ARAWAK
PORT DEVELOPMENT

# ISO 9001:2015 and ISO 14001:2015 CERTIFIED

ANNUAL
**REPORT**
**2019**

# GREENING THE PORT:

A YEAR OF INCREASING QUALITY SERVICE & ENVIRONMENTAL STEWARDSHIP


# ARAWAK PORT DEVELOPMENT (APD) ACHIEVES A DUAL "BEST IN CLASS" FOR THE BAHAMAS MARITIME SECTOR FIRST IN THE REGION

Arawak Port Development Limited (APD) achieved the prestigious ISO 9001: 2015 and ISO 14001: 2015 designations of the International Organization for Standardization and is now recognized amongst the first commercial ports in the Caribbean to receive this recognition.

The ISO certifications, awarded 12 June 2019 after an intense independent audit by ABS Quality Evaluation, Inc., signal that APD and its Nassau Container Port (NCP) and Gladstone Freight Terminal (GFT) have achieved internationally recognized standards of quality service and environmental management systems.

**MISSION**
**"CONSISTENTLY DELIVERING OPERATIONAL EXCELLENCE"**

**VISION**
**"OPERATIONAL VALUE TO MAXIMIZE VALUE THROUGH PEOPLE DEVELOPMENT AND TECHNOLOGY"**

ARAWAK
PORT DEVELOPMENT

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# ARAWAK PORT DEVELOPMENT (APD Limited) CELEBRATING 10 YEARS (2009-2019)

## *A Decade of Groundbreaking Successes: Ten for Ten-plus*

• "The incorporation of APD was a landmark event. The idea of moving the commercial shipping port out of downtown had been pursued by successive political administrations for many years…Shipping operations on Bay Street were in direct conflict with a major part of the country's tourism and retail sector, which negatively affected the area's stakeholders and even national revenues. Through extensive collaboration between various government entities and other parties, we were finally able to make it happen."—Michael J Maura, Jr, founding director, first CEO and President, APD Limited.

• For yet another distinction, the formation of APD, owner and operator of Nassau Container Port (NCP) and Gladstone Freight Terminal (GFT)… marked the establishment of the first commercial maritime public-private partnership (PPP) in The Bahamas and provided a blueprint that can inform similar projects to be developed across the country.

• In addition to the Bahamas Government and the shipping consortium Arawak Cay Port Development Holdings Ltd (ACP-DHL), the company's owners include over 11,000 Bahamian public investors.

• APD is BISX listed and its share price has traded on the Exchange by as much as 74.3% over the 2012 initial offered price, establishing APD as a blue-chip investment. APD paid its first dividend to shareholders in the 2014 fiscal year.

• In May 2016, NCP was ranked as the Number One Port in Port Efficiency by the Caribbean Development Bank and received the award for the Most Reliable Port by the Caribbean Shipping Association in October of that year. Annually inspected, the Port is fully compliant with the standards of the International Ship and Port Facility Security (ISPS) code.

• On 26 March 2018, APD signed with the University of The Bahamas (UB) a first of its kind memorandum of understanding in The Bahamas. The partnership offered UB students internship opportunities to gain knowledge of practices in environmental management.

- As of 12 June 2019, APD blazed an extraordinary new trail. As certified by ABS Quality Evaluation, Inc., APD met the requirements set forth by ISO 9001:2015 and ISO 14001:2015, the standards of quality management systems and environmental stewardship established and promoted by the world-renowned ISO (International Organization for Standardization). ISO is an independent, non-governmental international organization with a membership of 164 national standards bodies worldwide. With this achievement, following its first application and audit, APD set an international record.

- APD has created an enviable relationship with the Bahamas Customs Department in support of the role that Customs plays in securing a key area of Bahamas Government revenue.

- APD has contributed much to increasing the ease of doing business in commercial shipping in The Bahamas through ever-growing efficiencies and controls underwritten by the injection of skilled professionals, state-of-the-art technology and excellent collaboration between the company and Port partners and tenants.

- Employing over 100 Bahamians, APD continues to be a major, equal opportunity employer, providing first-rate training and advancement opportunities. Through astute hiring and continuous training, APD has significantly increased the number of Bahamians with highly desirable and internationally recognized maritime industry skills.

- Underscoring APD's promotion of gender equity is the fact that women occupy positions at the executive, management and supervisory levels and are engaged in roles once exclusive to men, including gate inspecting and shipside checking. The Planning Department is staffed by an all-female team and, in 2019 a woman scored a first in heading the security force.

- In its commitment to social responsibility, APD has become a trusted partner with NEMA (National Emergency Management Agency) in disaster management and supports Bahamas National Trust and BREEF (Bahamas Reef Environment Educational Foundation) in their conservationist missions. In this same regard, APD signed a memorandum of understanding with the University of The Bahamas to permit UB students to monitor APD's ISO certification process. The company's philanthropy benefits a number of charitable organizations.

## FINANCIAL HIGHLIGHTS

| Income Statement | 2020 Budget | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|
| | $ | | $ | $ | $ | $ | $ |
| Total Revenue | 30,157,684 | 30,912,558 | 31,531,519 | 32,551,428 | 27,079,902 | 29,668,994 | 25,757,728 |
| Total Operating Expenses | 17,777,120 | 17,786,636 | 17,615,839 | 15,925,129 | 17,201,974 | 17,399,587 | 16,677,431 |
| Depreciation & Financing Costs | 5,178,514 | 5,095,574 | 5,310,406 | 5,455,095 | 5,539,491 | 5,516,329 | 5,464,460 |
| Total income for the period attributable to the equity shareholders | 7,202,050 | 8,030,347 | 8,605,274 | 11,171,204 | 4,338,437 | 6,753,078 | 3,615,837 |
| Basic and diluted earnings per share | 1.44 | 1.61 | 1.72 | 2.24 | 0.87 | 1.35 | 0.72 |

| Balance Sheet | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Total Current Assets | 20,692,048 | 23,557,761 | 17,928,670 | 9,309,774 | 9,698,929 | 5,186,494 |
| Net PP&E | 82,800,651 | 84,693,943 | 86,736,933 | 88,819,789 | 89,989,383 | 91,221,801 |
| Investment Property | | | | | | |
| **Total Assets** | **103,492,699** | **108,251,704** | **104,665,603** | **98,129,563** | **99,688,312** | **96,408,295** |
| **Liabilities and Shareholders' Equity** | | | | | | |
| Total Current liabilities | 5,244,150 | 10,169,124 | 6,258,592 | 4,225,370 | 4,753,415 | 4,825,886 |
| Non-current liabilities | 32,717,730 | 34,285,995 | 37,569,186 | 39,240,657 | 39,612,884 | 39,915,387 |
| **Total Liabilities** | **37,961,880** | **44,455,119** | **43,827,778** | **43,466,027** | **44,366,299** | **44,741,273** |
| **Total equity** | **65,530,819** | **63,796,585** | **60,837,825** | **54,663,536** | **55,322,013** | **51,667,022** |

| Cash Flow | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|
| Net Cash Provided by Operating Activities | 12,458,994 | 13,914,388 | 16,916,881 | 9,405,091 | 11,478,375 | 7,798,712 |
| Net Cash (Used) by Investing Activities | (1,199,588) | (1,103,411) | (1,199,070) | (2,146,208) | (1,961,598) | (6,175,129) |
| Net Cash Provided (Used) by Financing Activities | (14,224,811) | (6,876,906) | (7,576,595) | (7,609,456) | (5,734,625) | (1,312,913) |

# APD LIMITED

Incorporated in 2009, APD Limited (Arawak Port Development) is the owner and operator of the Nassau Container Port (NCP) and Gladstone Freight Terminal (GFT), with the mission to facilitate Port growth and build a bridge to a new and more prosperous future for Bahamians.

Specifically, APD Limited was established to:

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

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

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.

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

Ownership of the Port and inland terminal is a partnership between the Government of The Bahamas (40 percent equity stake) and Arawak Cay Port Development Holdings Limited (40 percent equity stake). Each stakeholder has invested in the Port operating company, APD Limited. In January 2012, a historic IPO allowed the Bahamian public to acquire 20 percent of the total equity of APD Limited, resulting in over 11,000 shareholders.

# NASSAU CONTAINER PORT (NCP)

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.

## OTHER FACILITIES

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

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


THE MARITIME CENTRE

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

The building is well-constructed with an emphasis on the protection of port data and enabling business to continue uninterrupted in times of inclemency.

# 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

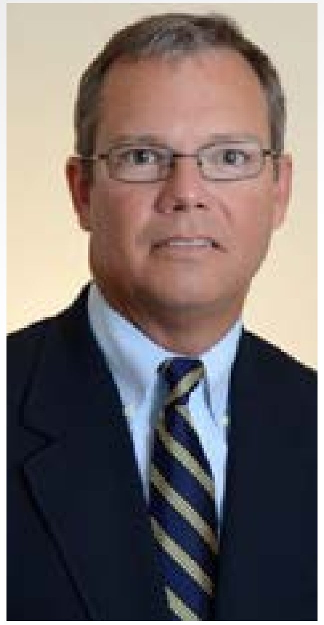
HOEGH AUTO LINERS
K-LINE
EUKOR
GLOVIS HYUNDAI
N.Y.K. (NUPPON YUSEN KAISHA) LINE
MITSUI (MOL)

# GLADSTONE FREIGHT TERMINAL (GFT)

The 15-acre Gladstone Freight Terminal is NCP's inland terminal, situated in the centre of New Providence. The facility offers 100,000 square feet of cargo warehousing and deconsolidation space. With comprehensive Customs services available at GFT, importers have access to entry processing and can pay their ocean freight and customs duties and collect their goods in a single trip, saving valuable time.

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

# Board of Directors



## MICHAEL J. MAURA, JR

Chairman, Appointed ACPDHL and confirmed by the Prime Minister

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

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

Passionate about the quality development of the maritime industry of The Bahamas and the country's economy as a whole, Mr. Maura recently served as Chairman of the Bahamas Chamber of Commerce & Employers Confederation, and 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 also a member of the National Ease of Doing Business Committee and was appointed to the Government's National Reconstruction & Disaster Committee.

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

## SAMUEL CAMPBELL

Deputy Chairman, Appointed by Government

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

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

His wider legal engagements and civil contributions have included the following: Member of the Board of Governors, Saint John's College (1978-1980); Acting Magistrate (1980-1982); 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 Andrew's School in Nassau, The Leys School in England and The UWO in Canada where he obtained his HBA in business administration. Mr. Symonette was the founding partner of Bahamas Ferries, a passenger and cargo transportation company operating within the islands of The Bahamas.

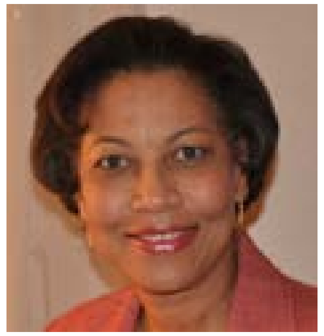
He is also active in local business and serves as a Director on the boards of Commonwealth Bank and RBC Trust.

## FRANKLYN A BUTLER II

Appointed by ACPDHL

Franklyn Butler II serves as an independent Director. He is Chairman of the Milo Butler Groups and President and Managing Director of Milo B Butler & Sons Co. Ltd. Mr Butler had managed the latter company's Sales and Operations units for ten years previously.Having served as Vice-Chairman since June 2017, Mr Butler was appointed CEO of Cable Bahamas Ltd. in May 2018, the first Bahamian to lead the company since its inception in 1994. He also holds the following positions: Chairman of AML Foods Limited; Chairman of Aliv, as well as Chairman of the Board of NewCo 2015 Limited (NewCo), recipient of the nation's second license for the provision of cellular and data services. He serves as a Director of several companies, including Tuscan Shores Developments Company.

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



## 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 36 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 and 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 professional development training in numerous other areas.

## HARVEY TYNES, Q.C.

Appointed by Government

Harvey Oscar Tynes, QC has been engaged in the practice of law in The Bahamas for 42 years, mainly as an advocate in civil litigation, and has appeared as lead Counsel in Courts of the first instance, The Bahamas Court of Appeal and her Majesty's Privy Council in London. He was appointed Her Majesty's Counsel (Queen's Counsel) on 29 March 1996.

Mr Tynes received his secondary education at St John's College in the Anglican Episcopalian Education system in Nassau. He graduated from the University of the West Indies, Mona, Jamaica with a Bachelor of Science degree in Analytical & Descriptive Economics in 1970. He earned a Bachelor of Laws (LLB) from Queen Mary College, University of London, England in 1975. He is a member of the Honourable Society of the Inner Temple, where he was admitted to the Bar of England and Wales on 26 November 1974, to The Bahamas Bar on 8 January 1975, and that of the Turks & Caicos Islands 16 May 1980.

Mr Tynes has enjoyed three appointments (temporary) to the Supreme Court of The Bahamas: May 1995, 3 August 1995 and again 19 January 1998.

# Chairman's Statement

As this is my first official statement as Chairman of the Board of Directors of APD Limited, it is important that I begin by thanking the chief shareholders Arawak Cay Port Development Holdings Ltd and the Government of The Bahamas for the confidence they have reposed in my abilities with this prestigious appointment. It is also encouraging to know that I enjoy the confidence of a group of fellow directors, all distinguished in their various spheres of interest. I'm especially grateful for their collegiality and advice, which I have enjoyed in the months since taking the chair in November of 2018.

This is also an excellent opportunity to look back on the time I spent with APD—first, as a founding director and as Chief Executive Officer of APD Limited and President. I take pleasure in acknowledging the benefits accrued from the years of my involvement.

The past decade presented a rare opportunity for someone, who has a desire to play a role, however humble, in building a stronger Bahamas that draws on all its spectacular assets for an increasingly productive economy. With my many years of experience in business and the shipping industry in particular, I was and remain convinced that a significant opportunity lies in strengthening and expanding our country's maritime industry. I realized that the development of a new, modern, efficient container port could make an invaluable contribution in this regard.

I am gratified that, under my leadership, the company placed unvarying emphasis on giving Bahamians an opportunity to build in-demand, high-level maritime industry skills, on ever-progressing technological power and on dedicated environmental stewardship to conserve natural assets and, at the same time, reduce the carbon footprint of APD's operations at Nassau Container Port (NCP) and Gladstone Freight Terminal (GFT). It is my obligation and great pleasure to acknowledge that whatever APD has achieved over the decade is owed to team-building and praiseworthy teamwork. As CEO I enjoyed the support of a phenomenal Executive Team composed of savvy, dedicated, people and progress-oriented professionals—Dion Bethell, Vice President and Chief Financial Officer and now President; Yvette Rahming, Asst. Vice President, In-House Legal Counsel and Sr. Manager Responsible for Port Safety and Richard McCombe, Asst. Vice President, Operations. Completing what I consider a stellar group were managers who were similarly of high calibre and commitment to growth. I am deeply grateful to them all.

I am convinced that I am leaving the company in the best of hands, led by Dion Bethell. Previous reports attest to his years of good work, his dedication to the business, which he understands. Dion joined APD in November 2010 as CFO and our financial management and ability to yield dividends consistently have been significantly supported by his logical and conservationist nature. I cannot think of anyone who would have been a better choice to take over as President of the company. He knows he can count on my continued support. I wish him great success in his presidency.

Now, it is incumbent upon me as Chairman of the Board of APD Limited to look to the future and what I am committed to bringing to the table during my tenure. As I believe I demonstrated in my previous role, a stronger, beneficial future can only grow out of a global vision and proactivity. First, however, we have to move away from territoriality in the domestic economy before we can take hold of the success that I am certain can be ours in the international realm. We must first be convinced of the interconnectedness of all sectors and strata of the economy, all communicating seamlessly to seize opportunities, discern and short-circuit any roadblocks to progress and prosperity before they have a chance to become hardened and immovable. I can show a record of attempts and successes in facilitating productive relations, particular in my roles with the Bahamas Chamber of Commerce & Employers Confederation, other private sector directorships, and now in the wider maritime sphere.

The opportunities for moving ahead beneficially are many—first extending our very real maritime skills, technology and management to strengthen and make more profitable our more vulnerable ports in the Bahamas archipelago and then in the region and spreading green practices as widely as possible. We must do all we can to realize the one-stop shop vision at APD, particularly as regards facilitating an increased range of operations for the Customs Department and installing a unit of the Road Traffic Department at the Port. I am assured that such developments would do much to propel an increasing ease of doing business, not only in the capital, but also nationally.

In closing, I must acknowledge that, as APD Chairman, I stand on the shoulders of my predecessors James Mosko and Jack Sands and the talented directors who have contributed over the years. I rely on the legacy of knowledge and goodwill they have left to this great company.

*Mike Maura*

Chairman

# THE BOARD THANKS JACK W. E. SANDS IMMEDIATE PAST CHAIRMAN, APD BOARD

The Board of Directors, management and staff of APD Limited salute Jack Sands, immediate past Chairman of the Board. Serving ably from 2014 to November 2018, he led the way in furthering the best interests of the company and its shareholders and various stakeholders for the quality growth and development of the economy of The Bahamas.

Mr Sands generously shared his wise counsel and highly respected business acumen derived from over 50 years in the shipping, building supply and mortgage businesses. Mr. Sands' distinguished career has encompassed service as President and Director of Betty K Agencies Limited for more than three decades and, more recently as President and Director of Betty K Agencies (USA), LLC since its inception. He has held prestigious directorships in both the private and public sectors. We thank Mr Sands for his contributions and wish him well in his future endeavors.

# TRIBUTE TO MIKE MAURA

In celebrating its 10th anniversary in 2019, APD Limited, owner and operator of Nassau Container Port (NCP) and Gladstone Freight Terminal (GFT), had much of which to boast. With the Port winning many international awards and kudos, it was clear that, under the leadership of Michael J Maura, Jr, as President and Chief Executive Officer, APD, had not only achieved to an appreciable extent the stated objectives of the company's formation in 2009. Furthermore, APD had become a frontrunner in the commercial shipping industry of the region.

During his tenure, Mr Maura demonstrated a deep-seated belief in the "big picture", which envisioned APD as a committed, active agent in creating essential links between NCP, the maritime industry in general and the major sectors of the economy. His aim was to increase efficiencies internally and externally to propel the ease of doing business upward and grow lucrative business in the maritime sector.

He vigorously promoted notion of making NCP a "one-stop shop" for import/export, reducing the goods clearance process from time-consuming visits to multiple locations, to conducting business at a single facility. As a result, the Customs Department, the major shipping companies and brokers are united as tenants of the NCP's Maritime Centre. Another major accomplishment in this regard was linking, via the NAVIS electronic system, as appropriate, APD's key management systems, the ships and major port partners.

One aspect of business growth saw such bulk car carriers as Hoegh Auto Liners and Glovis Hyundai landing vehicles from Japan directly to NCP, when, previously, they would have been offloaded in U.S. or at Freeport for transfer to Nassau.

Most notably, Mr Maura's vision for the future of APD Limited and the Port included lobbying government to lease more acreage on the Cay to allow, among other developments, more bulkhead space, an extension of Customs inspections operation and the installation a facility for Road Traffic inspection of import vehicles.

The launch of the first Maritime and first Green Festival at NCP on Saturday, 11 May 2019 represents one of the highlights of his global outlook, the promotion of environmental stewardship and embrace of all sectors of society and the economy for the benefit of the nation as a whole.

Above all, Mike Maura won the support and respect of the entire team at APD and engendered marked collegiality with his executive and managers, as evidenced by their commendations following.

# MEMBERS OF THE EXECUTIVE & MANAGEMENT TEAMS JOIN IN TRIBUTE

"What an amazing leader! -- **Dion Bethell**, President and CFO

"He reasons after obtaining all the facts and always provides cogent guidance, he listens before arriving at a decision; a master at bringing out the best in people!" -- **Yvette Rahming**, Asst. Vice President, In House Legal Counsel, Snr Manager, Safety

"Mike, your commitment to making The Bahamas a greater place and your unwavering effort to have the APD Team be a part of that journey is truly appreciated, Thank you for it," **Dick.-- Richard McCombe**, Asst. Vice President, Operations & Facilities

"Mike Maura a man of passion, compassion and purpose, one who endeavors to make a difference." -- **Felix Rolle**, Facilities Manager

"Mike is not just a Builder of Business and Leaders, but a Builder of Character and a Leader of Leaders." **Crispin Seymour**, Operations Manager

"Mike has been very instrumental in my continued employment with APD. I have found Mike to be a Leader, someone who is honest and tells it like it is . He can also be described as empathetic and understanding." -- **Cloran Watchorn**, Financial Controller

"I appreciate the candid and practical approach to leadership of Mike, that promotes integrity, consistency, and courage in all efforts and I am improved by this." **Alphonso Bowe**, HEO Manager

"A no-nonsense individual who is passionate about excellence." -- Mr. **Clement Lightbourne**, PFSO/ Security Manager

"Mr. Maura was an experienced and trusted adviser, who constantly encouraged yet steered IT to find solutions to the many problems we encountered. He undoubtedly challenged the IT team while solving many of the problems himself." **Sheldon Duckie**, ICT Manager

**CONGRATULATIONS TO APD'S NEW PRESIDENT!**
Dion Bethell assumed the role effective 1 July 2019, while retaining the post of CFO.

# President's Report

## DION BETHELL

As we review the 2018/2019 fiscal year, it is clear that APD Limited and its constituents have much to celebrate. We have chosen to include "Greening" in our theme for this report, because it suggests innovation, environmental stewardship, growth and ongoing renewal, underscoring our company's highest goals. The year was focused on the seven tenets of APD's practice:

- Maintaining productivity within the context of the influencing local and global economies;
- Promoting and maintaining consistent quality in the relationship with our various stakeholders—our excellent management and staff, terminal operators, tenants, relevant government agencies and the maritime industry.
- Continuing our commitment to people development, especially in terms of affording Bahamians the opportunity to acquire/build portable skills in the local and international maritime industry.
- Leveraging technology to enhance supply chain efficiency that impacts positively the Bahamian economy as a whole.
- Integrating excellence in all aspects of operations throughout the company and its subsidiaries Nassau Container Port and Gladstone Freight Terminal
- Promoting "green" practices throughout the enterprise, with a focus on keeping security, safety and conscientious environmental stewardship at the forefront of all we do.
- Contributing to sound community building as a company and as individuals.

At the same time, there have been challenges of which we must be productively conscious.

## TEU Volumes & Revenues

As might be expected, cargo volumes and revenues were very much influenced by the international and local business and financial climates. However, Nassau Container Port has continued to be recognized as #1 in vessel productivity in the region, reflecting four consecutive years. Details are provided in the Management Discussion & Analysis

Over the fiscal year, several salient trade factors impacted APD's operations. In July 2018 the Valued Added Tax was increased from 7.5% to 12%. Notwithstanding the necessity of the Government's fiscal objectives and the broad national budgetary benefit, this increase in tax curbed consumer spending. This retrenchment had a noticeable effect on the import of vehicles from Japan in the immediate ensuing period. Towards the end of the year, we saw a gradual rebuilding of this volume, which was formulated to grow port business and revenue and has proven to function as such since its inception.

While the completion of the Baha Mar construction phase, the opening of its Rosewood property and pleasing occupancy rates proved a boon for the Bahamian economy, it meant the practical cessation of project-related imports. We are still benefiting 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.

## Technology & Communication Advancement

The company upgraded ACCPAC accounting software to establish direct connectivity with NAVIS, the yard management system and the Human Resources Department. This interface of systems, which is being actioned in-house by IT staff, is intended to increase efficiency and reduce occasions for inaccuracies to creep into the most sensitive areas, such as billing, which have bearing on revenues and payments.

With these critical interfaces, in the event of a major challenge to NCP, such as hurricane impact, operations could continue at GFT, our inland terminal without loss of vital data.

In an important yard management upgrade. APD partnered with ALIV to move the communication devices used by shipside checkers and heavy equipment operators from Wi-Fi to cellular transmission. As the Wi-Fi system was prone to go down in "dark" spots, it was vital to upgrade to a more reliable form of communication to prevent slippage that could interfere with information transfer at critical points.

To further strengthen these vital interfaces, the decision was taken to retire NAVIS 2.6.20 in February of the year, to be replaced by NAVIS 3.6.19.

IT also performed some software enhancement in respect of core hardware, including servers. The fact that these upgrades were conducted by APD personnel was important to cost savings and valuable knowledge building. With consultancies, knowledge transfer is not always guaranteed.

Another major project for the IT Department, led by Manager Sheldon Duckie, has been APD's contribution to the development of Customs' Electronic Single Window (ESW), which is being advanced as an avenue to increasing the ease of doing business, as regards imports particularly. As the fiscal year drew to a close, the team worked assiduously in partnership with Customs personnel on user acceptance testing and soft launches with ocean carriers, such as Tropical Shipping and MSC, as well as couriers and brokers.

Crimson Logic, the consulting firm government engaged out of Singapore, describes the ESW project as:

A Single Window system that integrates Customs and Other Government Agency (OGA) operations, providing automation, advanced risk management and analytics. It also links the trading community electronically for better time and cost efficiencies.

ESW is a port community system (PCS), which has become essential to border control in these times. A PCS is described as "an electronic platform that connects the multiple systems operated by a variety of organisations that make up a seaport or airport community. It is shared in the sense that it is set up, organised and used by firms in the same sector – in this case, a port community." This is exactly what APD is attempting to achieve with the interfaces described earlier and this is the reason Crimson Logic was engaged to research and report.

APD continues its support of this initiative, which, as a single entry point to fulfill all import, export and transit related regulatory requirements, will contribute much to risk management. It represents a major step forward in digitizing government and increasing efficiency in a key economic sector. It was projected that the ESW would go live in the fall of the new fiscal year.

It is to be celebrated that the Break Bulk Terminal, Betty K, Mailboat, Duke of Topsail and RORO are all onboard with NAVIS.

## Security & Safety

Once again, APD and its subsidiaries underwent the annual audit/port facility inspection by US Coast Guard and International Ship and Port Facility Security (ISPS) Coordinator and passed with flying colors, winning NCP the critical ISPS certification. The ISPS Code was developed in response to perceived threats to ports following the tragic 9/11 attacks on U.S. aviation. This is indicative that the 26-member security team, including six women and led by manager Clement Lightbourne, functioned well in its contribution to this achievement.

As relates to security, it was expected that the Maritime Festival on Saturday, 11 May would prove challenging with the large influx of visitors the event would attract and associated increased gate management and parking demands. The Security team, in collaboration with the Gate team under manager Brando Glinton, ensured that the Festival was unmarred by negative incidents of any note.

## International Certification of Service & Environmental Management Systems

On 12 June 2019 APD was awarded the prestigious ISO 9001:2015 and 14001:2015 designation following its very first audit, a signal achievement. It is a matter of pride that all APD team members were fully engaged and vested in this initiative and the end result shows the level of commitment of our team. Details of the ISO certification project are highlighted elsewhere in this report.

## Operations & Facilities

In reporting on his portfolio, Richard McCombe, Vice President, Operations and Facilities, expressed an appreciation for the positive impact of the ISO certification processes. Of great value, the project forced all departments to self-examine, review their processes and assess the degree to which they were meeting the requirements of internal and external customers. The undertaking began with an assessment of the standards of operation (SOP), which APD had developed over the years, looking particularly at how closely they aligned with customer demands. The extensive documentation involved, flow charting auditable process, brought sharply into view potential risks, opportunities for further improvement and growth. Importantly, the ISO process placed emphasis on Customer feedback.

It was satisfying to learn that, with statistical analysis, the auditors were impressed that the essential processes in our operations were already in place, requiring only to align them with ISO requirements and ensuring that they were auditable.

As we move forward, follow through by all managers and teams in every sector of the company is necessary for retention of the certification, the highly detailed documentation of ISO requirements will provide an excellent guide for continuing to shape APD operations against this blueprint of internationally regarded standards. The second ISO audit takes place 18 months after the initial one.

Many important assessments of operations and facilities were begun with energy consumption topping the list, especially in relation to air conditioning. As the demand for air conditioning and associated costs keep rising, Operations is investigating solar thermal cooling, which harnesses heat from the Sun to cool buildings based on the principal of thermodynamics, which could reduce traditional electricity demand by 50 per cent and ongoing spending in this regard.

In the interest of maintaining safety systems, Crane Tech was brought from the US to assess the condition of the NCP cranes.

A major project for 2018/2019 was managing the reception of the BPL's 132 MW engine power plant, consisting of seven high-efficiency Wärtsilä 50 engines, which required lifting about 352 tons from a specialized, heavy-lift vessel to the dock. This process was managed with an efficiency and safety that highlighted the quality of APD teams, equipment and facilities. A representative of Wärtsilä was on hand to assist. NCP received kudos from Wärtsilä, who said that the Port afforded the best reception they had ever experienced.

The partnership with NEMA, with which VP McCombe is intimately involved, continued to be strengthened, especially in helping the agency to manage inventories for hurricane relief.

In furtherance of its goal to attract and train more Bahamians to pursue careers in the maritime industry APD is working with Grand Bahama's Freeport Container Port to assess existing apprenticeship options and design an apprenticeship programme at Nassau Container Port.

## Honouring MOU with the University of The Bahamas

In 2018 APD signed a Memorandum of Understanding (MoU) with the University of the Bahamas (UB), which would allow students from UB's Sustainable Development Programme to observe and work with the company's ISO 14001 implementation team. The aim of the relationship is to contribute to and positively affect the education of potential employees in the area of environmental sustainability; create an opportunity to enhance the quality of the labour pool; and to promote the relevance of environmental management programmes.

The first two students to participate in the internship were selected from the university's Small Island Sustainable Programme as agreed. The two women were highly praised by Assistant Vice President Yvette Rahming and Human Resources Manager Rita Ramsay for obvious interest, aptitude and willingness to work.

## Human Resources Development/Health & Safety

APD was unwavering in its commitment to quality human resources development, health and safety. The commitment was materialized through the company's diverse training program, which was aimed at providing an average of 30 hours for each team member. One of the highlights of the APD year was the Health & Safety Fair of November 2018, conducted under the collaborative leadership of HR Manager Rita Ramsay, then Health & Safety Manager Yeshantai Thompson and Asst. Vice President-In-House Legal Yvette Rahming, who also serves as Senior Environmental Health & Safety Manager. Among the offerings of the fair were health screenings and healthy lifestyles lectures.

The most challenging aspect of the Human Resources calendar was the department's involvement in the ISO certification project. As was the case for all areas of management, HR was required to review all processes and recast them in ISO format to facilitate greater accountability.

Security staff members were fitted with new, high visibility gear—cap and shirt—designed for increased safety.

Promoting staff mobility, part of APD's mandate, has become a distinct characteristic. Records evidence achievement in this respect, but two examples are particularly illustrative. Crispin Roker, initiated as a gate inspector, progressed to shipside checker to certified crane operator, trained in house by Dave Nagee, who has himself ascended to an internationally certified Liebherr trainer.

Ninety-nine percent of the staff participated in the Maritime Festival, which was undoubtedly a leading factor in the success of the initiative.

With pride, the company records the achievements in personal development of company team members. Alphonso Bowe, Heavy Equipment Operations Manager, can now write the designation 'Professional Engineer' (PE) behind his name. He achieved the certification this year and is registered in the State of New Hampshire. Two members of the IT team earned enviable certifications in their field. IT Manager Sheldon Duckie and Supervisor Antoine Bosfield earned the CISCO CNNA and Comp-TIA Cloud Plus certifications, respectively. We congratulate them.

## APD's Role in National Skills Development & Employment

APD Limited is leading the initiative by the Inter-American Development Bank (IDB and The Government of The Bahamas to develop a National Apprenticeship Programme, which is designed to be self-sustaining with a nationwide rollout in six years. The Maritime sector is one of the largest employment sectors in The Bahamas and this apprenticeship programme aims to create opportunities for the unemployed and those who need skills certification standards to improve productivity of the workplace while providing an occupational career path which does not currently exist.

## Reducing APD's Carbon Footprint

APD continued its efforts to mitigate the impact of its operations on the environment. One of the main goals for the year was the further weaning from the national grid with the continuation of solar installation and making use of monitoring devices in regulating energy draw down. We have completed the change our high-mast lighting from metal to LED at NCP and GFT reducing candlepower with only minor exceptions. Golf carts are 95 percent solar powered. Smart thermostat have been installed for incremental savings. It must be noted, however, that savings have largely been eroded by the rise in the Bahamas Power & Light rate to 54 cents per kilowatt hour.

It is a matter of company pride that, through our efforts with respect to using solar energy, APD Limited was able to avoid releasing approximately 120 tons of CO2 into the atmosphere, and has generated approximately 200 MWh of power through solar to date. The company continues to maintain a focus on green initiatives and protecting our natural environment.

The company is seeking government permission to install a 700-kilowatt solar system. The intention is to sell surplus power to BPL, if a good sell-back rate can be negotiated.

## Promoting the Maritime Industry and Green Management

APD hosted the country's first Maritime Festival and first Green Festival, an important innovation that put the spotlight on the company's commitment to promoting the highest quality of environmental stewardship and the great potential of the maritime industry to diversify and grow the economy of The Bahamas. (See description later in the report.)

As described in the foregoing, whatever success the company has secured in 2018/2019 is owed to a rare synergy in vision and desire for APD to achieve its obvious great potential among the members of the Board, my colleagues of the Executive Team, the managers and staff of every section. November 2018 saw a major transition in leadership with Mike Maura's resignation as CEO and President and opting to continue a relationship with APD as Board chairman. At the same time, I was entrusted with the presidency, while retaining the CFO post. In this regard, I am fortunate to have the support of the executive team and managers. I must make special mention of the Accounting Department led by Financial Controller Cloran Watchorn in what they contributed to easing the challenges of the transition. It is my privilege to work with all and to thank everyone for their many contributions.

# Outlook for 2019/2020

As we look ahead to the economic future, it must be emphasized that the business development, efficiency and productivity of Nassau Container Port, as the commercial shipping artery of the nation's capital, will impact every aspect of Bahamian life and business. It is therefore incumbent upon APD Limited's directorate and management to ensure that these aspects of our operations are of the highest quality and meet with success.

'The APD 2019/2020 budget which is described in the Management Discussion and Analysis considers the projections forecast in the Outlook.'

The past year's developments point the way to the need to engage in continuous planning, not only for 2019/2020, but for the foreseeable future, which will, inevitably, be impacted by the global and local economies. Consequently, the new fiscal year offers both opportunities and challenges.

## CHALLENGES

### U.S./China Trade War

First and foremost, the current trade war between the United States and China, the world's two largest economies is a matter for deep concern. The power struggle has been escalating with the exchange of punitive tariffs and little or any sign of cooler heads prevailing.

The concern deepens with the knowledge that the international Monetary Fund has adjusted its GDP forecasts for the United States, China, Canada and The Bahamas. Among noted economists, there has been increasing talk of the possibility of recession. Market Insider has noted that "a key recession signal flashed for the first time since the financial crisis." For serious consideration, in the first half of 2019, the United States Federal Reserve, by raising interest rates, sent out undeniable signals that stalled trade negotiations between the U.S and China could significantly impact global growth. Local economists and business experts warn that with The Bahamas' heavy reliance on imports leaves the country open to suffer a greater impact from the trade battle than other nations. We buy primarily from the United States, tariff-induced price rises there will significantly impact our costs.

### Fuel Costs and Answering Developments in Shipping

Given their essential impact on the productivity of port operations and fiscal yield, 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. Not surprisingly, ocean cargo operators have responded to the rise by introducing fuel adjustment surcharges and engaging larger, more efficient ships on their trade routes.

It goes without saying, that such developments will impact port business both positively and negatively. One the one hand, we anticipate that the use of more efficient ships will mitigate the increase in fuel. In recent times, on the other hand, rising fuel costs have tended to set in motion a cascade of negative impacts—increasing business and residential energy costs and, in turn, tightening retail sales.

### International Origin Goods Landing at Potters Cay

The company's 2019/2020 budget must of necessity take into consideration also the continued landing of international origin cargo at Potters Cay. As noted in last year's report, this activity not only breaches certain agreements made with APD Limited, but also undermines national security, public treasury revenue collection objectives, health and safety standards and the cost of living. The company will continue its lobby to the Ministry of Finance to address and resolve this issue, which is so inimical to positive, sustainable progress.

# OPPORTUNITIES

As we move beyond borders in search of new business, we will enjoy a considerable advantage, as we have been benchmarked as a world-class organization able to compete internationally in quality management and environmental systems, as attested by our ISO 14001:2015 and 9001:2015 certifications, the attainment of which has identified APD Limited as a trailblazer in the region.

It was exciting to learn that on 28 August 2019 The Bahamas Government signed an agreement with Global Ports Holding, an entity of Nassau Cruise Port Ltd, to spearhead the $250 million redevelopment of the capital's cruise port at Prince George Wharf, downtown Nassau. The same consortium also won the right to be the Port operator under a 25-year management agreement. It is anticipated that there will be a six-month design phase, during which the project will not contribute to material volumes for NCP in the 2019/2020 fiscal year until that period has elapsed and the construction phase is initiated.

Over the course of the new fiscal year, Baha Mar imports will be principally linked to hotel operations and are now dependent on hotel occupancy. If occupancy levels remain bullish, we may see a commensurate rise in port volumes.

It was encouraging to see the Wynn Group begin site construction for its Gold Wynn mixed-use resort on Cable Beach towards the end of the 2018/2019 fiscal year. Although an agreement has been signed with Shell for the BPL power generation project, there has not been any concrete information made public on dates for project initiation. It is anticipated, however, that once started, this energy project will contribute significant volumes and have a meaningful impact to APD's financial performance during the construction phase.

Looking to the immediate future, we see the strong possibility of increased volumes being generated from such promised projects as the construction of the new United States Embassy complex, which broke ground in Fall 2019. Also highly encouraging has been assurance that the Baha Mar Water Park is going forward. We are also anticipating benefit from the construction of a new tower at Albany and the redevelopment of South Ocean Beach.

There are many opportunities for expanding business to fuel the growth of APD Limited. It must be noted that all the options under consideration hold great promise for expanding benefits for the company's over 11,000 shareholders, while serving urgent national needs in several key areas, especially in reducing the country's carbon footprint by using cleaner fuel sources, while creating a brand new revenue stream for the Nassau Container Port. Seeking permission to facilitate LNG bunkering at the Port is one such vision. We again note that such a venture would



profit from the increasing trend in shipping to launch new cruise ships that run on LNG. Furthermore, yields from bunkering could help to subsidize Port tariff reductions and, consequently, contribute to lowering the cost of essential goods to consumers. Moreover, we envision creating new avenues of expanding employment and building up the maritime skills capital and advancement opportunities for more Bahamians.

In 2019/2020, we envision taking a step with great potential for improving productivity and ease of doing business in trade. With the approval and support of government, we stand ready to develop a further fifteen acres on Arawak Cay to create a facility adjacent to NCP for the use of Customs and Road Traffic for inspections and vehicle licensing.

The company will continue to explore and press for opportunities to lend our expertise and experience to modernize and make safer and more productive ports throughout the archipelago, while reducing opportunities for illegal breaching of our national borders.

Our APD team continues to build up our productive relationships with internal and external customers. We support a committee comprising NCP licensees, tenants and stakeholders, which meets quarterly. Very important to our success, these meetings focus on safety issues and challenges, as well as serving to maintain close, necessary communication. By working in harmony, we can ensure that efficiency and excellence are held paramount and maintained. At the Port, we enjoy an especially close relationship with Bahamas Customs Department and other relevant Government agencies.

We continue to be committed to supporting the role of Bahamas Customs and the Ministry of Finance, as part of government digitization, particularly through contributions of technology, manpower and time to the Customs ESW, especially as the Port's IT infrastructure and NAVIS Terminal Operating System are an integral element of Customs' Electronic Single Window.

Given the knowledge, skills and professionalism that characterize the APD team, it is well within our competence to realize these far-reaching goals, should we win the confidence of the Board and the government administration to concretize what currently resides only in the realm of vision and formal requests lodged with government.

As has been the practice from the beginning, the hallmarks of 2019/2020 will be smart technology growth and use, sustainable energy development, dedicated environmental stewardship, business diversification with our people as our central concern.

APD people are our biggest and most important assets. APD will continue to pursue training and personal development opportunities for team members and continue to build on the harmonious collegiality that characterize our relationships.

Finally, I renew our pledge to maintain operational excellence at the Nassau Container Port and Gladstone Freight Terminal.

# Executive Team

## DION BETHELL
President & Chief Financial Officer

With an excellent record of professional performance and collegiality as APD Limited's Vice President and Chief Financial Officer, his was an expected and celebrated transition to the leadership of the Executive Team when, on 1 July 2019, he was appointed president following the resignation of Michael J. Maura, Jr. Dion Bethell has over 14 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 uses his considerable talents in various ways to the benefit of quality community development. He serves as Chairman of the Bahamasair Employees Provident Fund and he is also a director of The Airport Authority.Mr. Bethell earned a Bachelor of Business Administration degree in Accounting from Tiffin University in Ohio, U.S.A. and is a licensed Chartered Accountant with the Bahamas Institute of Chartered Accountants. He holds ICA International Diplomas in Anti-Money Laundering and in Compliance and has also completed Portfolio Concepts and Management programmes at Aresty Institute Executive Education Program - Wharton, University of Pennsylvania.

## RICHARD D. MCCOMBE
Assistant Vice President,
Operations & Facilities

Richard McCombe has amassed more than three decades in the maritime industry. At APD Limited he first served as the Senior Manager, Operations & Facilities. His career experiences before he joined the company included a period of time working 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. He has served as, Founder and Chairman of the Bahamas 100-Day Challenge Committee, and Chairman of the Nassau Tourism & Development Board.

Richard was instrumental in the relief and recovery efforts in Haiti while serving as Rotary International's District 7020 Haiti Liaison and Haiti Disaster Relief Coordinator for Hurricane Hanna in 2008 and for the Haiti Earthquake of 12 January 2010. Consequently, the President of Rotary International awarded him the Rotary International Service Above Self Award in 2010. He also received the Bahamas Sir Durward Knowles Humanitarian Recognition Award.

In 2018/2019, Richard has been actively working to launch the National Apprenticeship Program (NAP) outlined by the IDB and the Ministry of Labour "Skills for Current and Future Jobs in The Bahamas Program" (BH-L1037). He chairs the Maritime Sector Skills Council, an industry group comprising private sector members tasked to develop and implement the NAP.  With APD, he will launch the first Maritime Apprenticeships January 2020. He continues to work closely with NEMA in APD's efforts to facilitate the Emergency Response requirements of Dorian's catastrophic impact to our country.

# Management Team


# Management Team

## ALPHONSO BOWE
Heavy Equipment Operations Manager

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 ofAlbany, Cavalier Construction; Project Manager of M & E Works, Bahamar Develop Co.; Associate Project Manager, Chris Symonette and Assoc. Engineering and Civil Engineer/ Tankfarm Supervisor, Chevron-Texaco Corp.

Mr Bowe received his Professional Engineer certification in 2019 and is registered in The Bahamas and in the State of New Hampshire, USA. He holds a Bachelor of Science degree in Electrical Engineering (cum laude) Technology from Kent State University and 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 ForgedProducts 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.

Anthony Cooke holds a Bachelor of Science Degree in Accounting and Finance from Florida State University in Tallahassee, Florida and also ICA International Diplomas in Anti-Money Laundering and in Compliance.

## SHELDON DUCKIE
IT Manager

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

Mr Duckie's passion in IT lies in the area of Information Security and Risk Management. He currently holds the Certified Information Systems Security Professional (CISSP) and CISCO CNNA certification. 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, where his last posting was as a Customs/Revenue Officer. He has attended numerous customs, intelligence and detection training courses over his career and is most notably certified to operate both the MT1213LT Mobile Container Scanner and the Heimman-Smith X-Ray Portable Scanner.

Mr. Glinton earned his LLB Law degree from the University of Huddersfield, England and has an Associate of Arts degree in Management & Marketing from the Bahamas Baptist Community College in Nassau.

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

Clement Lightbourne 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. He remains connected to the Force as a member of the Reserve.

In 2018 Mr Lightbourne 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.

## RITA RAMSAY, MBA
Human Resources Manager

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

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


FELIX ROLLE


CRISPIN SEYMOUR


CLORAN WATCHORN

# Management Team

ties, marketing, public relations, training, airline security and asset procurement.

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

## FELIX ROLLE

Facilities Maintenance Manager

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

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

## CRISPIN SEYMOUR

Operations Manager

Crispin Seymour has over 23 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

Cloran Watchorn previously served as APD's Financial Reporting Manager. Before joining the company, she had contributed more than 13 years to the financial services sector. Notably, she served the Assistant Financial Controller at Kerzner International (Bahamas) Limited and, before that, served mostly as a client accountant at various institutions.

Cloran Watchorn holds a Bachelor of Science degree in Accounting from Nova Southeastern University in Fort Lauderdale, Florida.




MARGARET MALONE

# IT'S ABOUT PEOPLE

### HIGHLIGHTING THE LONGEST SERVING EMPLOYEES OF THE YEAR AND THE FESTIVAL AMBASSADORS

On 17 August 2008, when Arawak Cay and its derelict structures were still an eyesore on Nassau Harbour, Margaret Malone signed on to become the first employee of the entity that would be established as APD Ltd. She was well prepared for the wide range of tasks she would be called upon to perform. She had spent 27 years in the employ of Solomon Brothers. She started out in the Accounts Department, then moved on to the Human Resources, looking after the employees of three wholesale warehouses and 30 stores throughout The Bahamas. Consequently, she brought to the Port Development job a knowledge of retail operations and had a good grasp of shipping, the core enterprise of her new employer. "My Family has been in the shipping business since I was born, so I had a little knowledge of the shipping industry," Margaret noted.

In the early days of APD, she was responsible for creating the company's first office in a small space in the Tropical Shipping building. She initiated its management systems and established the connections to various fiscal and legal obligations.

Reflecting on the beginning of her tenure, she said, "I had to do everything. I bought furniture, set up bank accounts, registered the company with NIB (National Insurance Board), organized meetings, dealt with the legal firm Higgs & Johnson, the company's registered office and with accountants KPMG. The first Board members were Jimmy Mosko as chairman, Chris Lightbourn as secretary, Donnell Taylor and Jack Sands. Mike Maura and Dion Bethell came on later," she said.

When hiring of additional staff began, Margaret took on the human resources function, setting up interviews, establishing files, doing the banking and managing payroll. She remains deeply engaged in this aspect of the business.

"Every day I appreciate working at APD Limited, from the inception, eleven years ago.

Margaret Malone has gained the respect of and the high regard of the entire APD team. Human Resources Manager Rita Ramsay sums it well: "Margaret is the best!"

## EMPLOYEE OF THE YEAR

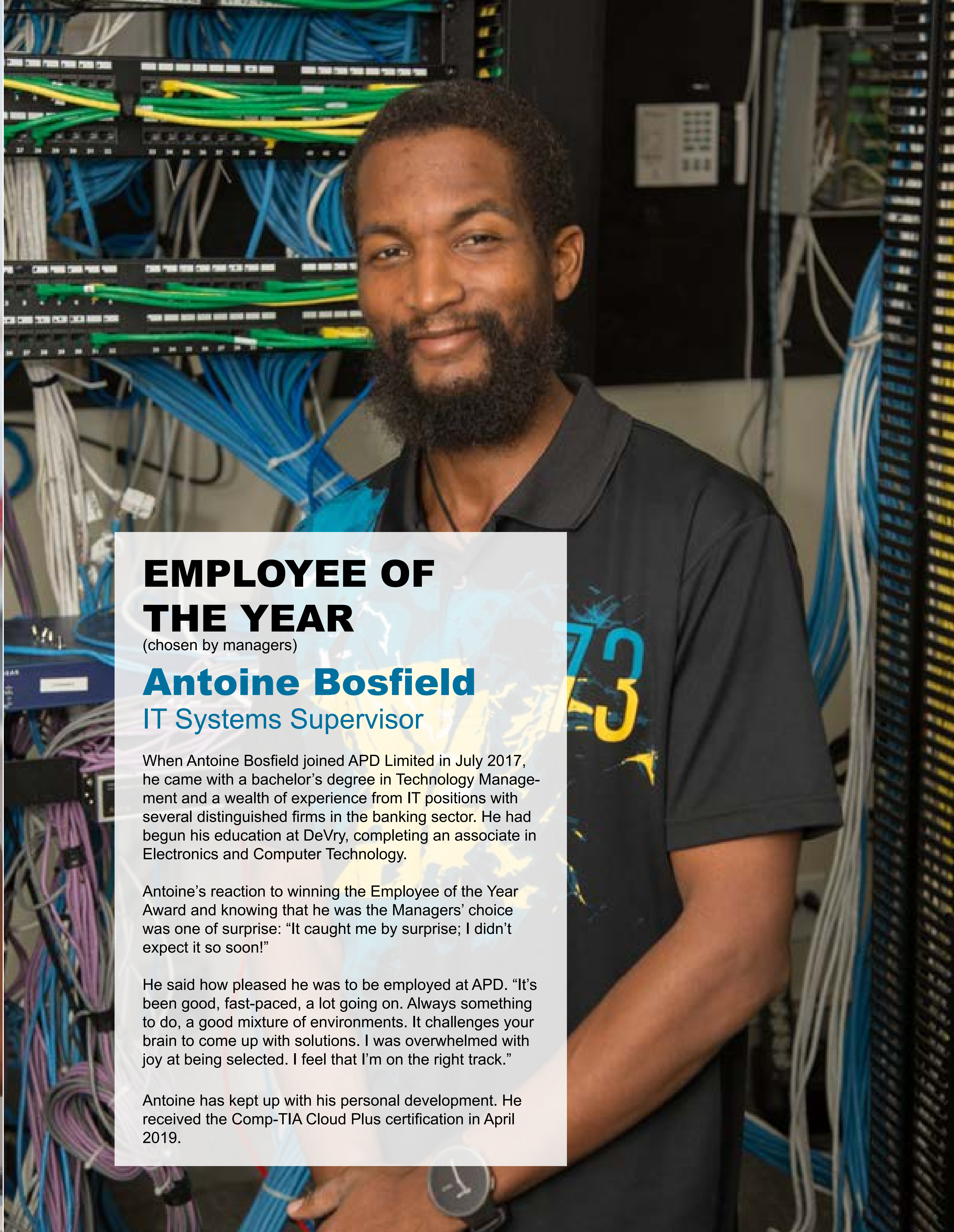
(chosen by her peers)

## Christle Bain

### Security Supervisor

Christle Bain is a seven and a half-year veteran of APD Limited, having joined the company on 23 March 2012 as a surveillance operator. She is a graduate of the College of The Bahamas with an Associate degree in Business Administration and is working on a bachelor's in Technology. She holds several certificates in surveillance operations. Becoming the first woman to attain the security supervisor post, she said that the transition was difficult but she had the support of her team.

"I have amazing support from my staff. They keep me motivated. My aim is always to get through the day with minimum accidents and interruptions to operations. What I love about APD, it's family oriented. We make time for gathering, bonding and comradeship. The Administrative team show appreciation and host events to encourage bonding."



## EMPLOYEE OF THE YEAR

(chosen by managers)

## Antoine Bosfield

### IT Systems Supervisor

When Antoine Bosfield joined APD Limited in July 2017, he came with a bachelor's degree in Technology Management and a wealth of experience from IT positions with several distinguished firms in the banking sector. He had begun his education at DeVry, completing an associate in Electronics and Computer Technology.

Antoine's reaction to winning the Employee of the Year Award and knowing that he was the Managers' choice was one of surprise: "It caught me by surprise; I didn't expect it so soon!"

He said how pleased he was to be employed at APD. "It's been good, fast-paced, a lot going on. Always something to do, a good mixture of environments. It challenges your brain to come up with solutions. I was overwhelmed with joy at being selected. I feel that I'm on the right track."

Antoine has kept up with his personal development. He received the Comp-TIA Cloud Plus certification in April 2019.

# KUDOS TO 10TH ANNIVERSARY AMBASSADORS - Amanda Freedman and Bianca Aranha

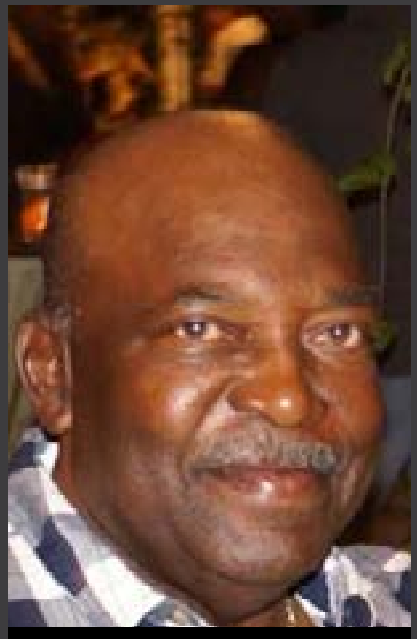
Amanda Freeman and Bianca Aranha performed their joint role as 10th anniversary ambassadors with the excellence that has characterized their tenure with the company and teams across the board. They played a significant role in liaising with various stakeholders and service providers, organizing meetings and making valuable input.

Amanda and Bianca became the face of the Festival, actively participating in the press conference and as guests on popular radio and television talk shows. The company applauds their fine contribution.



# *In Memoriam*

ARLINGTON DAVIS
23 January 1972 – 24 March 2014



KEVIN CHARLES MOSS, SR
6 April 1957 – 12 December 2018

ALTON ERNEST "PIPIE" MCPHEE
20 February 1954 – 28 February 2019

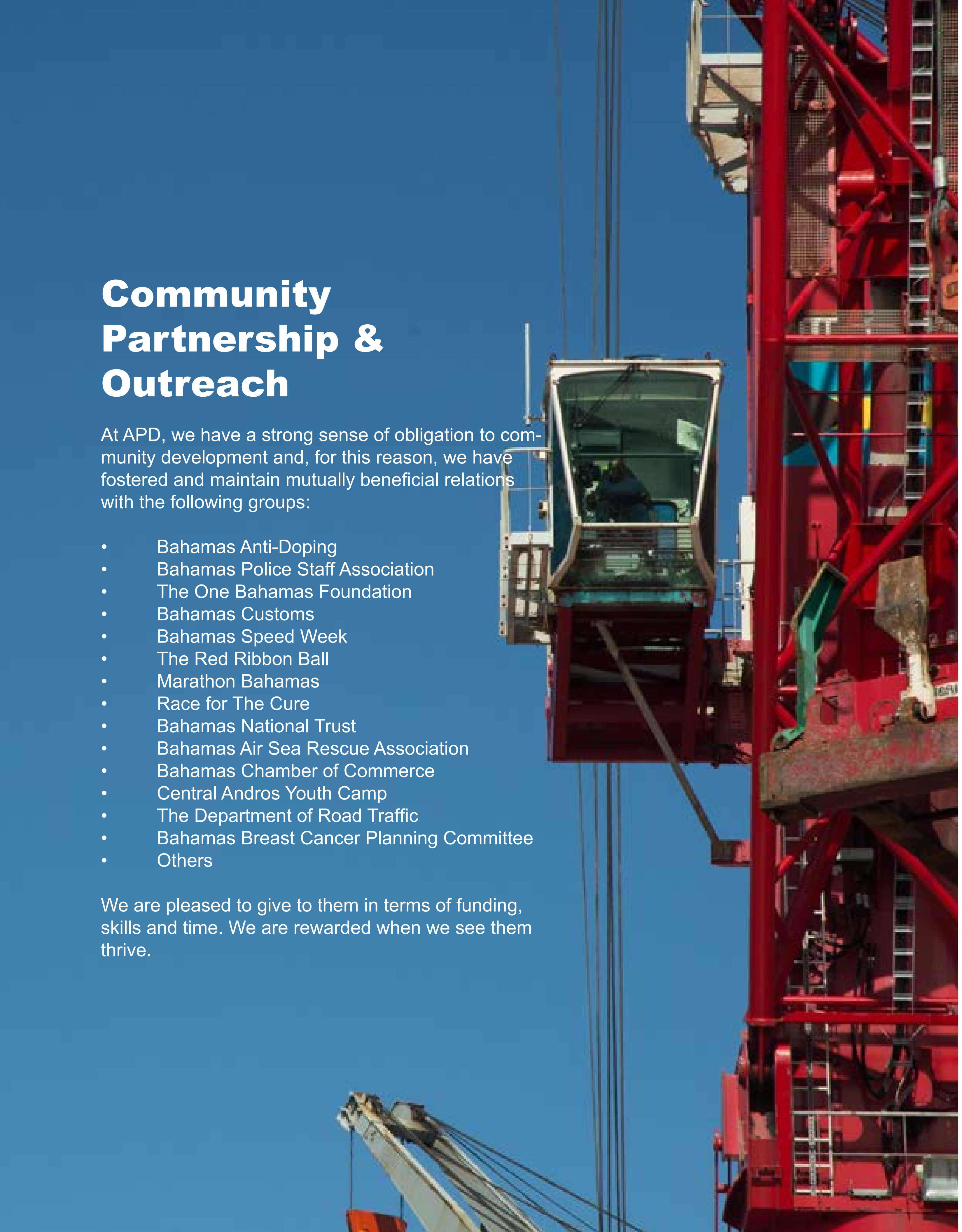
In families, a loss of a member is grievous. It is the same with corporate families. Since the APD began operation, we have experienced the loss of three security officers, Arlington Davis was first to pass, followed by Kevin Moss and Alton "Pipie" McPhee.

Of Arlington Davis, Sheily King, Health & Safety Warden at APD notes: "Arlington Davis was a soft spoken guy of little words but a big heart. The most important things to him in life was his "ladies" (his wife and 2 daughters). Everything he did, including the changes he made in his life, was for them. He knew everyone's name but rarely used it because he had to give everyone a nickname of his own. He was sure to have left a smile on the face everyone he met at one point or another. "

An industrious man, Kevin Moss began his professional career in hospitality, working in Europe and The Bahamas. He then moved into public service, first with the Royal Bahamas Police Force and next with the Royal Bahamas Defence Force, where this excellent musician became a founding member of the Force's Marching Band. The Governor General's Award crowned his long years of public service. He is remembered as a family man, a humorous storyteller and a trusted colleague.

Alton McPhee was also an industrious man, whose working life spanned an interesting variety of occupations. Early on, he took to the sea as mate on a deep sea diving/fishing vessel. He next spent a year as a telephone technician with Batelco, then joined the Royal Bahamas Police Force, serving from 1975 to 2009 in a range of posts. We recall with delight Pipie's hilarious tall stories and endless joking. At APD, the very mention of his name can still bring fond laughter to those who knew him.

The loss this three gentlemen is deeply felt. We remember with gratitude their faithfulness to duty and the warm collegiality of all. We believe that by showing appreciation for their contribution and keeping them in memory, they live on in a very special way.



## Community Partnership & Outreach

At APD, we have a strong sense of obligation to community development and, for this reason, we have fostered and maintain mutually beneficial relations with the following groups:

- Bahamas Anti-Doping
- Bahamas Police Staff Association
- The One Bahamas Foundation
- Bahamas Customs
- Bahamas Speed Week
- The Red Ribbon Ball
- Marathon Bahamas
- Race for The Cure
- Bahamas National Trust
- Bahamas Air Sea Rescue Association
- Bahamas Chamber of Commerce
- Central Andros Youth Camp
- The Department of Road Traffic
- Bahamas Breast Cancer Planning Committee
- Others

We are pleased to give to them in terms of funding, skills and time. We are rewarded when we see them thrive.

# 10TH ANNIVERSARY "GREEN" LIGHTS

NCP ISO 9001:2015 and ISO 14001:2015 Certified

Following an intense audit by ABS Quality Evaluation, Inc., as of 12 June 2019, Arawak Port Development Ltd. (APD) earned the prestigious ISO 9001: 2015 and ISO 14001: 2015 designations of the International Organization for Standardization (ISO). NCP (including its inland terminal) is now recognized among the first commercial ports in the Caribbean to hold these internationally coveted certifications.

Leading the ISO charge was Yvette Rahming, APD's Assistant Vice President, Legal Counsel and head of Environmental Health & Safety, who provided insight into the challenging but rewarding journey to the dual certification.

Speaking of the project, Mrs Rahming noted:

"Over the course of several years, APD had assiduously formulated and adhered to a series of standard operating procedures (SOP), to the development of which the entire APD team had many opportunities to contribute. However, it was decided by the executive team that all aspects of the company's operations—SOPs, facilities, staff engagement in process needed to be measured by an internationally recognized yardstick, if we were to enjoy success in seeking new business beyond our shores. We decided to apply for and engage the arduous processes toward ISO certification with particular emphasis on service and environmental management systems.

"ISO 1400: 2015 standard provides practical tools for companies that are focused on improving their environmental performance. This can include refining waste management systems, reducing energy usage, and other forms of managing the impact that the company has on its natural environment. Both certifications consider port and terminal operations, including the provision of container, break bulk and bulk cargo handling, heavy equipment and facilities maintenance and warehousing services.

Mrs Rahming facilitated the engagement of a consultant to guide APD through the application and preparation process. She provided a brief chronology of initiation events. On 20 August 2017, APD signed with Dynamic Yacht Management, LLC (DYM) to conduct a gap analysis and to advise the company of the requirements for achieving the ISO 9001:2015 and 14001:2015. Mrs Rahming did a week's training in Kentucky and was certified as the internal auditor for the process in order for APD to have the internal expertise necessary to carry out the implementation of the standards into the Port's business processes. APD managers were called upon to assess management, environmental policies and quality in their area. SOPs were reformatted. In this regard, she praised the contributions of executive assistant Bianca Aranha highly.

On 26 March 2018, APD signed a memorandum of understanding with the University of The Bahamas, which would allow students from UB's Small Island Sustainability Programme to shadow the ISO process in the interest of building skills in the targeted areas.

On 13 March 2019, APD engaged ABS Quality Evaluations, Inc. to conduct the external audit to discover whether APD met the standards required by ISO.

"It was indeed challenging," Mrs Rahming said, "but a challenge we sought and relished. It required the dedication of long hours and the full commitment of the entire APD team, but infinitely worth it in terms of what these certifications attest about the quality of our company's operations. Not only do they support the high quality of our performance as an international player in the maritime industry, but also helps us to manage our impact on the environment as a supportive community partner and provides quantifiable processes for furthering and maintaining operational excellence.

APD President and Chief Financial Officer Dion Bethell has called the certifications an element of the port's ongoing investment in itself and in growing the size and quality of the Bahamas maritime sector.

Of the awards, APD Chairman Mike Maura has noted:

"The International Organization for Standardization (ISO) is a world-renowned, independent, non-governmental international organization with a membership of 164 national standards bodies.

"Through its members, it brings together experts to share knowledge and develop voluntary, consensus-based, market relevant international standards that support innovation and provide solutions to global challenges. ISO 9001: 2015 sets criteria for quality management systems and is the most current standard for which certification can be achieved. By earning this distinction, Arawak Port Development has set itself among the top international companies within the maritime sector in terms of global product and service quality standards."

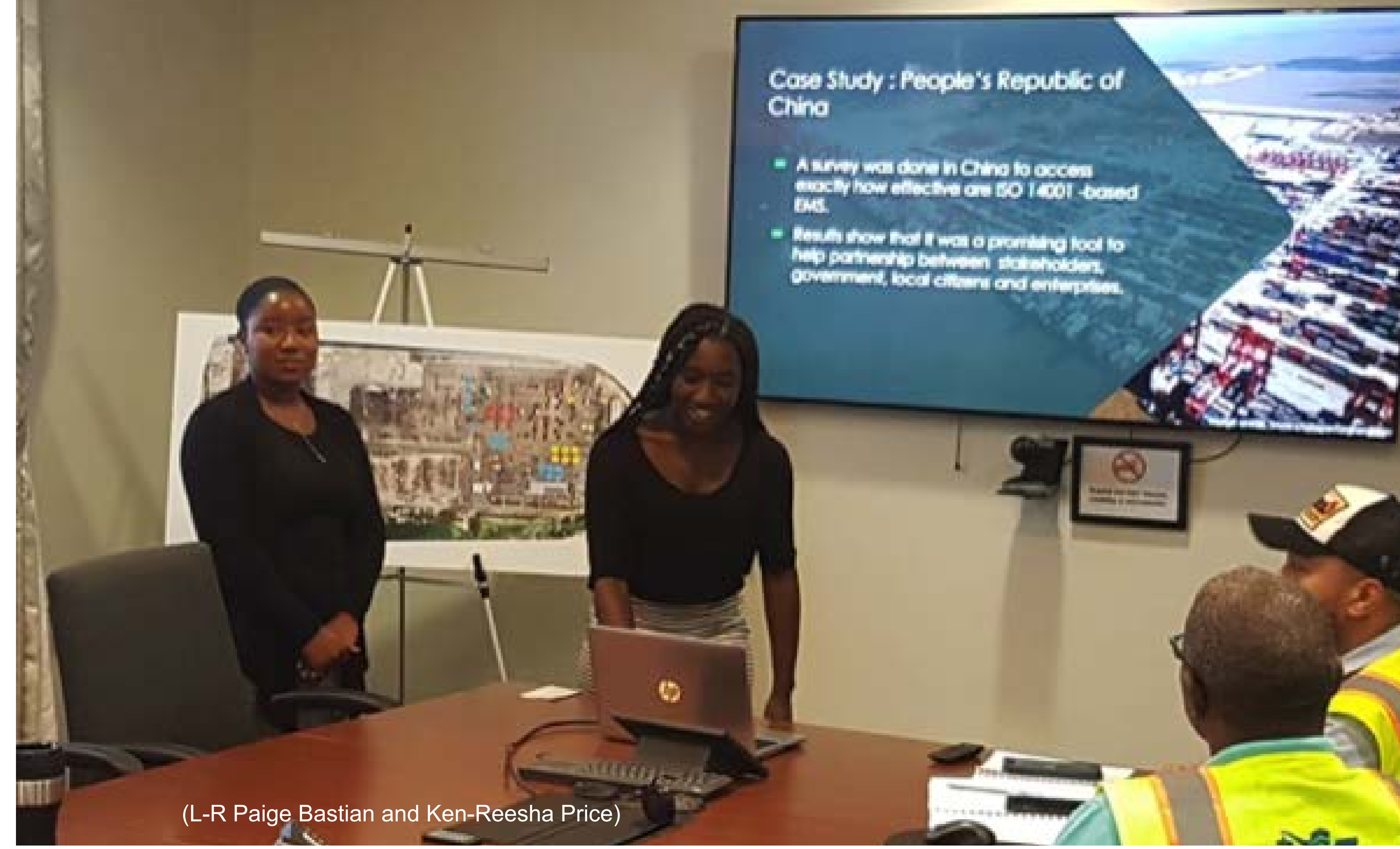
# INVIGORATING THE APD/UB MEMORANDUM OF UNDERSTANDING

In March of 2018 Arawak Port Development (APD Limited) signed a memorandum of understanding with the University of The Bahamas (UB) to give UB students an opportunity to enhance knowledge and practical experience in environmental management within a real-life, functioning operation.

As a major step in energizing the MOU, APD Limited welcomed two students, Paige Bastian and Ken-Reesha Price, from UB's Small Island Sustainability Studies programme to shadow the APD team in meeting the requirements under the ISO 14001: 2015, standards for an effective environmental management system. They were expected to spend a minimum of 30 hours at APD over a period of at least 10 weeks. They began on 18 October 18 2018 and ended 8 March 2019.

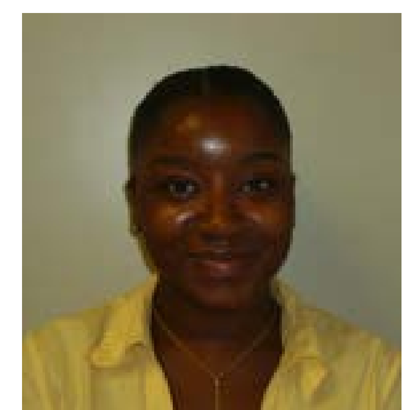
APD assistant vice president, Yvette Rahming, who led the ISO programme expressed high praise for the contribution and willingness of the participating students.

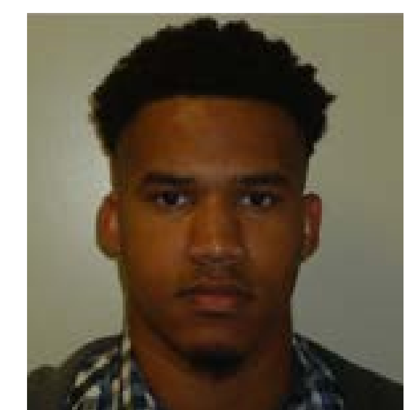
"Their knowledge and research went a long way to support the efforts of our employees to make this possible," Mrs Rahming said.



(L-R Paige Bastian and Ken-Reesha Price)

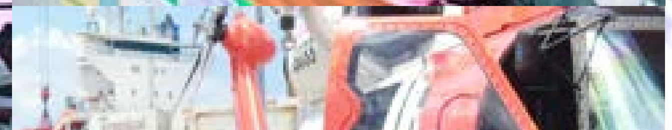
APD also welcomed to University of The Bahamas accounting students to intern in the Accounts Department, Paige Bastian (who also participated in the ISO programme) and Casey Scavella.


PAIGE BASTIAN


CASEY SCAVELLA

Ms Bastian's attachment ran from 22 July 22 to 16 August 16 2019 and Mr Scavella's from 1 July 1 to 16 August 2019.





# TWO FIRSTS FOR APD AND THE BAHAMAS:

## THE MARITIME FESTIVAL,

## incorporating THE GREEN FESTIVAL









TROPICAL SHIPPING VESSEL
RBDF VESSEL
RORO VESSEL
BOAT TOURS
CRANE
CRANE
MARITIME FESTIVAL
SIKORSKY MH 60 JAYHAWK HELICOPTER
BANDSTAND
BPL
BPL
BPL
BPL
BPL
BPL
TOP PICK
INFORMATION/ LOST & FOUND
FOOD & DRINK AREA
EXHIBITORS AREA
REACH STACKER
KIDDIE CORNER
PORT TOURS
NEMA EXHIBITION
TRUCKERS DISPLAY
INFORMATION/ LOST & FOUND
WELCOME CENTRE & FESTIVAL ENTRANCE
CRANE
ADMIN. BUILDING
PUBLIC PARKING $2
HANDICAP DROP OFF
NO SMOKING/NO BOTTLE ZONE
ARAWAK CAY BRIDGE
WASHROOM
FOOD AREA
DRINKS
EXHIBITORS AREA
INFORMATION/LOST & FO
FIRE DEPARTMENT
RED CROSS AMBULANCE
HANDICAP DROP OFF
PORT TOURS
BOAT TOURS
PUBLIC PARKING $2
BANDSTAND
KIDDIE CORNER

Among its signal achievements of the fiscal year, APD Limited conceived and carried out with great success its inaugural Maritime Festival and the country's first "Green" Festival, a combination that was held on Saturday, 11 May 2019. On the festive day APD held open house to allow visitors to learn of the highly skilled workforce of Nassau Container Port and port operations.

The festival was conceived to:

- Put a spotlight on maritime trade and educating Bahamians to value, protect, enhance and celebrate them.
- Support and promote government's initiative to ban the use of single-use plastic and Styrofoam from January 2020 by restricting the use of such materials at the site.
- Highlight Nassau Container Port's achievements in contributing to border control, enhancing Interisland trade and affording Bahamians the opportunity to build maritime industry skills and careers.
- Showcase career opportunities—Jobseekers were invited to bring resumes and many did.
- Give back: For every person that attended the festival, APD gave a donation to three local charities: LJM Maritime Academy; Royal Bahamas Defence Force Rangers Youth Program; and Bahamas Reef Environment & Educational Foundation.
- Demonstrate the wonderful partnerships the company has nurtured.

Dion Bethell, APD President noted: "It was gratifying to see at work the strong partnerships we enjoy. The US Coast Guard brought in a helicopter all the way from Clearwater, Florida for display to the delight of Festival visitors. We had vessels from shipping partners MSC and Tropical Shipping, as well as the Royal Bahamas Defence Force and the Royal Bahamas Police Force Marine Division. There were engaging exhibits from such partners as NEMA, BREEF and Bahamas National Trust. We were pleased with the participation of the food vendors, as well. They made a valiant effort to adhere to the prohibition of single-use plastics in their service. It was most rewarding the way every member of the APD team rose to the occasion in harmony to give of their skills, creativity and time to create a magical day of education, family, fun and food. I salute and thank all these great contributors. Special thanks to Amanda Freedman and Bianca Aranha for their cheerful and vigorous participation as Ambassadors for the Maritime Festival."

Among the tours and demonstrations on offer at the Maritime Festival were:

- The Tropical Shipping and MSC container vessels, a Royal Bahamas Defence Force ship and a RORO.
- A live demonstration by RBDF Commando Squadron.
- Royal Bahamas Police Marine Unit demonstrations on the water.
- Up close look at the operations of the Bahamas Customs Department.
- A famed Sikorsky MH 60 Jayhawk helicopter on display courtesy of the US Coast Guard Bahamas Operations. The attending Coast Guard team went to great pains to explain the operation of the equipment and allowed festival attendees to climb aboard.
- Demonstrations of the specialized port equipment & operations.

In the company's commitment to supporting the disabled and safety, APD provided special protected pathways and wheelchairs to facilitate ease of movement throughout the festival grounds. Partnership with the appropriate agencies stationed a fire engine and ambulance on site at the festival.

## EXHIBITORS

Bahamas National Trust, Bahamas Customs, BREEF, Department of Agriculture, Department of Environmental Health

- LJM Maritime Academy
- NEMA (providing valuable information on hurricane season preparation)
- Royal Bahamas Defence Force
- Royal Bahamas Police Force Bahamas Maritime Authority
- Shipping Companies: MSC, Tropical Shipping, Abaco Shipping, RORO Company and more.

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ESCROW AGENTS

**REGISTRAR & TRANSFER AGENTS**
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**REGISTERED OFFICE**
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**CAPITAL LAW ASSOCIATES**
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ARAWAK PORT DEVELOPMENT

# 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, 2019 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, 2019.

## 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, on Arawak Cay administrative offices known as “NCP Maritime Centre”, the break bulk Maritime Office Building and the Command Centre. The financial year ended June 30, 2019 represents the seventh 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 BPL Substation and the related Channel Crossing.

## Financial Performance

For the year ended June 30, 2019 NCP had processed 131,734 (2018: 132,692) inbound/outbound Twenty-foot Equivalent Units (TEUs). This represents a 1% decline in container volumes under 2018 volumes of 132,692 TEUs.

In the 2019 financial year, APD exceeded budgeted net income projections. Budgeted net income was $7,395,992 while actual net income for 2019 was $8,030,347 which is $634,355 or 9% more than budget. The Company’s total revenues for 2019 were $30,912,558 (2018: $31,531,519), which is $ 618,961 or 2% lower than the prior year. Net income for 2019 totaled $8,030,347 (2018: $8,605,274) or 7% lower than the prior year. This was largely attributable to the decline of project related volumes and the decline in storage and reefer fees.

Our Direct Operating Margin (DOM) for 2019 was 42% (2018: 44%). Our budgeted DOM for 2019 was 42%. For the period ended September 30, 2019 our DOM is 43% which is 3% more than our budgeted DOM for the same period.

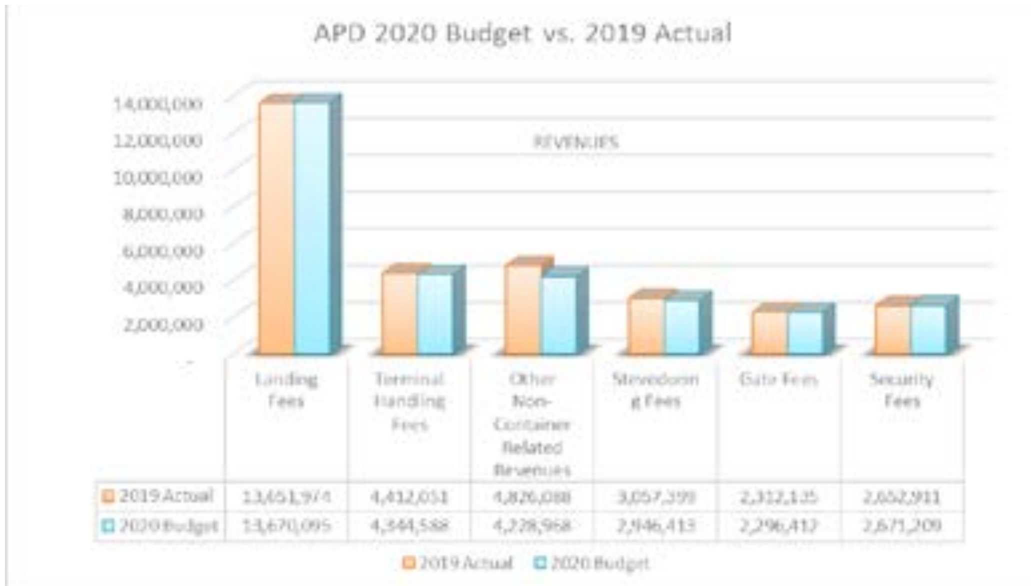


During the year, APD declared and paid dividends to ordinary shareholders of $6,296,113 (2018: $5,646,514) representing $1.26 (2018: $1.13) per share. As at June 30, 2019 basic and diluted earnings per share were $1.61 (2018: $1.72).


For the 2020 fiscal year, we are budgeting gross revenue of $30,157,684 (2019 Actual: $30,912,558) or 2% less than the prior year’s actual gross revenue. Net income is projected to be $7,267,192 or $763,155 less than the 2019 actual net income of $8,030,347.

Our net income is currently 23% or $398,510 over budget as at September 30, 2019. Upcoming projects at this time include; GoldWynn Condo-Hotel and Residences, The Pointe hotel construction, South Ocean Resort, Global Port Holdings & Downtown Redevelopment, BPL Plant Redevelopment, Atlantis upgrade, Albany expansion, the Hurricane Hole Marina project, Baha Mar (Water Theme park), NAD Runway project and the Channel Crossing project. Some of these projects are in progress. Management remains conservative and optimistic and does not foresee any significant project volumes during FY20.

Total market volumes are expected to increase and are estimated around 133,000 TEUs for 2020 or 3,000 over the 2019 budgeted volumes of 130,000 TEUs. Our total revenues as at September 30, 2019 are over budget by approximately $593,527 or 8%. Total expenses as at September 30, 2019 were over budget by $156,987. Operating expenses including depreciation and amortization of $20,910,619 for the period ended June 30, 2019 were $574,328 or 3% lower than our 2019 budgeted operating expenses of $21,484,947.




Actual TEU volumes for 2019 of 131,734 were over budget by 1,734 TEUs or 1% compared to our budgeted 2019 volumes of 130,000 TEUs. Additionally, bulk car volumes of 14,138 were 2,862 or 17% less than 2019 budgeted car volumes of 17,000. This resulted in revenues of approximately $3,003,407 from landing and security fees for vehicles.

Additionally, revenues from storage fees were approximately $137,172 under budget during FY19. Reefer revenue was under budget by $139,100 during FY19. Total current assets decreased from $23,557,761 (2018) to $20,692,048 (2019) or a decrease of 12%. Cash and cash equivalents decreased by $2,964,405. During the year the spare parts inventory increased by $7,893.

Gross accounts receivable decreased by $76,657 during FY19. Property plant & equipment of $82,800,651 (2018: $84,693,943) as at June 30, 2019 represents port development costs, inclusive of works in progress related to the BPL substation and other capital projects. Current liabilities decreased by $4,924,974 from $10,169,124 (2018) to $5,244,150 (2019). This was largely driven by the current portion of the long-term debt principal which became due at the end of FY19.

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

Non-current liabilities decreased from $34,285,995 (2018) to $32,717,730 (2019) 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 FY19. Deposits held decreased by approximately $13,368 related to deposits returned from 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, 2019 are tracking 4% over budget. Total revenues as at September 30, 2018 are tracking about 8% over budget.



## Financial Performance

| Income Statement | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Total Revenue | 30,912,558 | 31,531,519 | 32,551,429 | 27,079,902 |
| Total Operating Expenses | 20,910,619 | 20,771,385 | 19,226,076 | 20,523,353 |
| Total income for the period attributable to equity shareholders | 8,030,347 | 8,605,274 | 11,171,204 | 4,338,437 |
| Basic and diluted earnings (loss) per share | 1.61 | 1.72 | 2.24 | 0.87 |

| Balance Sheet | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| **Assets** | | | | |
| Total Current Assets | 20,692,048 | 23,557,761 | 17,928,670 | 9,309,774 |
| Net PP&E | 82,800,651 | 84,693,943 | 86,736,933 | 88,819,789 |
| **Total Assets** | **103,492,699** | **108,251,704** | **104,665,603** | **98,129,563** |
| **Liabilities and Shareholder's Equity** | | | | |
| Total Current liabilities | 5,244,150 | 10,169,124 | 6,258,592 | 4,225,370 |
| Non-current liabilities | 32,717,730 | 34,285,995 | 37,569,186 | 39,240,657 |
| **Total Liabilities** | **37,961,880** | **44,455,119** | **43,827,778** | **43,466,027** |
| **Total Equity** | **65,530,819** | **63,796,585** | **60,837,825** | **54,663,536** |

## 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, 2019 is $1,050,000.

As of June 30, 2019, 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 financing or investment.

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

## TRANSACTIONS WITH RELATED PARTIES

APD is 40% owned by Arawak Cay Port Development Holdings Limited (ACPDHL), a consortium of private companies operating in The Bahamas that are involved in shipping or maritime services. The majority of the revenues of the Company are derived from the services to companies that have some ownership stake in ACPDHL.

APD sub-lets warehouse space to Betty K Agencies Ltd., Tropical Shipping, Bahamas Customs and Gladstone Warehouse Services Ltd., at competitive market rates. APD also sub-lets administrative office space to the Ministry of Finance – Department of Inland Revenue at the GFT inland facility.

For the fiscal year 2020 the minimal annual rent of 50,000 TEUs at $43.68 (2019: $42.70) will be no less than $2,184,000 (2019: $2,135,000).

## CRITICAL ACCOUNTING ESTIMATES

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



## LOANS AND LT DEBT

Facility A: Long term debt being a $5,000,000 non-revolving reducing term loan. The loan of $Nil (2018: $3,085,106) was 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 were 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 $Nil (2018: $3,085,106). The remaining balance on the loan was paid in full July 18, 2018.

**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. |

**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 $1,286,000 Principal payments are payable annually commencing the last working day of June on the 5th anniversary of the offering. $1,286,000 is due between the 5th and 12th anniversary, and $3,428,000 between the 13th and the 19th anniversary, with the residual balance of $1,716,000 payable of the 20th anniversary.

**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 equal installments. The Company received its first drawdown in December 2017 in the amount of $1,500,000. The principal outstanding as of June 30, 2019 was $1,050,000 (2018: $1,350,000) and the current portion of long-term debt is $300,000 (2018: $300,000).

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

## CONTROLS AND PROCEDURES

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

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

## CHANGES IN INTERNAL 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.

DBethell

Dion O. Bethell,
President and CFO

# AUDITED FINANCIAL STATEMENTS



pwc

## *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, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**What we have audited**

APD Limited's financial statements comprise:

- the statement of financial position as of June 30, 2019;
- 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.

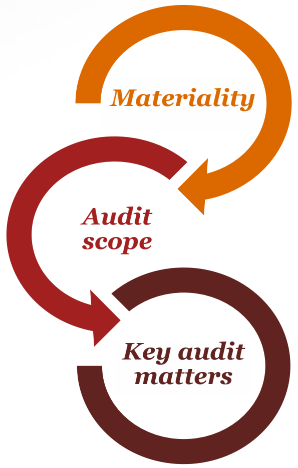
**Independence**

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, E-mail: pwcbs@bs.pwc.com*

*Our audit approach*

**Overview**




- Overall materiality: $401,500, 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.

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

**Materiality**

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

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



| | |
|---|---|
| ***Overall materiality*** | $401,500 |
| ***How we determined it*** | approximately 5% of profit from continuing operations |
| ***Rationale for the materiality benchmark applied*** | We chose profit from continuing operations as the benchmark because, in our view, it is the benchmark against which the performance of the Company is most commonly measured by users, and is a generally accepted benchmark. We chose approximately 5% which is within a range of acceptable benchmark thresholds. |

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $40,150, 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*<br>*Refer to notes 2 (g), 2 (h) and 9 to the financial statements for disclosures of related accounting policies and balances.*<br><br>As of June 30, 2019, property, plant and equipment represented $82,800,651 or 80% of total assets of the Company. There were no impairment losses on property, plant and equipment recognised during the year.<br><br>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:<br>- 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; | 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.<br><br>Additionally, we tested management's impairment assessment, which included an analysis of all of the Company's assets by asset class. We agreed the financial information in the analysis to the fixed asset register, which was reconciled to the general ledger and financial statements. We evaluated the reasonableness of management's assumptions used in determining whether an asset is impaired and challenged management's process by examining a sample of assets which had not been identified by management as |

- Significant adverse changes in the technological, market, economic or legal environment;
- Increases in interest rates or other market rates of return;
- Obsolescence or physical damage affecting the asset;
- Significant adverse changes that have taken place or are expected in the way that an asset is used or expected to be used;
- Deterioration in the expected level of the asset's performance; and
- Management's own forecasts of future net cash inflows or operating profits may show a significant decline from previous budgets and forecasts.

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 2019 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 2019 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 24, 2019**



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

**Statement of Financial Position**
**As of June 30, 2019**
**(Amounts expressed in Bahamian dollars)**

| | Notes | 2019 $ | 2018 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 3 | 16,800,558 | 19,764,963 |
| Accounts receivable | 4 | 1,539,297 | 1,615,954 |
| Tax receivable | | 591,978 | 471,257 |
| Deposits, prepayments and other assets | 6 | 898,942 | 852,207 |
| Spare parts inventory | | 834,494 | 826,601 |
| Deferred borrowing costs | | 26,779 | 26,779 |
| **Total current assets** | | **20,692,048** | **23,557,761** |
| **Non-current assets** | | | |
| Property, plant and equipment | 9 | 82,800,651 | 84,693,943 |
| **Total assets** | | **103,492,699** | **108,251,704** |
| **LIABILITIES AND EQUITY** | | | |
| **Current liabilities** | | | |
| Accounts payable | | 309,833 | 488,725 |
| Due to related parties | 5 | 2,300,874 | 2,605,808 |
| Accrued expenses and other liabilities | 10 | 1,047,443 | 1,117,485 |
| Current portion of redeemable preference shares | 8 | 1,286,000 | 2,572,000 |
| Current portion of long term debt | 7 | 300,000 | 3,385,106 |
| **Total current liabilities** | | **5,244,150** | **10,169,124** |
| **Non-current liabilities** | | | |
| Redeemable preference shares | 8 | 31,706,134 | 32,961,031 |
| Long term debt | | 750,000 | 1,050,000 |
| Deposits held | 13 | 261,596 | 274,964 |
| **Total non-current liabilities** | | **32,717,730** | **34,285,995** |
| **Total liabilities** | | **37,961,880** | **44,455,119** |
| **Equity** | | | |
| Share capital | 11 | 49,969 | 49,969 |
| Share premium | | 49,192,308 | 49,192,308 |
| Retained earnings | | 16,288,542 | 14,554,308 |
| **Total equity** | | **65,530,819** | **63,796,585** |
| **Total liabilities and equity** | | **103,492,699** | **108,251,704** |

**Approved by the Board of Directors on October 24, 2019 and signed on its behalf by:**

Director

S. E. Director

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

**APD LIMITED**

**Statement of Comprehensive Income**
**For the year ended June 30, 2019**
**(Amounts expressed in Bahamian dollars)**

| | Notes | 2019 $ | 2018 $ |
|---|---|---|---|
| **Revenue** | | | |
| Landing fees | 5, 14 | 13,651,974 | 13,800,456 |
| Terminal handling fees | 5, 14 | 4,412,051 | 4,375,092 |
| Stevedoring fees | 5, 14 | 3,057,399 | 3,214,922 |
| Security | 5, 14 | 2,652,911 | 2,718,707 |
| Gate fees | 5, 14 | 2,312,135 | 2,314,667 |
| Subleases | 5, 13 | 1,756,378 | 1,767,119 |
| Storage fees | 5, 14 | 1,543,528 | 1,680,299 |
| Reefer line | 5, 14 | 755,900 | 889,450 |
| Hazmat fees | 5, 14 | 364,000 | 379,150 |
| Dockage | 5, 14 | 276,235 | 261,431 |
| Line handling fees | 5, 14 | 72,907 | 71,550 |
| Other income | 5, 14 | 57,140 | 58,676 |
| **Total revenue** | | **30,912,558** | **31,531,519** |
| **Expenses** | | | |
| Salaries, employee benefits, and training | 5, 16 | 5,431,342 | 5,461,574 |
| Terminal handling costs | 5 | 3,761,874 | 3,987,927 |
| Government lease | 13 | 2,775,494 | 2,567,262 |
| Government fees and taxes | | 1,500,507 | 1,486,099 |
| Repairs and maintenance | | 1,235,080 | 1,328,578 |
| Utilities | | 1,008,974 | 1,153,336 |
| Legal and other professional fees | 15 | 446,428 | 442,942 |
| Security | | 406,878 | 395,796 |
| Insurance | | 316,106 | 287,449 |
| Other operating expenses | | 577,996 | 265,612 |
| Office supplies, postage and delivery | | 163,674 | 137,536 |
| Company meetings and events | | 162,283 | 79,769 |
| Loss/(Gain) on disposal of assets | | - | 21,959 |
| Bad debt reversal | 4 | - | - |
| **Total expenses** | | **17,786,636** | **17,615,839** |
| **Earnings before interest, depreciation and amortisation** | | **13,125,922** | **13,915,680** |

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



**APD LIMITED**

**Statement of Comprehensive Income (Continued)**
**For the year ended June 30, 2019**
**(Amounts expressed in Bahamian dollars)**

| | Notes | 2019 $ | 2018 $ |
|---|---|---|---|
| Depreciation | 9 | 3,092,880 | 3,124,443 |
| Impairment of property, plant and equipment | | - | - |
| Amortisation of preference share issue cost | | 31,103 | 31,103 |
| **Total depreciation and amortisation** | | **3,123,983** | **3,155,546** |
| **Earnings before interest** | | **10,001,939** | **10,760,134** |
| **Finance costs** | | | |
| Preference share dividends | | 1,909,272 | 1,980,000 |
| Interest expense | | 70,474 | 183,291 |
| Interest income | | (8,154) | (8,431) |
| **Total finance costs, net** | | **1,971,592** | **2,154,860** |
| **Total earnings for the year attributable to the equity shareholders** | | **8,030,347** | **8,605,274** |
| **Total comprehensive income for the year** | | **8,030,347** | **8,605,274** |
| **Basic and diluted earnings per share** | 12 | **1.61** | **1.72** |

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

**APD LIMITED**

## Statement of Changes in Equity
**For the year ended June 30, 2019**
**(Amounts expressed in Bahamian dollars)**

| | Share capital $ | Share premium $ | Retained earnings $ | Total $ |
|---|---|---|---|---|
| **Balance at July 1, 2017** | **49,969** | **49,192,308** | **11,595,548** | **60,837,825** |
| Total comprehensive income for the year | - | - | 8,605,274 | 8,605,274 |
| Dividends paid (Note 11) | - | - | (5,646,514) | (5,646,514) |
| **Balance at June 30, 2018** | **49,969** | **49,192,308** | **14,554,308** | **63,796,585** |
| **Balance at July 1, 2018** | **49,969** | **49,192,308** | **14,554,308** | **63,796,585** |
| Total comprehensive income for the year | - | - | 8,030,347 | 8,030,347 |
| Dividends paid (Note 11) | - | - | (6,296,113) | (6,296,113) |
| **Balance at June 30, 2019** | **49,969** | **49,192,308** | **16,288,542** | **65,530,819** |

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



**APD LIMITED**

## Statement of Cash Flows
**For the year ended June 30, 2019**
**(Amounts expressed in Bahamian dollars)**

| | Notes | 2019 $ | 2018 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Total comprehensive income for the year | | 8,030,347 | 8,605,274 |
| Adjustments for: | | | |
| Depreciation | 9 | 3,092,880 | 3,124,443 |
| Amortisation of preference share issue cost | | 31,103 | 31,103 |
| Loss on disposal of assets | 9 | - | 21,959 |
| Interest income | | (8,154) | (8,431) |
| Preference share dividends | | 1,909,272 | 1,980,000 |
| Loan interest expense | | 70,474 | 183,291 |
| **Operating profit before changes in working capital** | | **13,125,922** | **13,937,639** |
| (Increase) / Decrease in spare parts inventory | | (7,893) | 26,240 |
| Increase in deferred borrowing costs | | - | (26,779) |
| Increase in deposits, prepayments & other assets | | (46,735) | (118,722) |
| Decrease in accounts receivable | | 76,657 | 342,294 |
| (Increase) / Decrease in tax receivable | | (120,721) | 81,947 |
| (Decrease) / Increase in deposits held | | (13,368) | 6,811 |
| (Decrease) / Increase in accounts payable | | (178,892) | 119,099 |
| Decrease in due to related parties | | (304,934) | (391,845) |
| Decrease in accrued expense and other liabilities | | (70,042) | (62,296) |
| **Net cash provided by operating activities** | | **12,459,994** | **13,914,388** |
| **Cash flows from investing activities** | | | |
| Acquisition of property, plant and equipment | 9 | (1,199,588) | (1,103,411) |
| **Net cash used in investing activities** | | **(1,199,588)** | **(1,103,411)** |
| **Cash flows from financing activities** | | | |
| Principal payments on long term debt | 7 | (300,000) | (575,532) |
| Loan proceeds / (repayment) | 7 | (3,085,106) | 1,500,000 |
| Dividends paid to ordinary shareholders | 11 | (6,296,113) | (5,646,514) |
| Preference share dividends | 8 | (1,909,272) | (1,980,000) |
| Interest income received | | 8,154 | 8,431 |
| Interest expense paid | | (70,474) | (183,291) |
| Principal payments on redeemable preference shares | | (2,572,000) | - |
| **Net cash used in financing activities** | | **(14,224,811)** | **(6,876,906)** |
| **(Decrease) / Increase in cash and cash equivalents** | | **(2,964,405)** | **5,934,071** |
| **Cash and cash equivalents, beginning of year** | | **19,764,963** | **13,830,892** |
| **Cash and cash equivalents, end of year** | | **16,800,558** | **19,764,963** |

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

**1. General information**

APD Limited (the Company) was incorporated on February 24, 2009, under the Companies Act, 1992 of the Commonwealth of The Bahamas (The Bahamas). The Company is 40% owned by The Treasurer of The Bahamas, 40% owned by Arawak Cay Port Development Holdings Limited (ACPDHL) and 20% owned by the general public, hereinafter collectively referred to as the Shareholders. ACPDHL is owned by a consortium of private companies operating in The Bahamas. The principal activity of the Company is to manage, operate and maintain a commercial port at Arawak Cay known as Nassau Container Port (the Port) and an inland terminal on Gladstone Road, known as Gladstone Freight Terminal (the Depot) (Note 13).

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

Operations of the Port include a break bulk, a bulk and a container terminal. The container terminal has the capability of handling at least 200,000 Twenty-foot Equivalent Units (TEUs) annually. The Depot is comprised of 100,000 square feet and 10,000 square feet of warehouse and administrative office space respectively and serves as a deconsolidation and distribution centre.

**2. Summary of significant accounting policies**

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

**(a) Basis of preparation**

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

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

*(i) Critical accounting estimates and assumptions*

*Useful lives of property, plant and equipment*

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





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

**(a) Basis of preparation (continued)**

*(i) Critical accounting estimates and assumptions (continued)*

*Impairment of non-financial assets*

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

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

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

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

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

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

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

A sensitivity analysis is not disclosed as the impact of reasonable changes in key assumptions would not be material to the ECL.

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

**(a) Basis of preparation (continued)**

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

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

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

*(iii) Alternative performance measures*

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

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Earnings before interest, depreciation and amortisation | 13,125,922 | 13,915,680 |
| Depreciation | (3,092,880) | (3,124,443) |
| Amortisation of preference share issue cost | (31,103) | (31,103) |
| **Operating profit** | **10,001,939** | **10,760,134** |

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

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

The Company has applied IFRS 9, '*Financial instruments'* (IFRS 9) and IFRS 15 *'Revenue from contracts with customers'* (IFRS 15) for the first time for its annual reporting period commencing July 1, 2018:

IFRS 9, addresses the classification, measurement and recognition of financial assets and financial liabilities, and replaces the guidance in IAS 39, '*Financial instruments: Recognition and measurement'* (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.





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

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

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

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 requires 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. IFRS 9 also significantly amended other standards dealing with financial instruments such as IFRS 7, '*Financial instruments: Disclosures'* (IFRS 7).

As permitted by the transitional provisions of IFRS 9, the Company elected not to restate comparative figures and elected to recognise any adjustments to the carrying amounts of financial assets and liabilities in the opening retained earnings as of the date of initial application of the standard.

Any adjustments to the carrying amounts of financial assets and liabilities were deemed insignificant at the date of transition and thus are not reflected in the financial statements. Consequently, the disclosure requirements from the amendments to IFRS 7 have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

*Classification and measurement of financial assets and liabilities*

Under IFRS 9, financial assets are subsequently measured at fair value through profit or loss (FVTPL), amortised cost (AC) or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: (i) the Company's business model for managing the assets; and (ii) whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI).

The assessment of the Company's business models for each group of financial assets was made as of the date of initial application on July 1, 2018.

The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets. Financial assets previously classified as loans and receivables under IAS 39 were reclassified to the amortised cost measurement category under IFRS 9. There was no change in the carrying amounts of financial assets.

The following table reconciles the measurement categories and the carrying amounts of financial assets as previously measured and classified in accordance with IAS 39 and the new carrying amounts and measurement categories upon adoption of IFRS 9 on July 1, 2018.

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

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

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

| | IFRS 9 | | IAS 39 | |
|---|---|---|---|---|
| | Measurement category | Carrying Amount | Measurement category | Carrying Amount |
| | | $ | | $ |
| **Financial assets** | | | | |
| Cash and cash equivalents | Amortised cost | 16,800,558 | Loans and receivables | 16,800,558 |
| Accounts receivable | Amortised cost | 1,539,297 | Loans and receivables | 1,539,297 |

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 adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

The ECL model includes the use of prospective information and classification of financial assets in three stages as summarized below and further explained in Note 2(e):

Stage 1 – 12-month ECL: represents the expected credit loss arising from default events possible within 12 months from the reporting date. This is applicable to financial assets that originated or were purchased without credit recovery issues;

Stage 2 – Lifetime ECL: considers all possible default events over the expected life of a financial instrument. This is applicable to financial assets that originated or were purchased without credit recovery issues and whose credit risk has increased significantly since initial recognition; and

Stage 3 – Lifetime ECL for credit-impaired assets: considers all possible default events over the expected life of a financial instrument. The measurement of assets classified in this stage is different from Stage 2 due to the recognition of interest income by applying the effective interest rate at amortised cost (net of provision) rather than at the gross carrying amount.

A financial asset will migrate from a stage as its relative credit risk since initial recognition subsequently increases or decreases. Therefore, a financial asset that migrated to stages 2 and 3 may return to stage 1, unless it was originated or purchased with credit recovery issues.





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

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

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

The Company has two types of financial assets that are subject to IFRS 9's new expected credit loss model:
- Cash and cash equivalents
- Accounts receivable

The Company revised its impairment methodology under IFRS 9 for its trade receivables. The impact of the change in impairment methodology on the Company's retained earnings was immaterial. While cash and cash equivalents and other financial assets are also subject to the impairment requirements of IFRS 9, the identified impairment loss was also immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for accounts receivable. This did not result in any change in the loss allowance as of July 1, 2018.

Management has determined that a significant increase in credit risk would result from, amongst others, a financial assets' credit rating migrating from investment grade to non-investment grade, adverse behavioural indicators of increase in credit risk for customers, adverse significant actual or anticipated changes in the operating results of key customers, and payments past due by more than 12 months.

Upon adoption of IFRS 9, the Company has determined that the impact of an increase in credit risk would be immaterial to the financial statements as such, there was no change in the allowance for impairment under IAS 39 compared to the ECL approach under IFRS 9 at the date of initial adoption.

IFRS 15, 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.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

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

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

*(i) New standards and interpretations adopted by the Company (continued)*

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The adoption of IFRS 15 did not result in any material changes in the Company's accounting policies for revenue recognition on transition from IAS 18, *'Revenue'* (IAS 18) to IFRS 15.

*(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, 2018, 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 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'*.

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

The Company will apply the standard from July 1, 2019. The Company intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). 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.





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

**(c) Foreign currency translation (continued)**

*(ii) Transactions and balances*

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

**(d) Cash and cash equivalents**

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

**(e) Accounts receivable**

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

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

**(f) Inventory**

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

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

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

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

| | |
|---|---|
| Container terminal | 10 to 45 years |
| Freight handling equipment (cranes) | 10 to 15 years |
| Other freight handling equipment | 1.5 to 10 years |
| Buildings and improvements | 1.5 to 45 years |
| Motor vehicles | 1.5 to 10 years |
| Furniture and fixtures, communications and office equipment | 1.5 to 10 years |

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

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

**(h) Impairment of non-financial assets**

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

**(i) Accounts payable**

Accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one (1) year 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.





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

**(j) Borrowings (continued)**

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

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

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

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

**(k) Borrowing costs**

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

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

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

**(l) Share capital and share premium**

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

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

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

**(m) Revenue and expense recognition**

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

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

*Revenue from services*

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

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

*Interest income and expense*

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

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

**(n) Leases**

*Accounting as lessee*

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**

*i) Financial assets*

*Initial recognition and measurement*

IFRS 9 establishes three primary categories for financial assets: amortised cost, fair value through profit or loss (FVTPL), and fair value through other comprehensive income (FVOCI). From July 1, 2018, the Company classifies financial assets, at initial recognition as subsequently measured at amortised cost.





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

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

*i) Financial assets (continued)*

*Initial recognition and measurement (continued)*

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

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

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

*Subsequent measurement*

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

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

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

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

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

*i) Financial assets (continued)*

*Subsequent measurement (continued)*

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

*Financial assets at amortised cost*

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

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

*Derecognition*

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

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset and has transferred substantially all the risks and rewards of the asset.





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

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

*i) Financial assets (continued)*

*Impairment of financial assets*

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

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

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for accounts receivable. This did not result in any change in the loss allowance as of July 1, 2018.

*ii) Financial liabilities*

Financial liabilities are classified as subsequently measured at amortised cost.

*Derecognition*

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

*iii) Pre-IFRS 9 accounting policy:*

*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.

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

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

*iii) Pre-IFRS 9 accounting policy: (continued)*

*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.

*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.

*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.

*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.





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

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

*iii) Pre-IFRS 9 accounting policy: (continued)*

*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.

*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.

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

**(p) Retirement benefit costs**

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

**(q) Segment reporting**

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

**(r) Taxation**

Under the current laws of The Bahamas, the Company is not subject to income, capital or other corporate taxes. The Company's operations do not subject it to taxation in any other jurisdiction. The Company is however subject to value added tax (VAT) and is required to assess VAT on all commercial leases and other services, to be payable to the Government. The Company will also incur VAT on certain goods and services acquired during the normal course of business to be offset against this payable. On July 1, 2018, the Value Added Tax (Amendment) Act, 2018 came into effect, which increased the standard VAT rate from 7.5% to 12%.

**(s) Earnings per share**

*(a) Basic*

Basic earnings per share is calculated by dividing:

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





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

**(s) Earnings per share (continued)**

*(b) Diluted*

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

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

**(t) Dividend distribution**

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

**(u) Corresponding figures**

Where necessary, certain corresponding figures have been adjusted to conform with changes in presentation in the current year. Tax receivable has been removed from the fair value of financial instruments disclosure (Note 19) as it was determined that it does not fall under the scope of IFRS 7 *Financial instruments: disclosures*.

**3. Cash and cash equivalents**

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Cash on hand | 2,258 | 1,928 |
| Cash held with bank | 16,798,300 | 19,763,035 |
| | **16,800,558** | **19,764,963** |

**4. Accounts receivable**

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Customers' account - gross: | | |
| Third parties | 220,691 | 242,820 |
| Related parties (Note 5) | 1,318,606 | 1,373,134 |
| | 1,539,297 | 1,615,954 |
| Less: Allowance for expected credit losses | - | - |
| | **1,539,297** | **1,615,954** |

## 4. Accounts receivable (Continued)

There were no movements in the allowance for expected credit losses during the year. The full 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<br>$ | Current<br>$ | 1-30 days<br>$ | 31-60 days<br>$ | 61-90 days<br>$ | More than 90 days<br>$ |
|---|---|---|---|---|---|---|
| **2019** | 1,539,297 | 1,342,779 | 182,873 | 12,328 | 1,317 | - |
| **2018** | 1,615,954 | 1,428,211 | 56,116 | 15,068 | 14,736 | 101,823 |

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The credit quality of accounts receivable that are neither past due nor impaired at reporting date can be assessed by reference to historical information about counterparty default rates. Credit risk is discussed in Note 18(b).

## 5. Related party balances and transactions

A party is related to the Company if:

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

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

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

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





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

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

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Due from Shareholder | 1 | 1 |
| Due from other related parties - affiliates | 1,318,605 | 1,373,133 |
| | **1,318,606** | **1,373,134** |

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:*

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Due to Shareholder | 3,011,868 | 3,202,552 |
| Due to other related parties - affiliates | 185,130 | 270,759 |
| | **3,196,998** | **3,473,311** |

The due to Shareholder includes real property taxes payable and lease payable to the Government relevant to the lease of the Port and Depot Lands (Note 13). The amounts due to other related parties - affiliates arise mainly from services provided to the Company in the ordinary course of business and services obtained for terminal handling operations. These amounts are included in due to related parties and accrued expenses and other liabilities on the statement of financial position.

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

*(c) Sales and purchases of services:*

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| *Sales of services* | | |
| Other related parties - affiliates | **27,091,419** | **27,889,786** |

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

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

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

Revenue from transactions with two customers amount to 10% or more of the Company's total revenues. Transactions with these two customers included in sales of services account for 75% (2018: 77%) of total revenues during the year, amounting to $11,424,527 (2018: $11,988,123) and $11,712,557 (2018: $12,163,364) respectively.

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| *Purchases of services* | | |
| Other related parties - affiliates | **4,263,634** | **4,347,958** |

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:

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Salaries | 834,013 | 811,943 |
| Short term employee benefits | 517,981 | 514,458 |
| Retirement benefits | 41,701 | 40,597 |
| | **1,393,695** | **1,366,998** |

## 6. Deposits, prepayments and other assets

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Security deposits | 394,790 | 394,790 |
| Prepayments | 504,152 | 457,417 |
| | **898,942** | **852,207** |

## 7. Long term debt

Facility 1: Long term debt being a $5,000,000 non-revolving reducing term loan. As of June 30, 2019, the loan of $Nil (2018: $3,085,106) was 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 were payable quarterly in instalments of $106,383 with a balloon payment of $2,978,723 due at maturity. The remaining balance on the loan was paid in full on July 18, 2018.





## 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, 2019 is $1,050,000 (2018: $1,350,000) and the current portion of long-term debt is $300,000 (2018: $300,000).

The Company has complied with the financial covenants of its borrowing facilities during the years ended June 30, 2019 and 2018.

## 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 $0.10 per share. Principal payments are payable annually commencing the last working day of June on the 5$^{th}$ anniversary of the offering as follows: $1,286,000 due between the 5$^{th}$ and 12$^{th}$ anniversary; $3,428,000 between the 13$^{th}$ and 19$^{th}$ anniversary, and the residual balance of $1,716,000 payable on the 20$^{th}$ 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, 2019**
**(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 $ |
|---|---|---|---|---|---|---|---|
| **Year ended June 30, 2019** | | | | | | | |
| Opening net book value | 37,891,074 | 6,763,254 | 36,064,593 | 288,003 | 1,474,717 | 2,212,302 | 84,693,943 |
| Additions | - | - | - | - | - | 1,199,588 | 1,199,588 |
| Transfers | 565,895 | 105,010 | 64,972 | 35,349 | 195,212 | (966,438) | |
| Reclassifications | | | | | | | |
| Cost | 6,463 | - | - | - | (6,463) | - | - |
| Impairment | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - |
| Cost | - | 3,282 | - | - | 1,697 | - | 4,979 |
| Accumulated depreciation | - | (3,282) | - | - | (1,697) | - | (4,979) |
| Depreciation charge for the year | (1,023,182) | (660,887) | (968,588) | (86,461) | (353,762) | - | (3,092,880) |
| **Closing net book value** | **37,440,250** | **6,207,377** | **35,160,977** | **236,891** | **1,309,704** | **2,445,452** | **82,800,651** |
| **At June 30, 2019** | | | | | | | |
| Cost | 44,628,302 | 10,536,237 | 41,321,103 | 654,542 | 4,705,037 | 2,445,452 | 104,290,673 |
| Impairment | - | (24,157) | - | - | (152) | - | (24,309) |
| Accumulated depreciation | (7,188,052) | (4,304,703) | (6,160,126) | (417,651) | (3,395,181) | - | (21,465,713) |
| **Net book value** | **37,440,250** | **6,207,377** | **35,160,977** | **236,891** | **1,309,704** | **2,445,452** | **82,800,651** |

Capital work in progress includes costs incurred as of June 30, 2019 in connection with ongoing construction and special projects at the Port. These projects are expected to be completed during the 2020 fiscal year.



**APD LIMITED**

**Notes to Financial Statements**
**June 30, 2019**
**(Continued)**

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

| | Container terminal $ | Freight handling equipment $ | Buildings, improvements & office trailers $ | Motor vehicles $ | Furniture & fixtures, communications and office equipment $ | Capital work in progress $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Year ended June 30, 2018** | | | | | | | |
| 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 | - | - | - | - | - | - | - |
| Cost | - | - | (25,480) | (129,693) | (1,493) | - | (156,666) |
| Accumulated depreciation | - | - | 3,521 | 129,693 | 1,493 | - | 134,707 |
| Depreciation charge for the year | (1,010,921) | (696,327) | (965,756) | (82,157) | (369,281) | - | (3,124,442) |
| **Closing net book value** | **37,891,074** | **6,763,254** | **36,064,593** | **288,003** | **1,474,717** | **2,212,302** | **84,693,943** |
| **At June 30, 2018** | | | | | | | |
| 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) |
| **Net book value** | **37,891,074** | **6,763,254** | **36,064,593** | **288,003** | **1,474,717** | **2,212,302** | **84,693,943** |

**Notes to Financial Statements**
**June 30, 2019**
**(Continued)**

**10. Accrued expenses and other liabilities**

| | 2019 $ | 2018 $ |
|---|---|---|
| Accrued real property tax | 632,608 | 632,608 |
| General accruals | 414,835 | 484,877 |
| | **1,047,443** | **1,117,485** |

**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 (2018: 4,996,915) ordinary shares that were fully paid for by the shareholders.

During the year, the Company declared and paid dividends to ordinary shareholders of $6,296,113 (2018: $5,646,514) representing $1.26 (2018: $1.13) 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.

| | 2019 | 2018 |
|---|---|---|
| Total earnings for the year attributable to the equity shareholders | $8,030,347 | $8,605,274 |
| Weighted average number of ordinary shares in issue | 4,996,915 | 4,996,915 |
| **Basic and diluted earnings per share** | **$1.61** | **$1.72** |

**13. Significant agreements**

*(a) Memorandum of Understanding (MOU)*

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

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





**13. Significant agreements (Continued)**

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

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

The MOU states that the Government will allow the Company to make such adjustments to fees and tariffs as may be required from time to time to maintain an Internal Rate of Return (IRR) of no less than 10%.

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

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

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

**13. Significant agreements (Continued)**

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

- selling, transferring, leasing, assigning or otherwise disposing of a material part of undertaking, property and/or assets except for sub-leases made in the ordinary course of business;
- creating encumbrances over all or a material part of undertaking, property and/or assets, or giving guarantees or indemnities for any purpose other than as security in respect of the financial indebtedness which is not otherwise prohibited under the terms of the MOU;
- entering into any contract, liability or commitment which (a) is unusual or onerous or outside the ordinary course of business, or (b) is other than at commercial arm's length terms, except where such contract, liability or commitment satisfies authorisation criteria agreed between the Company and the Government;
- awarding of contracts, transactions or arrangements, other than contracts for provision of goods and services being at arm's length whose value does not exceed B$5 million in a 12 month period, with (a) ACPDHL (b) a Director of ACPDHL and/or (c) an affiliate of ACPDHL, or any director or employee of such affiliate, except where such contracts, transactions or arrangements are awarded in compliance with procedures governing the awards of such that may be agreed between the Company and the Government;
- imposing fees and charges, save for such charges and fees preapproved by the Government, which are required to maintain a minimum IRR of 10% per annum;
- taking of any corporate action, legal proceedings or other procedures or steps in relation to (a) suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, liquidation, administration or reorganisation of Group Members (b) a composition, compromise, assignment or arrangement with, or for the benefit of, any creditor of the Group Members or (c) appointment of liquidator, receiver, administrative receiver, administrator, compulsory manager or other similar officer in respect of the Group Members or any of its assets.

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

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





**13. Significant agreements (Continued)**

*(b) Leases*

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

Under the terms of the lease agreement for the Port land, the Company shall pay an annual rent of $40 per TEU until such time as the Substantial Completion is achieved. Once Substantial Completion is achieved, the Company will pay a minimum annual rent of $2,000,000 or $40 per TEU, whichever is greater. The fixed rent is payable quarterly in advance during the term and any adjustments based on the rent per TEU is payable within 14 days from the end of each quarter. The rent is subject to annual increases based on the increases in the cost of living. For the year ended June 30, 2019, the total rent expense recognised in the statement of comprehensive income amounted to $2,775,494 (2018: $2,567,262). As of reporting period, lease payable to the Government amounted to $2,047,965 (2018: $2,095,168) which is included in due to related parties in the statement of financial position (Note 5).

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

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

Upon expiration of the term of the above leases, the Company shall have an option to renew the same for another term of forty-five (45) years on the same terms and conditions but at an annual rent to be agreed between the parties.

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

## 13. Significant agreements (Continued)

*(b) Leases (continued)*

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

| | 2019 $ | 2018 $ |
|---|---|---|
| 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 | 64,000,064 | 66,000,066 |
| | **74,000,074** | **76,000,076** |

*(c) Subleases*

The lease terms for existing lease agreements began in September 2011 and range from less than one (1) year to ten (10) years with options to renew for monthly to ten (10) year periods. The lease agreements provide at varying terms for the annual lease to be adjusted based on The Bahamas Consumer Price Index. Deposits held as per the lease agreements totalled $261,596 as of June 30, 2019 (2018: $274,964). Additionally, during the year the Company executed certain short term leases, which are on a month to month basis.

Income amounting to $1,756,378 (2018: $1,767,119) 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:

| | 2019 $ | 2018 $ |
|---|---|---|
| No later than one year | 1,234,750 | 1,200,493 |
| Later than one year and no later than five years | 2,399,342 | 2,844,458 |
| Later than five years | 206,853 | 206,853 |
| | **3,840,945** | **4,251,804** |





## 14. Revenue from contracts with customers

*a) Disaggregation of revenue from contracts with customers*

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

| | At a point in time $ | Over time $ | 2019 Total $ | 2018 Total $ |
|---|---|---|---|---|
| Landing fees | 13,651,974 | - | 13,651,974 | 13,800,456 |
| Terminal handling fees | 4,412,051 | - | 4,412,051 | 4,375,092 |
| Stevedoring fees | 3,057,399 | - | 3,057,399 | 3,214,922 |
| Security | 2,652,911 | - | 2,652,911 | 2,718,707 |
| Gate fees | 2,312,135 | - | 2,312,135 | 2,314,667 |
| Storage fees | - | 1,543,528 | 1,543,528 | 1,680,299 |
| Reefer line | - | 755,900 | 755,900 | 889,450 |
| Other income | 770,282 | - | 770,282 | 770,807 |
| **Total** | **26,856,752** | **2,299,428** | **29,156,180** | **29,764,400** |

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

*b) Performance obligations*

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

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

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

## 14. Revenue from contracts with customers (Continued)

*b) Performance obligations (continued)*

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

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

Storage and reefer fees are charges for the time that cargo remains at NCP or GFT beyond an established free time period. The performance obligation is satisfied over time, i.e. during the period that the cargo remains on site. There is no significant financing component as payment is typically due and payable upon presentation of an invoice or within 15 calendar days of the invoice date. The consideration is fixed based on the type of cargo and there are no elements of variable consideration. Revenue from storage and reefer fees is recognised when the cargo leaves the gate, as management has determined that the daily fees for cargo not yet out-gated and not accrued at the period end are not material.

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

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

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

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





## 15. Legal and other professional fees

Legal and other professional fees comprise the following:

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Legal and other professional fees | 324,741 | 318,464 |
| Regulatory fees | 121,687 | 124,478 |
| | **446,428** | **442,942** |

## 16. Retirement benefits

Pension costs for the year which are included in salaries, employee benefits and training in the statement of comprehensive income totalled $143,163 (2018: $142,524). The Company's contributions to the pension plan vest 50% with the employees upon completion of five (5) years of employment, incrementally vesting annually, with full vesting upon completion of ten (10) years of employment.

## 17. Commitments and contingencies

Outstanding capital commitments as of reporting date were as follows:

| | 2019<br>$ | 2018<br>$ |
|---|---|---|
| Authorised but not contracted | 320,860 | - |
| Contracted but not yet incurred | - | 695,117 |
| | **320,860** | **695,117** |

As of June 30, 2019, 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 $680,000 (2018: $580,000). There is an annual bank charge of 1.25% on the face value of each bond.

## 18. Financial risk management

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

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

**18. Financial risk management (Continued)**

**(a) Market risk**

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

*(i) Currency risk*

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

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

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

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

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

As of June 30, 2019, 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.





**18. Financial risk management (Continued)**

**(b) Credit risk (continued)**

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

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

The expected loss rates are based on the payment profiles of sales over a period of 12 months before June 30, 2019 or July 1, 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified gross domestic product (GDP) of The Bahamas and the geographical location in which it operates which make it prone to potential hurricanes to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at June 30, 2019 and July 1, 2018 (on adoption of IFRS 9) was determined to be immaterial and no adjustments were booked.

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

Impairment losses on trade receivables and other receivables are presented as net impairment losses within EBITDA. Subsequent recoveries of amounts previously written off are credited against the same line item.

**(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.

## 18. Financial risk management (Continued)

### (c) Liquidity risk (continued)

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

The table below analyses the Company's financial liabilities in relevant maturity groupings based on the remaining period at the contractual maturity date as of June 30, 2019. The amounts disclosed in the table are the contractual undiscounted cash flows.

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

| As of June 30, 2018 | Carrying amount $ | Contractual cash flows $ | 0-12 months $ | 1-5 years $ | More than 5 years $ |
|---|---|---|---|---|---|
| **Liabilities** | | | | | |
| 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 |
| **Total financial liabilities** | **44,455,118** | **62,848,722** | **12,105,312** | **13,319,960** | **37,423,450** |

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

As disclosed in Note 17, the Company has total capital commitments for provision of goods and services in the amount of $320,860 (2018: $695,117) which mainly relates to





## 18. Financial risk management (Continued)

the completion of the Bahamas Power and Light (BPL) channel crossing. This commitment is expected to be incurred and paid within twelve (12) months of the reporting date.

## 19. Fair value of financial instruments

Financial instruments utilised by the Company include recorded financial assets and liabilities. Except for long term debt, redeemable preference shares and deposits held, the Company's financial instruments are principally short term in nature. Due to the short term nature of these instruments, management does not consider the estimated fair values of financial instruments to be materially different from the carrying values of each major category of the Company's financial assets and liabilities as of the reporting date.

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

*Fair value hierarchy and measurements*

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

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

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

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

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

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.

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

| | June 30, 2019 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ | $ | $ | $ |
| **FINANCIAL ASSETS** | | | | |
| **Financial assets at amortised cost** | | | | |
| Cash and cash equivalents | 16,800,558 | - | - | 16,800,558 |
| Accounts receivable | - | 1,539,297 | - | 1,539,297 |
| **Total financial assets** | **16,800,558** | **1,539,297** | **-** | **18,339,855** |
| **FINANCIAL LIABILITIES** | | | | |
| **Financial liabilities at amortised cost** | | | | |
| Accounts payable | - | 309,833 | - | 309,833 |
| Due to related parties | - | 2,300,874 | - | 2,300,874 |
| Accrued expenses and other liabilities | - | 1,047,443 | - | 1,047,443 |
| Current portion of preference shares | - | 1,286,000 | - | 1,286,000 |
| Current portion of long term debt | - | 300,000 | - | 300,000 |
| Redeemable preference shares | - | 31,706,134 | - | 31,706,134 |
| Long term debt | - | 750,000 | - | 750,000 |
| Deposits held | - | 261,596 | - | 261,596 |
| **Total financial liabilities** | **-** | **37,961,880** | **-** | **37,961,880** |

| | June 30, 2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | $ | $ | $ | $ |
| **FINANCIAL ASSETS** | | | | |
| **Loans and receivables** | | | | |
| Cash and cash equivalents | 19,764,743 | - | - | 19,764,743 |
| Accounts receivable | - | 1,615,954 | - | 1,615,954 |
| **Total financial assets** | **19,764,743** | **1,615,954** | **-** | **21,380,697** |
| **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 |
| **Total financial liabilities** | **-** | **44,455,118** | **-** | **44,455,118** |





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

The Company does not have a Level 3 classification at June 30, 2019 and 2018. There were no transfers between levels during the year.

## 20. Capital management

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

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

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

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

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

*Long term debt covenants*

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

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

The Company has complied with these covenants throughout the reporting period. As at June 30, 2019, the current ratio was 3.95 (2018: 2.31), the total liabilities to operating cash flow ratio was 0.40 (2018: 0.64) and the total liabilities to equity ratio was 0.08 (2018: 0.14).

## 21. Segment reporting

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

## NOTES

## NOTES

## ABS Quality Evaluations

**Certificate Of Conformance**

This is to certify that the Environment Management System of:

**APD Limited**

**Arawak Cay**
**Nassau 63958**
**Bahamas**

**(WITH ADDITIONAL FACILITIES LISTED ON ATTACHED ANNEX)**

has been assessed by ABS Quality Evaluations, Inc. and found to be in conformance with the requirements set forth by:

**ISO 14001:2015**

The Environment Management System is applicable to:

**PORT AND TERMINAL OPERATIONS, INCLUDING THE PROVISION OF CONTAINER, BREAK BULK AND BULK CARGO HANDLING, HEAVY EQUIPMENT AND FACILITIES MAINTENANCE AND WAREHOUSING SERVICES.**

This certificate may be found on the ABS QE Website (www.abs-qe.com). For certificates issued in the People's Republic of China information may also be verified on the CNCA website (www.cnca.gov.cn).

| | |
|---|---|
| Certificate No: | 59433 |
| Effective Date: | 12 June 2019 |
| Expiration Date: | 11 June 2022 |
| Revision Date: | 12 June 2019 |

Dominic Townsend, President

Validity of this certificate is based on the successful completion of the periodic surveillance audits of the management system defined by the above scope and is contingent upon prompt,written notification to ABS Quality Evaluations, Inc. of significant changes to the management system or components thereof.

ABS Quality Evaluations, Inc. 1701 City Plaza Drive, Spring, TX 77389, U.S.A.
Validity of this certificate may be confirmed at www.abs-qe.com/cert_validation.



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## ABS Quality Evaluations

**ISO 14001:2015**

**Certificate Of Conformance**

**ANNEX**

Certificate No: 59433

**APD Limited**

At Below Facilities:

| | |
|---|---|
| Facility: | Gladstone Freight Terminal<br>Gladstone Road<br>Nassau SP 63958<br>Bahamas |
| Activity: | Provision of break bulk warehouse facilities and facility management |

Validity of this certificate may be confirmed at www.abs-qe.com/cert_validation.



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## ABS Quality Evaluations

**Certificate Of Conformance**

This is to certify that the Quality Management System of:

**APD Limited**

**Arawak Cay**
**Nassau 63958**
**Bahamas**

**(WITH ADDITIONAL FACILITIES LISTED ON ATTACHED ANNEX)**

has been assessed by ABS Quality Evaluations, Inc. and found to be in conformance with the requirements set forth by:

**ISO 9001:2015**

The Quality Management System is applicable to:

**PORT AND TERMINAL OPERATIONS, INCLUDING THE PROVISION OF CONTAINER, BREAK BULK AND BULK CARGO HANDLING, HEAVY EQUIPMENT AND FACILITIES MAINTENANCE AND WAREHOUSING SERVICES.**

This certificate may be found on the ABS QE Website (www.abs-qe.com). For certificates issued in the People's Republic of China information may also be verified on the CNCA website (www.cnca.gov.cn).

| | |
|---|---|
| Certificate No: | 59434 |
| Effective Date: | 12 June 2019 |
| Expiration Date: | 11 June 2022 |
| Revision Date: | 12 June 2019 |

Dominic Townsend, President

Validity of this certificate is based on the successful completion of the periodic surveillance audits of the management system defined by the above scope and is contingent upon prompt,written notification to ABS Quality Evaluations, Inc. of significant changes to the management system or components thereof.

ABS Quality Evaluations, Inc. 1701 City Plaza Drive, Spring, TX 77389, U.S.A.
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## ABS Quality Evaluations

**ISO 9001:2015**

**Certificate Of Conformance**

**ANNEX**

Certificate No: 59434

**APD Limited**

At Below Facilities:

| | |
|---|---|
| Facility: | Gladstone Freight Terminal<br>Gladstone Road<br>Nassau SP 63958<br>Bahamas |
| Activity: | Provision of break bulk warehouse facilities and facility management. |

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ARAWAK PORT DEVELOPMENT

## 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

 