)
Accumulated depreciation	(6,164,870)	(3,647,098)	(5,191,538)	(331,190)	(3,043,116)	-	(18,377,812)
<b>Net book value</b>	<b>37,891,074</b>	<b>6,763,254</b>	<b>36,064,593</b>	<b>288,003</b>	<b>1,474,717</b>	<b>2,212,302</b>	<b>84,693,943</b>

Capital work in progress includes costs incurred as of June 30, 2018 in connection with ongoing construction and special projects at the Port. These projects are expected to be completed during the 2019 fiscal year.

**APD LIMITED**

**Notes to Financial Statements  
June 30, 2018  
(Continued)**

**9. Property, plant and equipment (Continued)**

	Container terminal \$	Freight handling equipment \$	Buildings, improvements & office trailers \$	Motor vehicles \$	Furniture & fixtures, communications and office equipment \$	Capital work in progress \$	Total \$
<b>Year ended June 30, 2017</b>							
Opening net book value	39,819,293	7,842,644	37,772,803	241,744	1,432,088	1,711,217	88,819,789
Additions	-	5,251	30,714	-	12,516	1,224,388	1,272,869
Transfers	62,841	86,807	192,315	177,156	328,865	(847,984)	-
Reclassifications	-	-	-	-	-	(68,098)	(68,098)
Cost	-	(24,157)	-	-	(152)	-	(24,309)
Impairment	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Disposals	-	(26,110)	-	-	(1,160)	-	(27,270)
Cost	-	8,392	-	-	1,095	-	9,487
Accumulated depreciation	-	(674,034)	(958,063)	(87,131)	(516,168)	-	(3,245,535)
Depreciation charge for the year	(1,010,139)	(674,034)	(958,063)	(87,131)	(516,168)	-	(3,245,535)
<b>Closing net book value</b>	<b>38,871,995</b>	<b>7,218,793</b>	<b>37,037,769</b>	<b>331,769</b>	<b>1,257,084</b>	<b>2,019,523</b>	<b>86,736,933</b>
<b>At June 30, 2017</b>							
Cost	44,025,944	10,193,721	41,267,072	710,495	3,932,564	2,019,523	102,149,319
Impairment	-	(24,157)	-	-	(152)	-	(24,309)
Accumulated depreciation	(5,153,949)	(2,950,771)	(4,229,303)	(378,726)	(2,675,328)	-	(15,388,077)
<b>Net book value</b>	<b>38,871,995</b>	<b>7,218,793</b>	<b>37,037,769</b>	<b>331,769</b>	<b>1,257,084</b>	<b>2,019,523</b>	<b>86,736,933</b>



## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 10. Accrued expenses and other liabilities

	2018	2017
	\$	\$
Accrued real property tax	632,608	632,608
General accruals	484,877	547,173
	<u>1,117,485</u>	<u>1,179,781</u>

#### 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 (2017: 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 \$5,646,514 (2017: \$4,996,915) representing \$1.13 (2017: \$1.00) 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.

	2018	2017
Total earnings for the year attributable to the equity shareholders	<u>\$8,605,274</u>	<u>\$11,171,204</u>
Weighted average number of ordinary shares in issue	<u>4,996,915</u>	<u>4,996,915</u>
<b>Basic and diluted earnings per share</b>	<u><b>\$1.72</b></u>	<u><b>\$2.24</b></u>

#### 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.

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

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

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

- adopting or altering the Memorandum of Association, Articles of Association or other constitutive documents;
- changing the authorised or issued share capital, granting share options or issuing instruments carrying rights of conversion into ordinary shares;
- incurring financial indebtedness which would result in the secured debt exceeding 3 times the Earnings Before Interest, Taxation, Depreciation and Amortisation or Debt Service Coverage Ratio that is less than 1.5 times;
- making loans or advances to any person other than in the ordinary course of the business;

**Notes to Financial Statements**  
**June 30, 2018**  
**(Continued)**

**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.



## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 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. The above lease payment terms commenced upon Substantial Completion of the Port and Depot which was deemed to have occurred at such time as all works necessary for the full operation of the Port and the Depot were duly completed and evidenced by (i) the issuance of performance certificates or taking over certificates pursuant to the construction contracts and (ii) certificates of occupancy. Substantial Completion of the Port and Depot were achieved on May 1, 2012 and August 13, 2012, respectively.

Under the terms of the lease agreement for the Port land, the Company shall pay an annual rent of \$40 per TEU until such time as the Substantial Completion is achieved. Once Substantial Completion is achieved, the Company will pay a minimum annual rent of \$2,000,000 or \$40 per TEU, whichever is greater. The fixed rent is payable quarterly in advance during the term and any adjustments based on the rent per TEU is payable within 14 days from the end of each quarter. The rent is subject to annual increases based on the increases in the cost of living. For the year ended June 30, 2018, the total rent expense recognised in the statement of comprehensive income amounted to \$2,567,262 (2017: \$2,964,964). As of reporting period, lease payable to the government amounted to \$2,095,168 (2017: \$2,713,552) 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.

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 13. Significant agreements (Continued)

##### (b) Leases (continued)

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

	2018	2017
	\$	\$
No later than one year	2,000,002	2,000,002
Later than one year and no later than five years	8,000,008	8,000,008
Later than five years	66,000,066	68,000,068
	<u>76,000,076</u>	<u>78,000,078</u>

##### (c) Subleases

The lease terms for existing lease agreements began in September 2011 and range from less than a 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. Deposits held as per the lease agreements totalled \$274,964 as of June 30, 2018 (2017: \$268,152). Additionally, during the year the Company executed certain short term leases, which are on a month to month basis.

Income amounting to \$1,767,119 (2017: \$1,699,550) 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:

	2018	2017
	\$	\$
No later than one year	1,200,493	1,175,772
Later than one year and no later than five years	2,844,458	2,276,289
Later than five years	206,853	313,539
	<u>4,251,804</u>	<u>3,765,600</u>

#### 14. Legal and other professional fees

Legal and other professional fees comprise the following:

	2018	2017
	\$	\$
Legal and other professional fees	318,464	221,187
Regulatory fees	124,478	144,588
	<u>442,942</u>	<u>365,775</u>

## APD LIMITED

### Notes to Financial Statements

June 30, 2018

(Continued)

#### 15. Retirement benefits

Pension costs for the year which are included in salaries, employee benefits and training in the statement of comprehensive income totalled \$142,524 (2017: \$139,440). The Company's contributions to the pension plan vest 50% with the employees upon completion of five (5) years of employment, incrementally vesting annually, with full vesting upon completion of ten (10) years of employment.

#### 16. Commitments and contingencies

Outstanding capital commitments as of reporting date were as follows:

	2018	2017
	\$	\$
Contracted but not yet incurred	695,117	560,735
	<u>695,117</u>	<u>560,735</u>

As of June 30, 2018, 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 \$580,000 (2017: \$574,000). There is an annual bank charge of 1.25% on the face value of each bond.

#### 17. Financial risk management

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

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

##### (a) Market risk

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

##### (i) Currency risk

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

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

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



## APD LIMITED

### Notes to Financial Statements

June 30, 2018

(Continued)

#### 17. Financial risk management (Continued)

##### (a) Market risk (continued)

###### *(ii) Cash flow and fair value interest rate risk*

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

As of June 30, 2018, 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.

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

##### (c) Liquidity risk

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

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

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 17. Financial risk management (Continued)

##### (c) Liquidity risk (continued)

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, 2018. The amounts disclosed in the table are the contractual undiscounted cash flows.

As of June 30, 2018	Carrying amount \$	Contractual cash flows \$	0-12 months \$	1-5 years \$	More than 5 years \$
<b>Liabilities</b>					
Accounts payable	488,725	488,725	488,725	-	-
Due to related parties	2,605,808	2,605,808	2,605,808	-	-
Accrued expenses and other liabilities	1,117,485	1,117,485	1,117,485	-	-
Long term debt	4,435,106	4,435,106	3,385,106	1,050,000	-
Redeemable preference shares	35,533,031	53,926,635	4,481,270	12,078,817	37,366,548
Deposits held	274,963	274,963	26,918	191,143	56,902
<b>Total financial liabilities</b>	<b>44,679,053</b>	<b>62,848,722</b>	<b>12,105,312</b>	<b>13,319,960</b>	<b>37,423,450</b>

As of June 30, 2017	Carrying amount \$	Contractual cash flows \$	0-12 months \$	1-5 years \$	More than 5 years \$
<b>Liabilities</b>					
Accounts payable	369,626	369,626	369,626	-	-
Due to related parties	2,997,653	2,997,653	2,997,653	-	-
Accrued expenses and other liabilities	1,179,781	1,179,781	1,179,781	-	-
Long term debt	3,510,638	3,717,109	593,122	3,123,987	-
Redeemable preference shares	35,501,928	55,906,635	3,266,000	12,361,737	40,278,898
Deposits held	268,152	268,152	6,556	240,694	20,902
<b>Total financial liabilities</b>	<b>43,827,778</b>	<b>64,438,956</b>	<b>8,412,738</b>	<b>15,726,418</b>	<b>40,299,800</b>

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 16, the Company has total capital commitments for provision of goods and services in the amount of \$695,117 (2017: \$560,735) which mainly relates to

## APD LIMITED

### Notes to Financial Statements

June 30, 2018

(Continued)

#### 17. Financial risk management (Continued)

the completion of the BPL substation and the NCP LED lighting/energy project. These commitments are expected to be incurred and paid within twelve (12) months of the reporting date.

#### 18. Fair value of financial instruments

Financial instruments utilised by the Company include recorded financial assets and liabilities. 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.

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.



## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 18. Fair value of financial instruments (Continued)

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	19,764,743	-	-	19,764,743
Accounts receivable	-	1,615,954	-	1,615,954
Tax receivable	-	471,257	-	471,257
<b>Total financial assets</b>	<b>19,764,743</b>	<b>2,087,211</b>	<b>-</b>	<b>21,851,954</b>

#### FINANCIAL LIABILITIES

##### Financial liabilities at amortised cost

Accounts payable	-	488,725	-	488,725
Due to related parties	-	2,605,808	-	2,605,808
Accrued expenses and other liabilities	-	1,117,485	-	1,117,485
Current portion of preference shares	-	2,572,000	-	2,572,000
Current portion of long term debt	-	3,085,106	-	3,085,106
Redeemable preference shares	-	32,961,031	-	32,961,031
Long term debt	-	1,350,000	-	1,350,000
Deposits held	-	274,963	-	274,963
<b>Total financial liabilities</b>	<b>-</b>	<b>44,455,118</b>	<b>-</b>	<b>44,455,118</b>

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>FINANCIAL ASSETS</b>				
<b>Loans and receivables</b>				
Cash and cash equivalents	13,830,892	-	-	13,830,892
Accounts receivable	-	1,958,248	-	1,958,248
<b>Total financial assets</b>	<b>13,830,892</b>	<b>1,958,248</b>	<b>-</b>	<b>15,789,140</b>

#### FINANCIAL LIABILITIES

##### Financial liabilities at amortised cost

Accounts payable	-	369,626	-	369,626
Due to related parties	-	2,997,653	-	2,997,653
Accrued expenses and other liabilities	-	1,179,781	-	1,179,781
Current portion of preference shares	-	1,286,000	-	1,286,000
Current portion of long term debt	-	425,532	-	425,532
Redeemable preference shares	-	34,215,928	-	34,215,928
Long term debt	-	3,085,106	-	3,085,106
Deposits held	-	268,152	-	268,152
<b>Total financial liabilities</b>	<b>-</b>	<b>43,827,778</b>	<b>-</b>	<b>43,827,778</b>

## APD LIMITED

### Notes to Financial Statements June 30, 2018 (Continued)

#### 18. Fair value of financial instruments (Continued)

The Company does not have a Level 3 classification at June 30, 2018 and 2017. There were no transfers between levels during the year.

#### 19. Capital management

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

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

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

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

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

##### *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 debt service coverage ratio of at least 1.25X.
- to maintain a total debt to tangible net worth ratio of not more than 1.5:1
- 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. As at June 30, 2018, the debt service coverage ratio was 5.3 (2017: 6.36), the total debt to tangible net worth ratio was 0.61:1 (2017: 0.64:1), the current ratio was 2.31 (2017: 2.86), the total liabilities to operating cash flow ratio was 0.64 (2017: 0.49) and the total liabilities to equity ratio was 0.14 (2017: 0.14).

## **APD LIMITED**

### **Notes to Financial Statements June 30, 2018 (Continued)**

#### **20. Segment reporting**

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

#### **21. Subsequent events**

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%.

The balance of the Facility 1 long term debt was settled in the first quarter of the 2019 fiscal year (July 2018).



# NOTES





**NASSAU CONTAINER PORT HOURS OF OPERATION:**

Monday – Friday, 8:00 am - 4:00 pm

**CONTACT INFORMATION**

Phone: 242.323.7064 | Fax: 242.323.7072

P.O. Box SP-63958 | Arawak Cay, Nassau Bahamas

Website: [www.nassaucontainerport.com](http://www.nassaucontainerport.com)